

Financial Statements 2014–15

The world's leading institution for the
study of Asia, Africa and the Middle East



Chairman's foreword

At the beginning of September 2015, we said goodbye to Professor Paul Webley, who led the School as its eighth Director from 2006. Paul Webley was awarded a CBE in the 2015 New Year's Honours in recognition of his contribution to British higher education's engagement with Asia, Africa and the Middle East. Under his leadership, the School experienced a welcome period of financial stability; the study of Politics, Economics, Law, Business and Management, and Development Studies, grew apace in line with the burgeoning interest in these fields among undergraduate and postgraduate students from all over the world; and the student body grew from about 2000 to more than 5000. Professor Webley also acted to secure the future of subjects made vulnerable by the increasing reliance in UK Higher Education funding upon student fees, directing his energies to the support of languages, arts and the humanities, attracting philanthropic funding from many different quarters. Importantly, at Professor Webley's insistence, the School now has a full due diligence policy to look critically at potential international partners, in order to protect our students, staff and our reputation.

Like the previous year, 2014/15 has been a financially challenging year for the higher education sector throughout the UK. The impact of the £9,000 annual tuition fee is still being felt; in particular, students are citing 'financial reasons' as the basis for not continuing on to postgraduate taught masters programmes, which have until now been powerful recruiters in our home and overseas markets. Our competitor institutions, both in the UK and abroad, are committing significant resources into recruiting home and international students. Once again, the School did not achieve its set target for student recruitment either for postgraduate or undergraduate courses. Nonetheless, careful financial management enabled the School to return to a small surplus and we will do all we can to maintain this trajectory, so that we can reinvest in our academic programmes and estate, to improve the student experience and heighten the impact we have on the world. It is crucial that the School takes the long view to ensure we are at the very forefront of academic and service excellence in the sector.

The impact of philanthropy upon the School is significant. In the last year, we were fortunate to secure a further \$11m from the Arcadia Foundation for the Endangered Languages Documentation Programme which provides funding to enable scholars to undertake vital documentation of disappearing languages. To date the programme has funded over 350 documentation projects globally. In addition,



new funds were secured to benefit the SOAS China Institute, scholarships and the Japan Research Centre amongst others. In total, more than £11m in new funding was secured.

Looking to the School's future, we were extremely pleased to have appointed Baroness Valerie Amos as Paul Webley's successor, the ninth director in SOAS' distinguished history. It is fitting that such an internationally respected figure will be leading our renowned institution into its second century, consolidating our position as a guardian of knowledge of the civilisations of our regions and a crucial interpreter of our complex world. As for investment in the School's future, we made great progress on the redevelopment of Senate House North Block. Our move into the building is scheduled for summer 2016, to coincide with the beginning of our centenary year. This will create a single campus community at the heart of our celebrations of a hundred years of achievement.

I would like to take this opportunity to thank our former Director Paul Webley, his team, and all the School's staff. I extend a warm welcome to Baroness Amos and look forward to working with her. And I would like to pay tribute to our students for making SOAS such an extraordinary and vibrant place.

A handwritten signature in black ink, which appears to read 'Tim Miller'. The signature is written in a cursive style and is positioned above a horizontal line.

Dr Tim Miller
Chairman of the Board of Trustees, SOAS

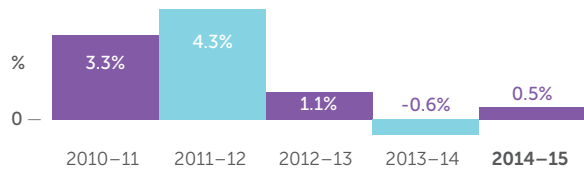
Financial overview

For the year ended 31st July 2015 the School generated a surplus (adjusted for the transfer to accumulated income within restricted endowments) of £0.4m which is equivalent to 0.5% of gross income and compares to a deficit of £0.4m for 2013/14 (0.6%). Income growth, compared to the previous year, at 7.6%, was well ahead of inflation and outstripped the increase in expenditure of 6.5%.

The current year's outturn is below the target of 2% surplus set out within the School's 5 year financial strategy for the 2014/15 financial year and the shortfall is one indicator of the challenging environment in

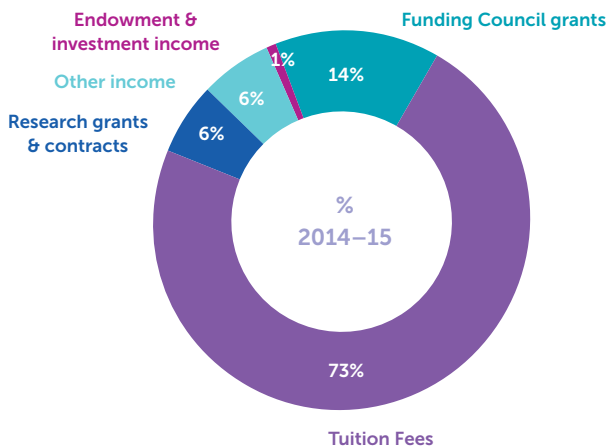
which the School currently operates. The target surplus is set to rise to 5% by 2017/18, the level needed to provide sufficient funds for investment in the School's estate and in new academic initiatives, as well as providing a buffer for unexpected income reductions.

Surplus as % of gross

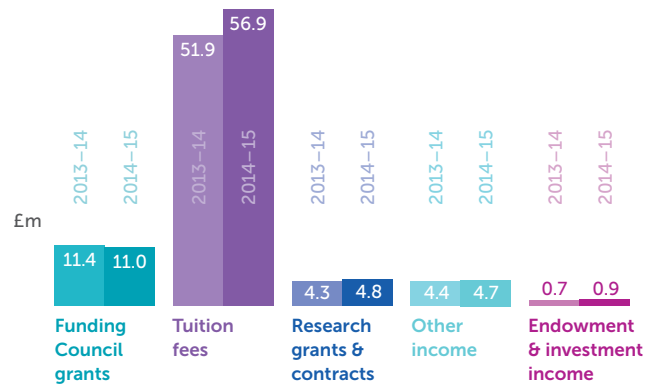


Income

Income by source 2014-15



Year on year change



Income growth

Total income increased by 7.6% compared with the previous year. Funding Council grant income has continued its downward trend under the new funding regime, falling 3.2%. Tuition fees grew by 9.7% and now represent just under 73% of the School's income up from 71% in the previous year. Income from research grants and contracts grew ahead of inflation for the third consecutive year and now stands at £4.7m - a new highpoint for SOAS. Income generated from endowment and School investments grew by 30.0% improving on the previous year [2.3%].

Income growth

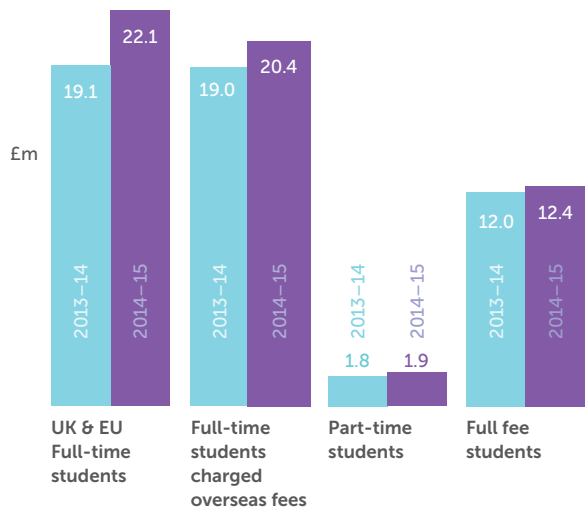
	2013-14	2014-15
Funding Council grants	-19.8%	-3.2%
Tuition fees	13.3%	9.7%
Research grants & contracts	8.3%	9.7%
Other income	-4.5%	5.3%
Endowment & investment income	2.3%	30%
Total income	5.0%	7.6%

Income: Fee income by major category

Full-time UK and EU fee income rose 16.0% largely due to the third year intake of undergraduate students paying £9,000 fees. This rise was partly offset by the fall in Funding Council teaching grant and the cost of bursaries. Fee income from overseas students has risen 7.4% which is below last year's increase of 9.2%.

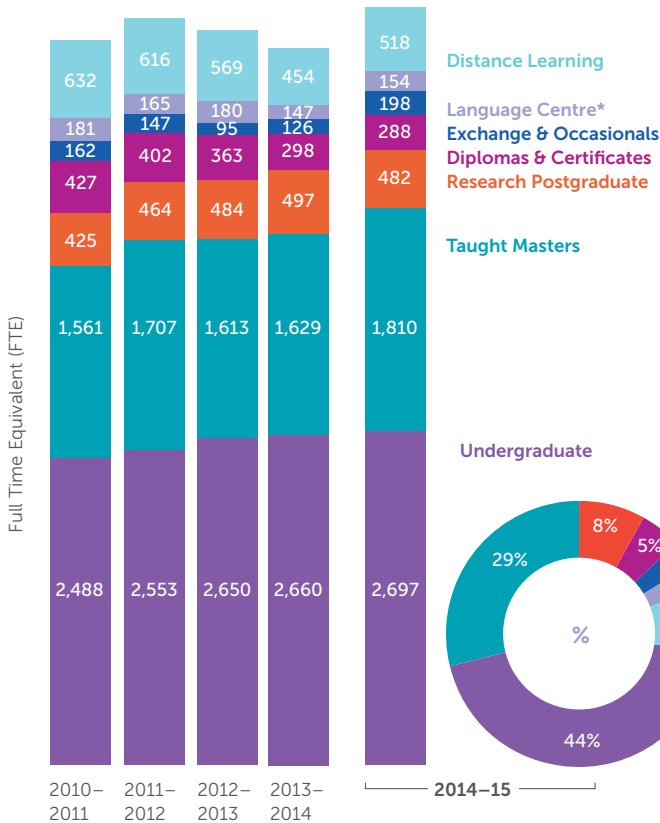
Income from Distance Learning students grew by 7.5% building on last year's increase of 11.2% and offsetting some of the fall of 22.9% reported in 2012/13. The improved performance in Distance Learning reflects the successful launch of a new programme in Global Diplomacy which is continuing to perform well after its launch in late 2012-13. Language Centre income grew just 0.1% which, though disappointing, is welcome following declines in recent years. Finally, the International Foundation Courses and English Language Studies income grew 3.2% partially offsetting some of the decline over the last two years. These programmes operate in a very competitive environment and this has contributed to the pressure on their income.

Fee income – year on year changes

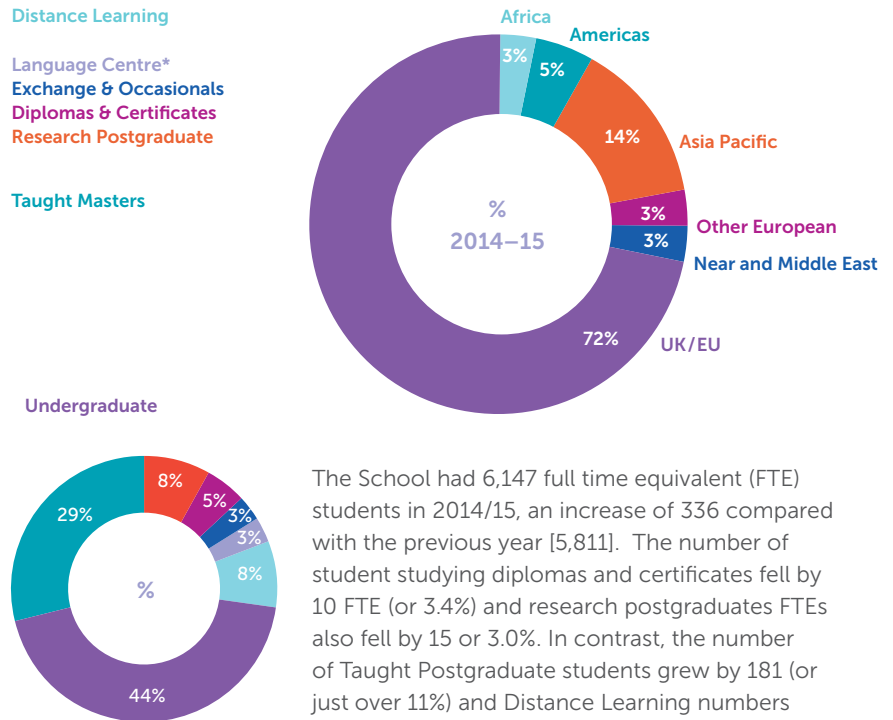


Student numbers

Student FTE



Undergraduate & postgraduate student FTE by origin

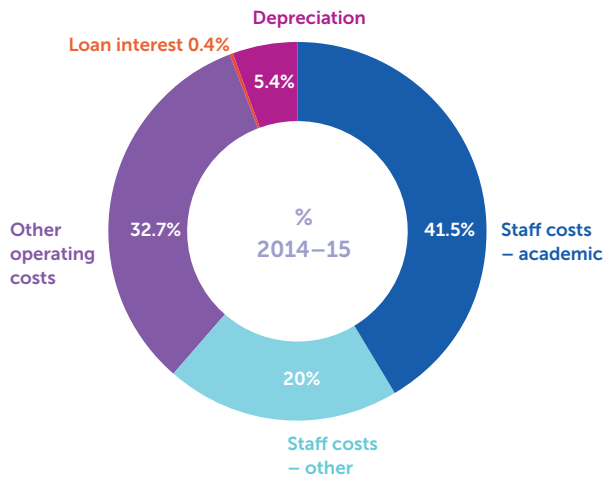


The School had 6,147 full time equivalent (FTE) students in 2014/15, an increase of 336 compared with the previous year [5,811]. The number of student studying diplomas and certificates fell by 10 FTE (or 3.4%) and research postgraduates FTEs also fell by 15 or 3.0%. In contrast, the number of Taught Postgraduate students grew by 181 (or just over 11%) and Distance Learning numbers continued recent trends growing by 64 students or marginally over 14%.

* (Evening & Short Courses)

Expenditure

Expenditure 2014-15

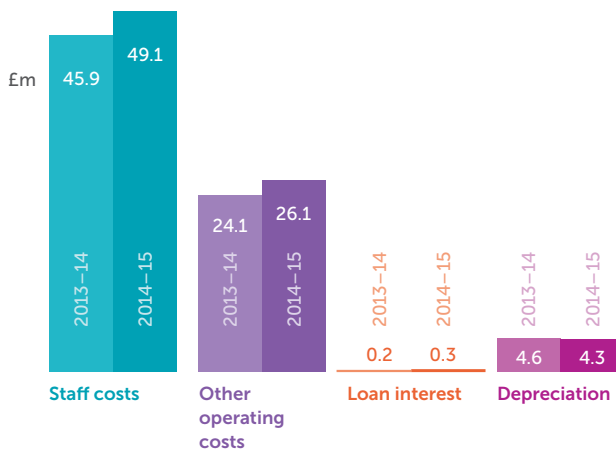


Expenditure year on year growth

Expenditure on staff costs has risen by 7.0% which, whilst below last year's rate of increase [7.9%], is ahead of inflation. The rise is mainly explained by an increase in full time staff numbers. Academic full-time equivalent (FTE) staff numbers have risen by 4.4% over the period and, following a fall in 2013-14 (0.8%), support staff FTEs have risen by 8.2%. The increase in support staff partly reflects the School's decision to invest in the engagement of temporary staff to advance projects aimed at improving School systems and processes. A further cause of the increase was a rise in expenditure, [£0.5m], on voluntary severance, included in the staff cost heading. The 2014-15 national pay award of 2%, and the rise in costs as staff progress up incremental pay scales also contribute to the rise in staff costs.

Other operating costs rose by 8.0%, of which 1.7% was due to an increase in research grant and contract expenditure, reflecting the rise in research income. Increased expenditure on fellowships, scholarships and other fees accounted for over 4% of the rise, whilst the recurrent cost of information technology accounted for a further 1.5% following the implementation of new IT systems. Other noteworthy changes underlying the increase relate to greater expenditure on facilities contracts partly as a consequence of improvement in the terms and conditions offered to contracted staff.

Year on year change



Expenditure year on year changes

	2013/14 £m	2014/15 £m	change £m	change %
Staff costs	45.94	49.09	3.15	7.0%
Other operating costs	24.09	26.08	1.99	8.0%
Loan interest	0.25	0.29	0.04	17.3%
Depreciation	4.57	4.29	-0.28	-6.3%
Total Expenditure	74.85	79.75	4.90	6.5%

Capital investment

During 2014-15 the School's capital programme has continued to make significant progress with investment of £11.9m in our estate and infrastructure. Projects have included:

- The main construction phase of the refurbishment of the North Block of Senate House where, during the year, expenditure totalled £8.4m
- The final phase of the 'infill block' project within the Main Building to improve the efficiency of space usage, and to upgrade the standard of accommodation of one of the few remaining parts of the estate in poor condition (£1.2m).
- Upgrading the School's lifts within the main building at a cost of £0.3m.
- Enhancement of the School's Information systems with £111k spent on phase two of upgrading the Library management system and a further £750k spent on improving the School's IT infrastructure, (including expenditure on the School's storage area network [£244k], an upgrade to our core network [£349k] and improvements to the School's wireless LAN.)

During the next 12 months the School will progress the capital programme with a range of projects including:

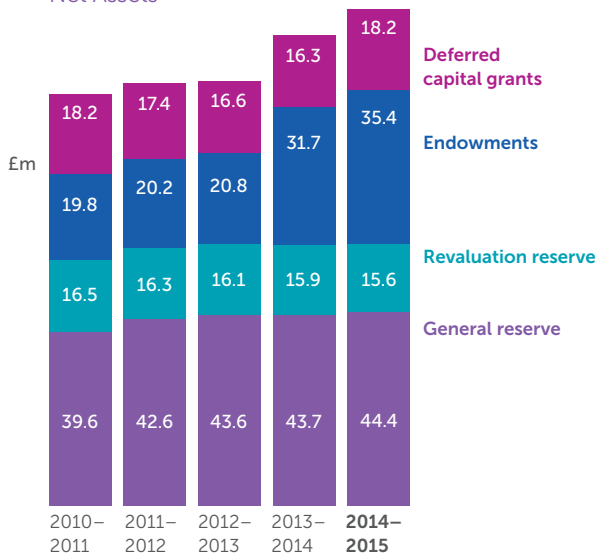
- Completion of refurbishment of the Senate House North Block in summer 2016. Further expenditure of £19m is required to complete the project bringing

the total investment to £33m. The project will transform the SOAS estate providing much needed additional space adjacent to the School's Russell Square campus and facilitate the consolidation of the estate onto one site.

- Completion of a project to replace the boilers within the Brunei Gallery with the aim of improving energy efficiency and increasing the resilience of energy supplies on the Russell Square campus in advance of the opening of the Senate House North Block [£656k].
- The construction phase of the project to refurbish the Phillips Building windows (£4.5m in 2015/16 and £8m in total) that will, in the longer term, move the School closer to meeting its carbon reduction targets as well as improving the comfort of students and staff within this grade 2 listed building.
- Refurbishment of the 23/24 Russell Square buildings plus improvements to the Main Building reception and landings at an estimated cost of £0.8m. It is anticipated that the main building project will result in improvements to the quality and quantity of social space available for students.
- Refurbishment of the Khalili Lecture theatre which is in need of modernisation. There will be a marginal increase in the number of seats and improved accessibility after the refurbishment.
- The initial design stage of the Campus Development Plan.

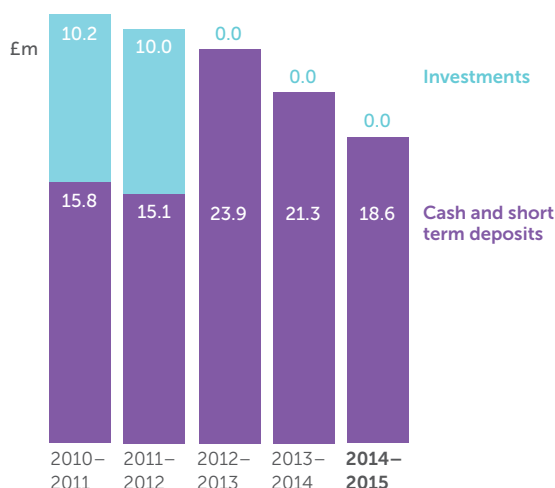
Balance sheet and liquidity

Net Assets



During 2014/15 the School's net assets grew by 5.7% (2013/14: 10.8%) to £113.7m.

The School's endowment funds grew by £3.8m to £35.4m. The increase is made up a number of individual donations such as the second tranche (£1.1m) of the generous £20m donation from the Alphawood Foundation. The Alphawood donation will fund a step change in the knowledge and understanding of South East Asian Art. Furthermore, it will contribute £5m to the funding of the Senate House North Block project, create a permanent endowment for three senior academic posts within the SOAS Art and Archaeology department, and provide scholarships and bursaries to eligible students wishing to undertake the study of South East Asian Art. Over the course of 2014-15 the market value of the underlying investments grew significantly by £3.3m in contrast to the marginal increase of £57k in 2013-14.



Despite significant capital expenditure over the course of 2014-15, the balance of cash and short term deposits at 31 July 2015 is only £2.7m lower than the previous year at £18.6m.

In view of the continuing uncertainty in the banking sector, the School's investment criteria and limits for cash deposits have been temporarily amended to:

- limit the number of institutions for depositing funds to UK high street banks satisfying the agreed minimum ratings.
- raise the minimum criteria for deposit takers to Fitch grade A
- lower the maximum period of deposit from 12 months to 6 months

The School's variable rate loan of £7.4m is hedged by two interest rate swaps, covering approximately 50% of the current loan balance, providing some protection against any adverse movements in LIBOR interest rates. The outstanding loan balance is being repaid quarterly over the remaining 16 year term.

Future outlook

The School recognises that the next few years will be challenging and uncertain for all universities in England as the Government puts in place measures to liberalise the higher education market.

The cap on the number of regulated fee places has been removed for the first time in 2015-16 allowing SOAS and other institutions to recruit as many suitably qualified home/EU undergraduate students as they can accommodate. These changes are certain to increase the competition for students from current providers and potentially new entrants to this market. In the longer term this is likely to lead to a greater number and more diverse range of providers.

An early assessment of student enrolment in 2015/16 indicates the impact of the removal of home/EU undergraduate student number controls may be positive for SOAS. Current expectations are that we will marginally exceed our home undergraduate target however, it is also apparent, that additional effort will be required to ensure future targets are met. As in the previous year we remain conscious that, due to a shortfall in the recruitment of postgraduate students, the desired level of growth was not achieved. The impact has not been consistent across all subjects with certain subjects performing better than in previous years while others have performed worse. It has been encouraging to note that more recent programme launches, particularly the new undergraduate degree in international relations, have been successful in attracting students. There are a number of other programmes in the planning stages which are expected to have a positive impact on future recruitment.

The School remains committed to ensuring that students from disadvantaged backgrounds are not discouraged from accessing Higher Education for financial reasons, this commitment includes ensuring the School's financial support for these students is maintained at over £1.1m over the period of our agreement with the Office for Fair Access to 2018/19.

In terms of overseas student recruitment (upon which the School is heavily reliant) SOAS continues to perform well relative to its peers but performance in 2015-16 fell below expectations. Although, optimistic that overseas recruitment will pick up again from 2016-17, we remain mindful of the fact that the movement of students across international borders is unstable and may be adversely affected by the global economy, exchange rates, international competition and perceived underinvestment in student facilities.

In an environment of increasing competition for both home and overseas students and heightened student expectations, the School cannot be complacent in attracting and retaining the best students. As such the School has embarked on a number of actions to address this including:

- Increased and more targeted promotional activity
- The first phase of updating the School's website to ensure its effectiveness is maximised
- Improved interaction with prospective students with a greater emphasis on social media analytics and engagement.

- Comprehensive curriculum review to enhance the appeal of studying at SOAS.
- Enhanced capital expenditure in the estate

More general actions to address student recruitment risk and the impact of the liberalisation of the HE market:

- A follow up review, following recent changes, of the School's postgraduate fee structure to ensure that, where possible, fees are aligned to the full cost of provision
- diversifying sources of income by expanding contract research, consultancy, enterprise and short course provision
- building on the establishment of a high quality internship schemes to improve employment outcomes for students
- building on the recent successes in endowment fund raising

The School's Senior Management Team will appraise all of the School's academic activities and professional services functions with a view to keeping the cost base at the most economic level consistent with maintaining the quality of academic or service delivery.

In addition to the initiatives to improve the effectiveness of the School's operations and the quality of its infrastructure the School is also planning to build on the recent major changes to its academic portfolio. In 2015/16 further efforts will be made to expand the range of activities of the two recently established Institutes for the study of China and South Asia. Both Institutes have the potential to significantly advance the profile of SOAS, reinforcing its position as a world leading Higher Education Institution. The Institutes are headed by Directors of international standing and will act as a focal point for the breadth and depth of expertise within SOAS in China and South Asia.

In recognition of the challenging environment faced by all Higher Education Institutions, the School's primary strategy shall be one of improving efficiency in the delivery of academic activities and professional services functions alongside continued diversification and expansion of income generating activities.

The completion the Senate House North Block in the summer of 2016 will not only provide much needed additional space, it will allow consolidation of the estate on the Russell Square site. An important objective of the project is the provision of improved quantity and quality of academic space thereby removing an existing constraint on growth.

The School will be celebrating its centenary in 2016/17 and it is anticipated the formal opening of the newly refurbished North Block of Senate House will be one of a number of major events to mark this important milestone.

SOAS and public benefit

Since it was established in 1916, SOAS has made a unique contribution to intellectual scholarship in its specialist subject areas of Asia, Africa and the Middle East. SOAS has also made a significant contribution to public benefit through its services to society.



Bakun dam, Malaysia, subject of SOAS research into Chinese hydropower investment in Africa and Asia. A team led by Dr Frauke Urban found that state-led Chinese investment in hydropower dams in a number of low and middle income countries has created opportunities for these nations to improve their energy infrastructure and power economic growth. However, the research found that severe social and environmental impacts at the hydropower dam sites disproportionately affect the 'rural poor'.

SOAS is a legally independent corporate body as well as an exempt charity. The Charities Act 2011 places an obligation on charities to demonstrate explicitly how they provide public benefit and in preparing this statement the School has had regard to the Charity Commission's guidance on public benefit. The Act requires that institutions clearly identify benefits related to the aims of the charity; that the benefits must be to the public, or to a section of the public; that where the benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by ability to pay fees; and that people in poverty must not be excluded from the opportunity to benefit.

SOAS makes a significant contribution through its teaching, research and other activities to many of the specific categories of charitable purposes set out in the Charities Act 2011 including:

- the prevention or relief of poverty;
- the advancement of education
- the advancement of citizenship or community development;
- the advancement of the arts, culture, heritage or science;

- the advancement through human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity; and
- the advancement of environmental protection or improvement.

SOAS teaches courses which cover all of these categories. Our research informs the policy and initiatives of government, charities, NGOs and other agencies around the world. Our graduates go on to work in these organisations too. Over the last year, our researchers made their valuable insights available through a wide range of public forums.

In its second year of operation, the SOAS China Institute sponsored and hosted "China is Now", a forum exploring opportunities for the UK in education, inward investment and tourism. The event was co-organised by the China-Britain Business Council and CRCC Asia, the world's leading provider of internships in China, a business founded by two SOAS graduates. The launch of the SOAS South Asia Institute created a new platform for governments, business, the media and civil society to engage with the region and to explore the opportunities and solutions offered by South Asia to the world. At a public event in May, SOAS doctoral students Atta Barkindo, Ini Dele-Adedeji and Bala Mohammed Liman explored



Above: SOAS became a founding partner of the Knowledge Quarter, the focal point for one of the greatest knowledge clusters anywhere in the world, located in a small area around King's Cross, the Euston Road and Bloomsbury. SOAS Language Centre ran free language tasters as part of the Knowledge Quarter Curious? Festival in August.

Left: Well-known Dinka composer, Peter Bol Deng, sings a song about the 2nd Sudanese civil war to the accompaniment of a 5-string lyre (rababa). Angela Impey, Senior Lecturer in Ethnomusicology, worked with Dinka communities in the new state of South Sudan, producing a collection of recorded songs and related texts which have been welcomed as an important aid in the spreading of literacy and, ultimately, participation and social cohesion in a fledgling state.

post-conflict reconstruction and reconciliation in northern Nigeria in light of gains made by the country's armed forces against Boko Haram. Using their rare first-hand knowledge of the northern Nigeria terrain and their contacts with Boko Haram members, the researchers asked 'how do we put the broken pieces of the northern Nigerian region back together again?' The SOAS Centre of African Studies organised the 2015 Governance for Development in Africa Residential School in association with the Mo Ibrahim Foundation, hosting it at SOAS' Bloomsbury campus for the first time. The annual event creates a dedicated environment for African students, government officials, and professionals to study the socio-economic, political and legal links between governance and development. The politics of constitution-making and the rule of law in Egypt and Tunisia were debated by human rights practitioners, legal experts and political analysts at an event staged by the School of Law. 'Law, Politics and Constitution-Making in the Arab Spring' brought together international speakers from Egypt, Tunisia, and Canada in March.

Many SOAS academics either advise policy makers or participate in relevant policy areas themselves. Our experts are frequently sought by the news media to make sense of global developments and history. This year alone, SOAS scholars have contributed to discussions on the Ebola crisis – from critiquing the UK's media coverage to the economic impact of the crisis, the protests in Hong Kong, free speech on UK campuses, gender selective abortion in relation to the proposed amendment in UK Parliament last year and the plight of the Yazidi community under threat in northern Iraq.

Local initiatives

SOAS Islam experts have been working with staff at Great Ormond Street Hospital, the renowned hospital for children, to help them understand the culture and etiquette of patients and their families from the Gulf region. Sessions covered the five pillars of Islam, customs and culture in the Arab world, how to avoid cultural misunderstandings and a discussion about practitioners' experiences in the Gulf.

A national resource

SOAS contributes to the advancement of education and preservation of academic heritage through our extensive Library collections and Archives. The SOAS library is one of the five UK National Research Libraries (the others are Cambridge, LSE, Manchester and Oxford). It is home to more than 1.3 million volumes and significant special collections including the archives of missionary societies, NGOs and diplomats. Given its status and reputation, the Library has more than 13,000 registered external users who made around 12,000 visits to the Library in 2014–15; many visits were made by Alumni. The Library continues to offer a range of seminars and training sessions for members of the School and visitors, focusing particularly on study skills and the use of electronic resources.

Widening participation

SOAS has a strong track record in widening participation and our access initiatives aim to ensure that the School engages with students from disadvantaged backgrounds. 2014-15 saw the continuation of the School's flagship "SOAS Scholars: Thinking Globally!" project for Year 12 pupils from



Local schoolchildren engage in global cultures through the annual IllumiNations Festival at SOAS.



Studying – SOAS students come from more than 130 countries.

disadvantaged socio-economic backgrounds across London. Participants use the School's expertise to explore global perspectives, develop critical thinking skills and find out about higher education. The original cohort of participants from 2013-14 took part in additional sessions with SOAS alumni and shadowed SOAS students, and progressed to university study in 2015-16 (including at SOAS!). A new cohort also started the project in 2014-15, and in ten Saturday morning sessions, more than 30 school pupils worked with current SOAS undergraduate students and attended masterclasses delivered by SOAS academics.

SOAS routinely considers an applicant's socio-economic and educational context during the offer-making process. In the 2014 undergraduate intake, SOAS distributed financial support bursaries worth over one million pounds to the most socio-economically disadvantaged home students. As well as this vital financial support, we continue to provide broader transition support in the form of Bridging Courses for new students. These are offered to students who are the first in their family to go to university; who grew up in an area where there is low progression to higher education; and to mature students entering university for the first time.

Developing students to make a contribution to society

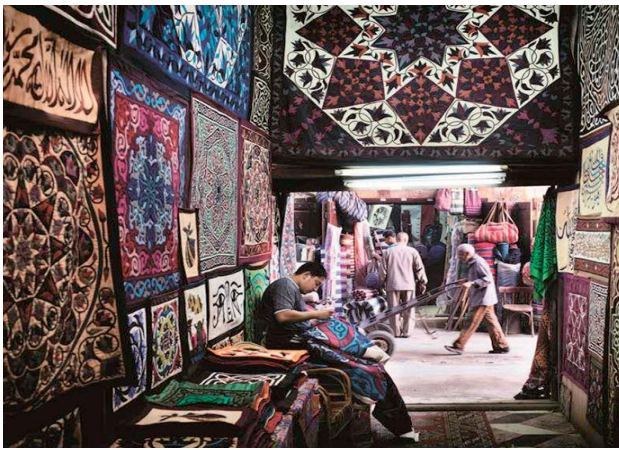
SOAS has more than 5,000 full time equivalent students from more than 130 countries. These include full-time and part-time students and those studying for undergraduate and postgraduate degrees. Students from around the world also benefit from our academic Summer Schools which ran for the third year in succession alongside our renowned World Music Summer School. Students from Australia, US, Canada and Europe attended courses covering areas such as development, politics, law, business

and finance and culture, society and history. SOAS students held a panel discussion on disarmament at a meeting of the United Nations in Geneva as delegates of SCRAP (Strategic Concept for the Removal of Arms and Proliferation), an initiative led by Dr Dan Plesch, Director of the School's Centre for International Studies and Diplomacy, which proposes the adoption of an international legally binding agreement for complete and general disarmament.

We are the largest provider of postgraduate distance learning courses in the University of London's International Programmes. More than 3,600 students in over 160 countries access our world class research and teaching, gaining a range of postgraduate qualifications in the process. For example, the Centre for Financial and Management Studies offers individual professional awards as well as MSc's in finance, financial law, public policy and management. All our courses have been designed and written specifically for study by distance learners. Students are supported throughout their studies by our team of tutors via an online learning environment, and by our support staff. These University of London qualifications are recognised throughout the world for their high standards and are equal to those taught on campus.

SOAS ran a second session of its first MOOC (Massive Open Online Course) entitled 'Understanding Research Methods,' after its first run attracted over 40,000 students from around the world.

The MA programme in the Anthropology of Food at SOAS, was recognised for making a positive difference to how and what Britain eats, reaching the finals for 'Best Initiative in British Food' in BBC Radio 4's Food and Farming Awards 2015. The MA was launched in 2006 and examines food and foodways around the globe, asking who benefits and who suffers within contemporary food systems, and critically analysing food policy at national and international levels, as well as the food industry. The course takes in 20-30



Above: Student callers helped raise £110,000 for the Senate House appeal through SOAS Alumni and Friends Fund telephone fundraising campaign

Left: Tentmakers of Cairo, photographs by Massimiliano Fusari in the Brunei Gallery

new students each year. Alumni have successfully applied their learning to create change in diverse contexts: community-based social enterprises, small-scale artisan production, national food and farming campaigns and non-profits to name a few.

Student Enterprise supported 18 student start up projects by providing seed funding through three competitions as well as supporting over 300 students through a comprehensive training programme of workshops and personal development events, including three student enterprise boot camps. The SOAS Bazaar, which is also open to outside organisations, enables students to sell their products in our Students' Union. Graduate Entrepreneur Visas enabling international students to set up a business in the UK post-study were also given to four new applicants as well as to four existing businesses who applied for the second year. Businesses included art consultancy, nut butters, travel writing and social media consultancy as well as a Japanese teaching and cultural organisation. 50 year 7 pupils also attended SOAS for a day's activities focused on student enterprise.

Engaging communities

The contribution by SOAS to the arts and public education is well known, in the 2014-15 academic year over 30,000 people visited Brunei Gallery exhibitions and attended associated events. The year began with **'Serendipity Revealed – Contemporary Sri Lankan Art'** the Gallery's first exhibition of work by contemporary Sri Lankan artists. Over 120 works, including sculpture, installation, video, paintings and photography, gave a view of the recent and contemporary history of Sri Lanka.

The Gallery's **Maps of Persia 1477–1925: A graphical journey through the history of Iran**, attracting over 7,000 cartographers to see items from the 'Dr Cyrus Ala'i's Map Collection of Persia' that was gifted to SOAS University of London in 2013. In the **Tentmakers of Islamic Cairo**, Massimiliano Fusari's photographs gave a vivid and sensitive record of the work and milieu of the tentmakers, capturing them at work and

revealing the uses to which the textiles are put in daily Cairene life. Running simultaneously in the Gallery was **The Art of Integration: Islam in England's green and pleasant land**. Peter Sanders' photographs showed an alternative picture of Muslims within British society, a graceful and visually poetic reminder that Muslims have been part of British life for centuries and have made and continue to make an important contribution to the United Kingdom's rich cultural diversity.

The Arts of Southeast Asia from the SOAS Collections in the Foyle Special Collections Gallery of the Brunei Gallery showcased the breadth of the region's cultures as represented in the SOAS collections, demonstrating the long-term engagement of SOAS Staff and Alumni, whose research and travels have brought this variety of artefacts to the School. The year finished with **Missionaries & Idols in Polynesia**, an exhibition documenting the London Missionary Society from 1792 to 1825, from its formation to its initial 'success' in Polynesia. Many of the objects had not been on public display since the 19th century. **Dark Water: Cambodia's UXO Salvage Divers** explored, through photographs by Charles Fox, the world of the divers who are trying to rid Cambodia's waterways of the legacy of past conflicts.

SOAS presented approximately 1500 public events throughout the year. The 2014-15 SOAS Inaugural Lecture Series attracted more than 2,500 people to eleven free public lectures, with subjects ranging from language diversity to ways of writing in Medieval Islam. As our flagship lecture series, it showcases the depth and breadth of SOAS' expertise in every aspect of our specialist regions.

A broad range of books extended the School's public education work. As the UK approached its general elections, SOAS anthropologist Emma Crewe published a book revealing the hidden mechanisms of parliamentary democracy. *The House of Commons: An Anthropology of MPs at Work* is based on unprecedented access and two years of interviews and research in the Palace of Westminster and MPs' constituencies, offering a radical alternative to the study of British politics by demonstrating that all of its processes hinge on culture, ritual and social relations.

Dr Crispin Branfoot of the Department of History of Art and Archaeology co-authored the exhibition catalogue for the Victoria and Albert Museum's exhibition **Captain Linnaeus Tripe: Photographer of India and Burma, 1852-1860** shedding light on an era of momentous political change in south India and Burma. The exhibition, which subsequently toured to Washington DC and New York, featured some of the earliest and most striking views of the landscape and architecture of south India and Burma, by the pioneering British photographer.

Supporting students

Thanks to the generosity of alumni and friends of the School, this year the SOAS Alumni Relations team raised £110,000 from 850 donors worldwide who supported the Senate House appeal. All proceeds go towards the SOAS Alumni & Friends Fund (AFF), having a direct impact on more scholarships, improving student life and welfare support and with better learning resources and facilities. The AFF also launched 'SOAS Impact', the School's first crowdfunding platform, helping students to promote and crowdfund for their project.

The American Friends of SOAS body, our alumni network in the USA, also successfully raised a second scholarship to support a fully-funded Masters student. Together with increasing events and outreach work in cities around the world, including Abuja, Beijing, New York, Delhi and Tokyo, the School is constantly working to raise its international profile of regional expertise, with the kind support of our international network of 35,000 alumni network.

Our exceptional Student Services office leads the provision of support to students with disabilities to ensure that they can benefit from study at the School. The office advises students with disabilities on exam arrangements, appropriate library services, disability related funding and learning support to ensure that students gain everything they can from their time at SOAS.

SOAS is particularly aware of the need to ensure that people from all backgrounds can benefit from its degree courses and activities and that access to benefits is not unreasonably restricted by fees. SOAS is very grateful for the generous support of a number of organisations which has enabled SOAS to provide over 170 scholarships in 2015-16. These include new awards such as Prospect Burma as well as continuing support from the Mo Ibrahim Foundation, the Wolfson Foundation and the Allan and Nesta Ferguson Charitable Trust, and corporate partners such as Santander UK and HSBC.

Environmental sustainability

SOAS became the first university in England to commit to full divestment from fossil fuels. The decision was approved by the School's Governing Body (now known as the Board of Trustees) following a review led by a working group of GB members. To implement the divestment plan, an ethical investment criterion was added to SOAS' Ethical Investment Policy and the School's Gift Acceptance Form and due diligence procedure for philanthropic gifts was amended.

Sustainability is one of SOAS' core values. The School has made great progress in reducing its carbon footprint in the last decade and further falls in its carbon emissions over the last 12 months mean we are now ranked 3rd amongst UK Higher Education Institutions for our absolute reduction in carbon emissions and in our emissions intensity per m² of floor space. We have achieved a 48.76% reduction, exceeding our original 48% target ahead of our 2020 schedule. The refurbishment of the Khalili lecture theatre introduced energy efficient LED lighting and improved controls and we have begun the process to obtain the environmental accreditation ISO 14001, which we hope to achieve sometime in 2016.

Service to society

In 2010, HEFCE published a report – Service to Society – outlining six key areas where universities provide services to society:

- Developing people to make a contribution to society
- Innovating, informing and inspiring: opening up university knowledge, expertise and resources
- Engaging communities and working in partnership
- Informing public policy and the professions
- Stimulating local economic and social development
- Building international connections.

SOAS is a leading contributor to all of these areas and many of our activities, such as widening participation, contribute to more than one area. For almost a century SOAS has produced graduates who have influenced and changed the world, including presidents, ambassadors, human rights lawyers, diplomats, journalists, philosophers and writers. As the School looks forward to its centenary in 2016, and as the world looks ever more to the East and the South, the relevance and contribution to its fields of excellence and to public benefit have never been greater or more essential.

Corporate governance statement

SOAS is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the School has applied the principles set out in the UK Corporate Governance Code and the Memorandum of Assurance & Accountability with the Higher Education Funding Council for England (HEFCE). Its purpose is to help the reader of the financial statements understand how the principles have been applied.

SOAS' Board of Trustees (formerly known as Governing Body) is responsible for the School's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The School's principal regulator is HEFCE. SOAS aims to exhibit best practice in all its activities to ensure that public funds awarded to the School by HEFCE are used properly and the School offers value for money. The School's Board of Trustees is guided by, but not limited by, the CUC's governance code of practice and general principles within the CUC Guide for Higher Education Governing Bodies in the UK issued in 2009. The School's practices are consistent with the provisions of the code. It will be taking the necessary steps to ensure that it is compliant with the Code issued in 2014 before the end of the 2015/16 academic year.

The Board of Trustees is satisfied that there is an ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the period covered by the Annual Review and Financial Statements. This process is regularly reviewed by the Audit Committee on behalf of the Board of Trustees and accords with the internal control guidance in the UK Corporate Governance Code as deemed appropriate for higher education. The identification and management of risk, as detailed in the School's risk register, is linked to the achievement of institutional objectives. The approach to internal control is risk-based and prioritises actions to be taken against an evaluation of the likelihood and impact of risks becoming a reality. Review procedures cover business, operational and compliance as well as financial risk. On behalf of the Board of Trustees, the Audit Committee receives regular reports during the year on internal control and risk. The principal results of risk identification, evaluation and management review are reported to the Board of Trustees in the form of an updated risk register. Further details of this process can be found in the Statement of Trustees Responsibilities.

SOAS' Board of Trustees comprises lay members and academics appointed under the Charter of the School. There were 19 members of Board of Trustees as at 27th November 2015.

The Trustees who served during the year, up to and including the signing off of accounts on 27th November 2015, are listed as follows:

Mrs Susie Alier * until 9/11/15
Mr Kofi Adjepong-Boateng * wef 1/9/15
Baroness Valerie Amos * wef 14/09/15
Professor Richard Black
Dr Tamsyn Barton * wef 01/9/15
Professor Sir Ivor Crewe * until 31/8/15
Mr Gautam Dalal
Sir Graham Fry * until 31/08/15
Sir Martin Harris (Vice-Chair)
Mr Charles Ilako * until 9/11/15
Mr Tom King * from 01/8/15
Dr Tim Miller (Chair)
Ms Rosna Mortuza
Professor David Mosse
Professor Christine Oughton
Mr Andrew Popham
Professor Nirmala Rao
Sir David Reddaway from 01/9/15 to 9/11/15
Ms Georgie Robertson * until 31/07/15
Mr John Robinson
Mr David Skinner
Mr David Suber * until 31/7/15
Ms Hannah Slydel * from 1/8/15
Mr Steve Tinton
Ms Zoe Weaver * until 31/8/15
Professor Paul Webley (Ex-officio) * until 07/09/15
Lord Michael Williams
Mr Nizam Uddin * from 9/11/15

Following a review into the effectiveness of the Board of Trustees, the Privy Council approved a new Board of Trustees made up of 21 members. As of 1st August 2010 the Governing Body has been divided into the following categories:

- The Chair (lay member to be appointed by the Board);
- Twelve further lay members (11 appointed by the Board, one appointed by the Secretary of State for Foreign and Commonwealth Affairs);
- The Director of the School (ex officio);
- Five members of the Academic Board (two Pro-Directors, two academic) and one professional services staff); and
- Two student members

Some minor changes to the membership have been made to take effect from 1 September 2015

The Board of Trustees undertook a review of its effectiveness in 2013–14 and has made a number of changes to its Standing Orders. The Privy Council approved changes to its nomenclature to take place from 01 September 2015.

The Board of Trustees has set out a 'Statement of Primary Responsibilities', listing ten core areas of responsibility covered by it and its sub-committees. These are based on standard national guidelines and are as follows:

- The Proper Conduct of Business
- Strategic Planning, Policies and Strategies
- Monitoring Performance
- Financial Stewardship and Estate Management
- Audit and Risk Management
- Student Issues
- Health and Safety
- Employment
- Legal Matters
- Reputation

Members of the academic staff and student representatives are members of the Board of Trustees and the Resources and Planning Committee. Under the terms of the School's Charter, the Board of Trustees is required to seek the advice of the Academic Board on certain matters. The matters specifically reserved for the Board of Trustees for decision are set out in the Charter of the School, by custom and under the Memorandum with the HEFCE. The Board holds to itself the responsibilities for the ongoing strategic direction of the School, approval of major developments and the receipt of regular reports from executive officers on the day-to-day operations of the School. The day-to-day management of the School's affairs is the responsibility of the Director and their executive team, known collectively as the Executive Board.

The Board of Trustees meets four times a year. It is supported by several sub-committees, full details of which can be found on the SOAS website (<http://www.soas.ac.uk/committees/>). The Board delegates a number of its responsibilities to either the Academic Board or the Resources and Planning Committee, which advise the Board of Trustees on academic and resource matters respectively. A range of other committees have primary responsibility for ownership of the School's sub-strategies. These committees report into either the Academic Board or the Resources and Planning Committee. All of these committees are formally constituted with terms of reference.

The Resources and Planning Committee meets four times a year. It acts on behalf of the Board of Trustees to monitor the finances of the School and its Faculties and to advise on the financial implications of new proposals. It also approves the School's budget, co-ordinates the development of the School's

strategic and related plans, recommends to the Board of Trustees the School's annual return to HEFCE and recommends to the Board of Trustees capital expenditure.

The Audit Committee meets four times per year and reports directly to the Board of Trustees. It is chaired by a lay member of the Board and is comprised of lay members only. School officers attend the meeting but are not members. It has responsibility, delegated by the Board of Trustees, to monitor the School's risk management strategy and register, the aim of which is to ensure that the Board of Trustees is aware of significant risks and receives assurance that these risks are being properly managed.

The Audit Committee approves the annual internal audit plan and considers reports arising from those audits. These reports will highlight any significant internal audit issues, management responses received and conclusions drawn. The Audit Committee is responsible for meeting External Auditors to discuss the nature and scope of the annual audit of the Financial Statements, resultant audit findings and the management letter arising.

The Nominations Committee advises the Board of Trustees on the appointment and re-appointment of individuals as lay members of the Board of Trustees and other committees. In doing so it seeks to maintain an appropriate balance of skills on the Board and ensure that the needs of committees for lay members with specific skills are met. It also approves minor amendments to the School's procedures for recruiting Trustees and recommends any major changes to these procedures.

The Executive Board receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The Executive Board and the Board of Trustees also receive regular reports from internal audit which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control. The Board of Trustees's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Executive Board and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The risk register was last updated in October 2015.

The Secretary has overall responsibility to the Board of Trustees in ensuring that the School meets its regulatory obligations. This includes oversight of the risk and financial profiles of the School and regular reviews into the effectiveness of the School's Board of Trustees and other Committees. The Secretary reports to the Registrar who has responsibility for the supervision of the School's Directors of Professional Services.

Statement of governors' responsibilities

In accordance with SOAS' Royal Charter of Incorporation, the Board of Trustees is responsible for the administration and management of the School's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

SOAS' Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice). In addition, within the terms and conditions of a Financial Memorandum agreed between HEFCE and the Board of Trustees of the School, Board of Trustees, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Trustees has to ensure that:

- a) Suitable accounting policies are selected and applied consistently;
- b) judgments and estimates are made that are reasonable and prudent;
- c) applicable accounting standards have been followed; and
- d) the School has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of financial statements.

The Board of Trustees has taken reasonable steps to:

- a) Ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the HEFCE, the Education Reform Act 1988 and any other conditions which the Funding Council may from time to time prescribe;
- b) ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- c) safeguard the assets of the School and to prevent and detect fraud; and
- d) secure the economical, efficient and effective management of the School's resources and expenditure.

Risk and internal controls

The Board of Trustees has responsibility for overseeing risk management overall and plays a fundamental role in the management of risk. The Board of Trustees sets the tone and influences the culture of risk management within the School. The following principles outline the School's approach to risk and internal controls:

- A proactive and engaged approach to risk and internal control of those risks has been adopted by the Board of Trustees;
- the Director and members of the Executive Board support, advise and implement policies approved by the Board of Trustees;
- the School makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- Deans of faculty and directors of professional services are responsible for encouraging good risk management practice within their faculty or directorate; and
- key risk indicators will be identified and closely monitored on a regular basis.

Risk management

The Board of Trustees oversees the School's risk management programme by:

- Determining the appropriate risk appetite or level of exposure for the School;
- approving major decisions affecting the School's risk profile or exposure;
- setting the standards and expectations of staff with respect to conduct and probity;
- monitoring the management of significant risks to reduce the likelihood of unwelcome surprises;
- satisfying itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;
- annually reviewing the School's approach to risk management and approving changes or
- improvements to key elements of its processes and procedures; and
- the Audit Committee reviewing the strategic risks once each term and conducting a full review of the School's strategic risks on an annual basis.

The Executive Board contributes to the School's risk management programme by:

- Identifying and evaluating the significant risks faced by the School for consideration by the Audit Committee;
- providing adequate information in a timely manner to the Audit Committee on the status of risks and controls;
- formally reviewing the strategic risks each term, prior to each Audit Committee meeting, taking appropriate action where the status of an individual risk has changed; and
- undertaking an annual review of effectiveness of the system of internal control and providing a report to the Audit Committee which in turn reports to the Board of Trustees.

Within the institution as a whole there is an established system of risk monitoring. SOAS has a Risk Register whereby its key risks are outlined, assessed, assigned a RAG status (Red, Amber, Green) and regularly monitored.

The School has nine key risks relating to income, student expectations, staff's reputation, academic reputation, strategic opportunity, value for money, cost base and business continuity.

Internal controls

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the School. External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

The key elements of the School's system of internal controls include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Trustees;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Board of Trustees; and
- an outsourced Internal Auditor firm, whose annual programme is approved by the Audit Committee and endorsed by the Board of Trustees, provides the Board of Trustees with a report on internal audit activity within the School and an opinion on the adequacy and effectiveness of the School's system of internal control.

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

The Audit Committee is required to report to the Board of Trustees on internal controls and alert governors to any emerging issues. The Committee approves an annual programme of internal audit reviews. Core systems are audited annually while other activities of the School are audited to a programme approved by the Committee following consultation with the Director. In addition, the Committee oversees internal audit, external audit and management as required in its review of internal controls. The Committee is therefore well-placed to provide advice to the Board of Trustees on the effectiveness of the internal control system, including the School's system for the management of risk.

Value for money

The Board of Trustees is tasked with ensuring that the School adheres to the Memorandum of Assurance & Accountability with HEFCE for the use it makes of the public funds it receives by ensuring the School's resources and expenditure are economical, efficient and effectively managed. The Board has an explicit duty imposed by HEFCE 'to take reasonable steps to ensure that there are sound arrangements for economy, efficiency and effectiveness (value for money)' within the School.

SOAS recognises its responsibility to achieve value for money (VfM) from all of its activities and is committed to the pursuit of economy (minimising the cost of resources for an activity), efficiency (performing tasks with reasonable effort) and effectiveness (the extent to which objectives are met).

As such, the School's Executive Board has adopted a bottom up approach to VfM whereby managers are encouraged to critically appraise operations under their supervision to identify areas where VfM can be achieved. To embed this approach the School has a VfM Steering Group that has operational responsibility for developing the School's VfM plans, identifying resource requirements, co-ordinating work and monitoring progress towards delivering these plans. The group has developed a plan of VfM activities over a rolling two year period, which is agreed by the Executive Board. The School's Audit Committee, as part of its obligations under HEFCE's audit code of practice, has responsibility for monitoring progress against specific VfM plans arising out of the VfM strategy.

Disclosure of information to the auditors

Financial statements are published on the School's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which varies from legislation in other jurisdictions. The maintenance and integrity of the School's website is the responsibility of the Board of Trustees. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

At the date of making this Review, the Board of Trustees confirms:

- So far as each Trustee is aware all relevant information required by the School's auditors to prepare their statement contained within this Annual Review was given to the auditors and no information was withheld; and
- so far as each Trustee was able, all reasonable steps were taken to understand what relevant information was required by the auditors to aid their preparation of their statement contained within this Annual Review and to ensure the auditors were made aware of that relevant information.

Independent Auditors' Report to the Trustees of SOAS, University of London

We have audited the financial statements of SOAS, University of London for the year ended 31 July 2015 which comprise the Income and Expenditure Account, Statement of Historical Cost Surpluses and Deficits, Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. 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 School's Trustees, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the School's Trustees 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 School and the School's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the School's Board of Trustees and Auditors

As explained more fully in the statement of responsibilities of the Board of Trustees, the members of the Board of Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England. Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the School have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the School's affairs as at 31 July 2015, and of its income and expenditure, recognised gains and losses, and statement of cash flow for the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters required by the Higher Education Funding Council for England Audit Code of Practice

In our opinion, in all material respects:

- Funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- Funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- The requirements of the HEFCE's Accounts Direction have been met.



James Aston
Senior Statutory Auditor
for and on behalf of BDO LLP
Statutory Auditor
Gatwick
United Kingdom

Date: 27 November 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of principal accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007, HEFCE's Accounts Direction to Higher Education Institutions for 2014/15 and in accordance with applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

The School has one subsidiary undertaking, SOAS International Ltd, and exercises control over the London Middle East Institute (LMEI, charity registration number 1103017, company number 4758915). Consolidated accounts have not been prepared as SOAS International has been dormant since incorporation and the LMEI's activities are immaterial in comparison to the School. The activities of the Students' Union have not been consolidated because the School does not exercise control over those activities.

2. Income recognition

Funding council grants are accounted for in the period to which they relate.

Tuition fee income is credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a scholarship, bursary or award that is not physically paid to a student, income receivable is shown net of the discount. Cash bursaries and scholarships are accounted for as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred for specific purposes. Charitable donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not yet expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the general reserve, via the statement of total recognised gains and losses.

Increases or decreases in value arising on the revaluation or disposal of endowment assets (i.e. the appreciation or depreciation of endowment assets), is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

3. Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

4. Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

5. Taxation

The School is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) or Section 256 of the Taxation

of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The School receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure is included in the costs of such expenditure as shown within the financial statements. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

6. Land and buildings

Land and buildings are stated at valuation or cost. Valuations are carried out by independent Chartered Surveyors.

On adoption of FRS 15, the School followed the transitional provision to retain the book value of land and buildings, which were revalued on 31 July 1995 by Jones Lang Wootton, Chartered Surveyors but not to adopt a policy of revaluations of these properties in the future. The valuation is retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the School from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Freehold land is not depreciated. Freehold Buildings are depreciated at 2 percent per annum in accordance with the School's estimate of their useful economic life. Leasehold buildings are depreciated over the life of the lease or life of the building if shorter. Building refurbishments are depreciated at 5 or 10 percent per annum depending upon estimates of their useful economic life. Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS 15. No depreciation is charged on assets in the course of construction.

Repairs and maintenance expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The School has a planned maintenance programme, which is reviewed on an annual basis.

7. Heritage assets

Heritage assets include valuable publications and works of art held at the School. Heritage assets are excluded from fixed assets if it would not be practicable to obtain an accurate valuation at the date of acquisition and the cost of doing so would be disproportionate to the benefits of establishing accurate valuations. Where insurance valuations are available and can be reliably related to the value of the underlying asset at acquisition, these are

included within fixed assets at their insurance value at acquisition.

8. Equipment

Equipment costing less than £20,000 is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

- Computer equipment – five years
- Furniture – four years
- Capital projects – five to ten years.

9. Investments

All investments held as endowment assets are shown at market value.

10. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise any asset held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the School's treasury management activities. They exclude any such assets held as endowment asset investments.

11. Financial instruments

The School uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

12. Website development costs

Design and content costs relating to the development of websites to support specific teaching or training courses, or for specific research projects, are capitalised. These are amortised over the useful economic life of projects. Where there is uncertainty over the life of the course or its viability such costs are written off as incurred as are design and content costs for websites that are for the general use of the institution and its staff.

13. Charitable donations

Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are two main types:

- a) Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
- b) Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

14. Retirement benefits

Universities Superannuation Scheme (USS)

The School participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. 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.

Superannuation Arrangements of the University of London (SAUL)

The School participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension. SAUL is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in SAUL, 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. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using the Projected Unit method. Informal reviews of SAUL's position are carried out between formal valuations.

15. Prior year restatement

The income received through the University of London profit share had historically been accounted for on a cash basis as funds were notified and received one year in arrears. During 2014/15, the University of London was able to remit the income due for both 2013/14 and 2014/15. In order to avoid recording two years of income in 2014/15, other income (note 4) has been reduced by £413k and the prior year opening reserves increased accordingly.

Accounts

Income and expenditure account For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Income			
Funding body grants	1	11,008	11,367
Tuition fees	2	56,902	51,880
Research grants and contracts	3	4,763	4,342
Other income	4	4,677	4,441
Endowment and investment income	5	941	747
Total income		78,291	72,777
Expenditure			
Staff costs	6	49,088	45,892
Other operating expenses	7	26,081	24,141
Interest payable	8	292	249
Depreciation	10	4,287	4,573
Total expenditure		79,748	74,855
Deficit on continuing operations after depreciation of tangible fixed assets at valuation – before and after tax		(1,457)	(2,078)
Transfer from restricted endowments	18	1,854	1,657
Surplus / (deficit) for the year retained within general reserves	20	397	(421)

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

Statement of historical cost surpluses and deficits

For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Deficit after depreciation of assets at valuation and disposal of assets before and after tax		(1,457)	(2,078)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	19	204	204
Historical cost deficit for the period before and after tax		(1,253)	(1,874)

Statement of total recognised gains and losses

For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000 (Restated)
Deficit on continuing operations after depreciation of assets at valuation and tax		(1,457)	(2,078)
Unrealised gain on endowment asset investments less investment management fees	18	3,155	57
New endowments	18	2,483	12,468
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		4,181	10,447
Reconciliation			
Opening reserves and endowments		91,285	80,838
Total recognised gains for the year		4,181	10,447
Closing reserves and endowments		95,466	91,285

Balance sheet

As at 31 July 2015

	Note	2015 £'000	2014 £'000 Restated
FIXED ASSETS			
Tangible assets	10	84,473	76,902
		84,473	76,902
ENDOWMENT ASSETS			
	12	35,437	31,653
CURRENT ASSETS			
Debtors	13	3,811	3,933
Cash and short term deposits		18,642	21,308
		22,453	25,241
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	14	(21,371)	(18,427)
NET CURRENT ASSETS			
		1,082	6,814
TOTAL ASSETS LESS CURRENT LIABILITIES			
		120,992	115,369
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	15	(7,336)	(7,830)
TOTAL NET ASSETS			
		113,656	107,539
DEFERRED CAPITAL GRANTS			
	17	18,190	16,254
ENDOWMENTS			
Expendable	18	4,543	3,807
Permanent	18	30,894	27,846
		35,437	31,653
RESERVES			
Revaluation reserve	19	15,649	15,853
General reserve	20	44,380	43,779
TOTAL RESERVES			
		60,029	59,632
TOTAL FUNDS			
		113,656	107,539

The financial statements on pages 20 to 47 were approved and authorised for issue by the Board of Trustees on 27 November 2015 and signed on its behalf by :



Mr G Dalal
Honorary Treasurer



Mr G Appleby
Director of Finance and Planning



Baroness Valerie Amos
Director

Cash flow statement

For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	2,103	1,190
Returns on investments and servicing of finance	23	649	498
Capital expenditure and financial investment	23	(4,644)	(3,585)
Management of liquid resources	23	2,241	(4,791)
Financing	23	(535)	(468)
DECREASE IN CASH IN THE PERIOD		(186)	(7,156)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Decrease in cash		(186)	(7,156)
Cash outflow to long term debt	23	535	468
Cash (inflow from) / outflow to short term deposits	23	(2,241)	4,791
Change in net funds		(1,892)	(1,897)
Net funds at 1 August		16,400	18,297
NET FUNDS AT 31 JULY	24	14,508	16,400

Notes to the accounts

1. FUNDING BODY GRANTS		Note	2015	2014
			£'000	£'000
Recurrent grants	Teaching		2,960	3,718
	Research		6,300	6,158
Specific grants	Other specific grants		938	503
Release of deferred capital grants		17	810	988
			11,008	11,367
2. TUITION FEES			2015	2014
			£'000	£'000
Full-time students - UK and European Union			22,147	19,090
Full-time students charged overseas fees			20,410	18,986
Part-time students			1,916	1,762
Full fee students			12,429	12,042
Tuition fees net of scholarships, bursaries and awards			56,902	51,880
Scholarships, bursaries and awards			1,287	1,273
Tuition fees inclusive of scholarships, bursaries and awards			58,189	53,153
3. RESEARCH GRANTS AND CONTRACTS			2015	2014
			£'000	£'000
Research councils			1,501	1,542
UK based charities			1,480	1,198
European Commission			667	492
Other grants and contracts			1,115	1,110
			4,763	4,342

Notes to the accounts – continued

4. OTHER INCOME		2015	2014
		£'000	£'000
Rent receivable		73	26
Room lettings		309	268
Library fees		106	121
Accommodation, catering and conferences		861	759
Resales and reimbursements		345	431
Scholarships, donations and other funded activities		1,143	1,185
Enterprise income		716	837
Deferred capital gifts released to income		143	143
University of London International Programme		306	274
Other income		675	397
		4,677	4,441

5. ENDOWMENT AND INVESTMENT INCOME	Note	2015	2014
		£'000	£'000
Income on expendable endowments	18	34	34
Income on permanent endowments	18	712	471
Interest on short term deposits		195	242
		941	747

6. STAFF COSTS	Note	2015	2014
		£'000	£'000
Salaries		37,574	35,515
Employer National Insurance		3,212	2,996
Other pension costs	25	7,119	6,709
Early retirement and voluntary severance scheme costs		1,183	672
		49,088	45,892

Notes to the accounts – continued

6. STAFF COSTS – continued

Average full time equivalent staff numbers by major category :	2015 Number	2014 Number
Academic	495	474
Support	382	353
	877	827
	2015 £	2014 £
Remuneration of the Director for the year.	194,400	190,363

The remuneration of the Director excludes the employer's pension contribution which is paid at the same rate as for other academic and related staff, and amounted to £31,104 (2014: £30,548).

No benefits in kind were paid during the year.

The number of other higher paid staff who received emoluments (excluding employer's national insurance and pension contributions) in the following range was:	2015 Number	2014 Number
£120,000 - £129,999	1	1
£110,000 - £119,999	2	2
£100,000 - £109,999	4	1

7. OTHER OPERATING EXPENSES	2015	2014
	£'000	£'000
Research grants and contracts	1,836	1,427
Non-contract staff	2,904	2,875
Course development	123	108
Examinations	26	33
Year abroad and study tours	412	296
Intercollegiate teaching	410	358
Fellowships, scholarships and other fees	3,750	2,694
Published materials	1,925	2,073
Information technology	1,207	837
Marketing and student recruitment costs	785	813
Student related costs	314	508
Grant to SOAS Students' Union *	201	150
Accommodation, catering and conferences	952	905
Consumables	163	197
Furniture and equipment	120	171
Hire of plant and equipment - operating leases	476	502
Repairs and maintenance	860	1,180
Rent, rates and insurance	640	620
Heat, water and power	772	807
Security, caretaking and cleaning	2,428	2,160
Telecommunications and postage	303	326
Staff recruitment and development	677	502
Student recruitment commission	503	461
University of London Fee	546	498
Subscriptions	583	405
Professional fees	715	815
Auditor's remuneration - internal audit fee	54	81
Auditor's remuneration - external audit fee	42	62
Auditor's remuneration - other	2	2
Legal fees	88	64
Enterprise contracts	249	357
Other expenses	2,015	1,854
	26,081	24,141

*In addition to the grant provided to the SOAS Students' Union of £201k, the School also provides the SOAS Students' Union with office space, IT and administrative support and certain staff free of charge. The fair value of this donation was approximately £652k in 2015 (2014: £639k).

8. INTEREST PAYABLE	2015	2014
	£'000	£'000
Interest payable on bank loans and other loans	292	249
	292	249

Notes to the accounts – continued

9. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Staff Costs £'000	Other Operating Expenses £'000	Interest Payable £'000	Dep'n £'000	2015 £'000	2014 £'000
Academic departments	31,157	4,784	-	275	36,216	33,614
Academic services	5,232	3,453	-	667	9,352	9,090
Central administration and services	7,929	3,074	-	401	11,404	10,119
General education expenditure	1,385	5,311	-	-	6,696	5,974
Staff and student facilities	639	749	-	-	1,388	1,276
Repairs and maintenance	-	860	-	-	860	1,180
Premises other expenditure	593	4,386	292	2,944	8,215	8,262
Residences, catering and conferences	-	1,379	-	-	1,379	1,325
Research grants and contracts	1,968	1,836	-	-	3,804	3,447
Other expenditure	185	249	-	-	434	568
Total per income and expenditure account	49,088	26,081	292	4,287	79,748	74,855

Staff costs include £1,183,000 of restructuring costs (2014: £672,000).

The depreciation charge has been funded by:	Note	2015 £'000	2014 £'000
Revaluation reserve released	19	204	204
Deferred capital grants and gifts released	1, 4	953	1,131
General reserves		3,130	3,238
		4,287	4,573

Notes to the accounts – continued

10. TANGIBLE FIXED ASSETS

	Heritage Assets £'000	Leasehold in course of construction £'000	Freehold £'000	Land and Buildings Long leasehold £'000	Equipment £'000	Total £'000
Valuation / cost						
At 1 August 2014						
Valuation	-	-	-	24,250	-	24,250
Cost	330	6,133	11,624	52,105	7,965	78,157
Total	330	6,133	11,624	76,355	7,965	102,407
Additions	-	10,192	-	91	1,575	11,858
Transfers	-	(2,073)	-	2,073	-	-
At 31 July 2015						
Valuation	-	-	-	24,250	-	24,250
Cost	330	14,252	11,624	54,269	9,540	90,015
Total	330	14,252	11,624	78,519	9,540	114,265
Depreciation						
At 1 August 2014						
Charge for year	-	-	109	2,836	1,342	4,287
At 31 July 2015						
	-	-	1,499	22,283	6,010	29,792
Net book value						
At 31 July 2015	330	14,252	10,125	56,236	3,530	84,473
At 31 July 2014	330	6,133	10,234	56,908	3,297	76,902

Long Leasehold

The transitional rules set out in FRS 15 'Tangible Fixed Assets' have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

The valuation of the main college buildings is based on a revaluation report as at 31 July 1995 prepared by Jones Lang Wootton, Chartered Surveyors. The depreciated historic cost of the main college buildings at 31 July 2015 was £3,074,000 (2014: £3,113,000).

Notes to the accounts – continued

10. TANGIBLE FIXED ASSETS – continued

Heritage Assets

The School holds various valuable publications and works of art originating from or relating to Africa and Asia. Heritage assets at the School comprise of two main categories:

- Brunei Gallery artwork, artefacts and books on display
- The SOAS library rare books collection

There have been three significant additions to heritage assets within the last ten years as shown below.

Donor	Insurance Valuation £'000	Description
Fereydoun Djam Charitable Trust	150	Archives and artwork
Benjamin Haines	100	Artwork
Dr Cyrus Ala'l	80	Artwork
	330	

These individual insurance valuations were assessed internally in discussion with the insurance providers. The remaining items within heritage assets are excluded from fixed assets as it would not be practicable to obtain an accurate valuation of the School's historic heritage assets at the date of acquisition as the cost would be disproportionate to the benefits of establishing accurate valuations. These heritage assets are insured for £28m.

Heritage assets include a copy of the Anvar-i Suhayli, a 16th century Mughal text, the Library Special collection and a map used by David Livingstone during his exploration of the African interior.

Notes to the accounts – continued

11. INVESTMENTS

The School owns 100% of the issued share capital of 1,000 £1 ordinary shares of SOAS International Limited, a company registered in England and Wales. This company is dormant.

The School acts as guarantor for the London Middle East Institute (LMEI) a charitable company limited by guarantee. The School had a majority interest on the LMEI's Board of Trustees from 1 August 2008. As a result the School exercises control over the LMEI but consolidated accounts have not been prepared as LMEI's activities are immaterial in comparison to the School. The LMEI's unaudited financial statements showed a surplus of £13,000 for the year ended 31 July 2015 (2014: surplus of £23,000). At the 31 July 2015, LMEI had reserves of £175,000 (2014: £162,000). During the year, costs of £53,000 were recharged to the LMEI (2014: £88,000) and at 31 July 2015 £4,000 was owed to SOAS (2014: £10,000).

The School provides the LMEI with office space, IT and administrative support and certain staff free of charge. The fair value of this donation is approximately £160,000 per annum, of which £50,000 is funded by income from endowments.

Notes to the accounts – continued

12. ENDOWMENT ASSETS	2015	2014
	£'000	£'000
Balance at 1 August	31,653	20,785
Net additions to investments	281	10,573
Increase in market value of investments	3,264	57
Movement in cash balances held at SOAS	239	238
Balance at 31 July	35,437	31,653
Fixed interest stocks – fund manager	6,634	5,117
Equities – fund manager	23,808	20,359
Property – fund manager	324	294
Bank balances – fund manager	975	2,426
Bank balances – SOAS	3,696	3,457
Total endowment assets	35,437	31,653
13. DEBTORS	2015	2014
	£'000	£'000
		Restated
Amounts falling due within one year:		
General debtors less provision for bad debts	2,195	1,834
Research grants and contracts in arrears	491	500
Prepayments and accrued income	992	1,469
Staff loans	133	130
	3,811	3,933

Notes to the accounts – continued

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2015	2014
	£'000	£'000
Bank loans repayable within one year	494	535
Trade creditors and accruals	8,968	6,266
Other creditors	1,889	1,476
Taxation and social security	1,047	1,056
Research grants and contracts in advance	1,898	1,965
Deferred income	7,075	7,129
	21,371	18,427
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2015	2014
	£'000	£'000
Barclays Bank unsecured loan at LIBOR plus 0.28% (variable interest rate) repayable by July 2031	7,384	7,846
University of London grant for development of MSc Finance and Financial Law	381	381
Salix Interest Free Energy Efficiency Loan	65	138
	7,830	8,365
Less due within one year	(494)	(535)
	7,336	7,830

A swap contract was signed with Barclays Bank on 19 October 2001 in order to reduce the School's exposure to interest rate fluctuations on the variable rate loan. The effective start date of the contract was 28 June 2002. At year end the swap covered £1,920,000 (2014: £2,080,000) of borrowing, amortising in line with the loan repayments. The swap rate is 5.38%. This is compared to the three month LIBOR rate and the difference is payable to / by Barclays Bank. £97,000 (2014: £106,000) of interest expense in the accounts relates to interest paid on the swap contract.

A second swap contract was signed with Lloyds Bank on 2 November 2006. This swap contract further reduces the School's exposure to interest rate fluctuations on the unsecured loan. The effective start date of the swap contract is 2 November 2006, the termination date is 30 September 2026. The underlying principle of the swap contract is £2,000,000 for the life of the swap. The swap rate is 4.65%. This is compared to the three month LIBOR rate and the difference is payable to / by Lloyds Bank. £83,000 (2014: £83,000) of interest expense in the accounts relates to interest paid on the swap contract.

CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR – continued

	2015	2014
	£'000	£'000
The principal on loans is repayable as follows :		
In one year or less	494	535
Between one and two years	483	494
Between two and five years	1,396	1,417
In more than five years	5,457	5,919
	7,830	8,365
Less due within one year	(494)	(535)
	7,336	7,830

16. RELATED PARTY TRANSACTIONS

Ms G Robertson and Mr D Suber served as Trustees of the SOAS Student's Union during 2014/15. During the year the School paid a grant of £201,000 (2014: £150,000) to SOAS Students' Union which is a registered charity.

At 31 July 2015, the SOAS Student's Union owed SOAS £77,000 (2014: £12,000).

Expenses amounting to £391 were reimbursed to 2 Trustees during the year (2014: 3 Trustees - £1,224).

No payments were made to Trustees for serving as a trustee during the year (2014: Nil).

No payments to Trustees were made for services, other than under a contract of employment, during the year (2014: Nil).

The School had a majority interest on the LMEI's Board of Trustees from 1 August 2008. See note 11 for further details of transactions with the LMEI.

17. DEFERRED CAPITAL GRANTS

	2015	2014
	£'000	£'000
Deferred capital gifts:		
At 1 August	7,893	7,568
Received during the year	2,455	468
Released to income and expenditure account	(143)	(143)
At 31 July	10,205	7,893
Higher Education Funding Council capital grants :		
At 1 August	8,361	9,058
Received during the year	434	291
Released to income and expenditure account	(810)	(988)
At 31 July	7,985	8,361
	18,190	16,254

DEFERRED CAPITAL GRANTS – continued

Deferred Capital Gifts

The School has benefited from a number of generous donations to purchase fixed assets, including:

Donor	Previous years (£)	2015 (£)	Total (£)	Towards the purchase of:
Sultan of Brunei	8,800,000	-	8,800,000	Brunei Gallery
Alphawood Foundation	-	2,000,000	2,000,000	Senate House Northblock
Garfield Weston Foundation	332,000	-	332,000	Senate House Northblock
MBI Al Jaber Foundation	136,000	200,000	336,000	Senate House Northblock
Wolfson Foundation	-	250,000	250,000	Senate House Northblock
Khalili Family Trust	200,000	-	200,000	Khalili Lecture Theatre
Wolfson Foundation	130,000	-	130,000	New Library archive
Wolfson Foundation	231,500	-	231,500	New Library entrance and gallery
Fereydoun Djam Charitable Trust	300,000	-	300,000	Kamran Djam Lecture Theatre
Foyle Foundation	73,000	-	73,000	Display cases for Treasures of SOAS

These gifts are released to the income and expenditure account over the life of the associated asset to fund the depreciation charge.

Notes to the accounts – continued

18. ENDOWMENTS	Restricted Permanent £'000	Restricted Expendable £'000	Total £'000
At 1 August 2014			
Capital	26,966	3,407	30,373
Accumulated income	880	400	1,280
	27,846	3,807	31,653
New endowments			
	187	2,296	2,483
Investment income			
	712	34	746
Expenditure			
	(875)	(1,725)	(2,600)
Net transfer to income and expenditure account	(163)	(1,691)	(1,854)
Increase in market value of investments			
	3,128	136	3,264
Investment management fees			
	(104)	(5)	(109)
At 31 July 2015			
	30,894	4,543	35,437
Represented by :			
Capital	30,177	4,109	34,286
Accumulated income	717	434	1,151
	30,894	4,543	35,437

Endowment funds include the following individual funds of a value greater than £1,000,000. Sufficient resources are held to apply these funds in accordance with the relevant restrictions. The capital of these endowment funds are invested in a diversified portfolio of equities and short term deposits. Details of other endowment funds held can be obtained on request from the School's Senior Financial Accountant.

ENDOWMENTS – continued

Fund name	Type	Value at 1 August 2014 £'000	Net income reinvested / new donations £'000	Unrealised gain £'000	Value at 31 July 2015 £'000
Alphawood	Permanent	8,934	24	1,024	9,982
	Expendable	812	608	-	1,420
		9,746	632	1,024	11,402
Al Jaber Chair in Middle East Studies	Permanent	2,986	(11)	346	3,321
King Fahd Chair	Permanent	2,374	7	260	2,641
Fereydoun Djam Endowment Fund	Permanent	2,460	(10)	284	2,734
Khalili Chair	Permanent	1,554	(6)	180	1,728
Council for World Mission	Permanent	1,547	(6)	179	1,720
Numata Fund	Permanent	1,904	(7)	221	2,118
Buddhist Studies	Permanent	1,405	(6)	163	1,562
Zoroastrian Professorship Fund	Permanent	2,398	(3)	278	2,673
Korea Studies Fund	Expendable	1,168	29	136	1,333
		27,542	619	3,071	31,232

Alphawood donation

In November 2013, the Alphawood Foundation, a Chicago private foundation, announced a £20 million gift to SOAS, University of London to advance the study and preservation of Buddhist and Hindu art in Southeast Asia. The greater part of the Alphawood donation, £15 million, is to fund an ambitious academic programme that seeks to build on SOAS' world-leading research expertise and existing institutional links in the Southeast Asia region. The Alphawood gift includes £5 million in support of SOAS' development of the north wing of Senate House, the landmark 1930s University of London building in Bloomsbury that is adjacent to the SOAS campus. The £20m donation is paid in stages, with the final payment expected in Summer 2016 when the development of Senate House has been completed.

Al Jaber Chair in Middle East Studies

The fund was created by an agreement on 29 May 2002 between Sheikh Mohammed Bin Issa al Jaber and the School. A sum of £1,700,000 was given to establish a Chair in Middle East Studies at the School.

King Fahd Chair

The fund was created on 1 May 1995 by an agreement with the government of Saudi Arabia. A sum of £1,000,000 was given to establish a Chair of Islamic Studies.

Fereydoun Djam Endowment Fund

The fund was created in July 2011 with a donation of £1,700,000 from the Fereydoun Djam Charitable Trust. The endowment will provide annual income for a range of scholarships in Iranian Studies and an annual lecture in Iranian Studies, the 'Kamran Djam Scholarships' and the 'Kamran Djam Annual Lecture'. An additional donation of £320,000 was received in 2013.

Khalili Chair

Dr Nasser David Khalili donated £600,000 in 1990 to establish a Chair in Islamic Art and Archaeology, with particular reference to the study of Islamic decorative art.

Notes to the accounts – continued

Council for World Mission

The fund was created by an agreement on 17 July 1998 between the School and The Council for World Mission (CWM). A sum of £995,000 was given with the purpose of implementing measures for the management, preservation and promotion of the CWM archive and library collections.

Numata Fund

The Society for the Advancement of Buddhist Understanding (Bukkyo Dendo Kyokai - BDK) established a fund to be known as the 'Numata Fund' at the School to fund the appointment of a scholar in Buddhist Studies. The scholar, known as the Numata Reader in Japanese Buddhism, provides lectures and instructions on Buddhism at the School. In December 2013, the fund benefited from a further generous donation from BDK (UK) of £360,000. BDK (Japan) has pledged a further donation of £240,000 payable in annual instalments of £30,000 over eight years.

Buddhist Studies Fund

Kiryama Kancho made a donation to the School of £1,000,000 in 2000 to fund a teaching post in Buddhist Studies. Kiriyama Kancho is the founder and spiritual leader of Agon Shu, a Buddhist association based in Kyoto, Japan.

Zoroastrian Professorship Fund

The fund was created from several generous donations to support an academic post at the level of Professor of Zoroastrian Studies.

Korean Studies Fund

The Korean Studies Fund was initially supported by funding from the Korea Research Foundation and then the Korea Foundation over a period from 1985 to 2000. The fund was set up to support academics working on Korean studies within the School.

19. REVALUATION RESERVE	2015	2014
	£'000	£'000
At 1 August and 31 July	20,407	20,407
<hr/>		
Contributions to depreciation		
At 1 August	4,554	4,350
Released in year	204	204
At 31 July	4,758	4,554
<hr/>		
Net revaluation amount		
At 31 July	15,649	15,853

Notes to the accounts – continued

20. GENERAL RESERVE	Note	2015 £'000	2014 £'000 Restated
Balance at 1 August		43,779	43,996
Surplus / (deficit) for the year retained within general reserves		397	(421)
Release from revaluation reserve to fund depreciation charge	19	204	204
Balance at 31 July		44,380	43,779

21. FINANCIAL AND CAPITAL COMMITMENTS

At 31 July 2015 the School was committed to making the following payments during the next year in respect of operating leases:

Plant and machinery:			
Expiring within two to five years inclusive		439	560

At 31 July 2015 the School had the following capital commitments in relation to the purchase of fixed asset property additions:

Approved and contracted		14,294	2,576
Approved but not contracted		10,526	29,739
		24,820	32,315

22. RECONCILIATION OF SURPLUS AFTER DEPRECIATION OF ASSETS AT VALUATION BEFORE AND AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Deficit after depreciation of assets at valuation before and after tax		(1,457)	(2,078)
Depreciation charges		4,287	4,573
Deferred capital grants released to income		(810)	(988)
Deferred capital gifts released to income		(143)	(143)
Investment income		(941)	(747)
Interest payable		292	249
Decrease in debtors		122	184
Increase in creditors		753	470
Heritage assets donated		-	(330)
Net cash inflow from operating activities		2,103	1,190

Notes to the accounts – continued

23. GROSS CASH FLOWS	2015 £'000	2014 £'000
Returns on investments and servicing of finance		
Income from investments	746	505
Income from short term deposits	195	242
Interest paid	(292)	(249)
	649	498
Capital expenditure and financial investment		
Payments to acquire tangible assets	(9,626)	(6,239)
Payments to acquire endowment assets	(390)	(10,573)
Endowment donations received	2,483	12,468
Deferred capital gifts and grants received	2,889	759
	(4,644)	3,585
Management of liquid resources		
Transfers (from) / to short term deposits	2,241	(4,791)
Financing		
Loan drawdown	-	87
Loan repayments	(535)	(555)
	(535)	(468)

Notes to the accounts – continued

24. ANALYSIS OF CHANGES IN FUNDS

	Note	At 1 August 2014 £'000	Cash Flows £'000	Other non cash changes £'000	At 31 July 2015 £'000
Cash in hand and at bank		14,692	(425)	-	14,267
Endowment asset cash	12	3,457	239	-	3,696
		18,149	(186)	-	17,963
Cash and short term deposits		6,616	(2,241)	-	4,375
Debt due within one year	14	(535)	535	(494)	(494)
Debt due after one year	15	(7,830)	-	494	(7,336)
		16,400	(1,892)	-	14,508

25. PENSION SCHEMES

Universities Superannuation Scheme (USS)

The School participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. SOAS is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the School's employees. In 2015, the percentage was 16% (2014: 16%). SOAS is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The latest triennial actuarial valuation of the scheme was at 31 March 2014, which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings. The 2014 valuation has been signed off by the Scheme Actuary but until the conclusion of the 2016 Scheme audit, remains unaudited.

The last audited figures at 31 March 2011 show the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Notes to the accounts – continued

The FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth		
First year	3.5%	4.4%
Second year onwards	4.0%	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ("light") YoB tables - No age rating
Female members' mortality	S1NA ("light") YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% per annum long term rate were also adopted for the 2014 FRS 17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65	24.2	23.7
Females currently aged 65	26.3	25.6
Males currently aged 45	26.2	25.5
Females currently aged 45	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0 bn	£41.6 bn
FRS 17 liabilities	£67.6 bn	£55.5 bn
FRS 17 deficit	£18.6 bn	£13.9 bn
FRS 17 funding level	72%	75%

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

Notes to the accounts – continued

Superannuation Arrangements of the University of London (SAUL)

The School participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The School has now adopted FRS17 for accounting for pension costs. It is not possible to identify the School's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8 – 12 of FRS17.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

SAUL Pension Scheme: Main assumptions used to assess the technical provisions

31 March 2011

Discount rate	
– pre-retirement	6.80% p.a.
– post-retirement	4.70% p.a.
General* Salary Increases	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index Inflation ("RPI")	3.50% p.a.
Consumer Price Index Inflation ("CPI")	2.80% p.a.
Pension Increases in payment (excess over GMP)	2.80% p.a.
Mortality - base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality - future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

* an additional allowance is made for promotional salary increases

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1.5 billion representing 95% of the liability for benefits after allowing for expected future increases in salaries.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). Work on the 31 March 2014 valuation is ongoing and is expected to show that SAUL is in deficit. To make sure that SAUL continues to provide valuable benefits for members in the future, the SAUL employers and Trade Unions have proposed changes to SAUL due to take effect on 1 April 2016 if approved.

The total pension cost for the School was:	2015 £'000	2014 £'000
Contributions to SAUL	715	738
Contributions to USS	6,404	5,971
Total pension cost	7,119	6,709




26 AGENCY ARRANGEMENTS

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. SOAS acts as payment agent for a number of organisations including the London Confucius Institute and the Felix Scholarship. No charge is made for processing receipts and payments and an amount of £204,000 was held on an agency basis within other creditors at 31 July 2015 (2014: £282,000)



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