

Annual Review &
Financial Statements
2013–14



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





Map of
SOUTH AFRICA,
 Showing the Routes of the
 Rev^d D^r Livingstone
 between the years
 1849 & 1856.
 By John Arrowsmith.
 1857.

0 100 200 300
 English Miles.

The Rev^d D^r Livingstone's Route is Coloured

Left: from the SOAS Archives and Special Collections – printed map of South Africa showing the routes of the Revd. Dr Livingstone between the years 1849 and 1856, one of the exhibits in 'The Life and Afterlife of David Livingstone' at the Brunei Gallery.



Looking back over the past year, it is clear that our role as interpreter of complex global issues and guardian of specialised knowledge is more important than ever.

Our ability to make a difference in the world has been strengthened by significant philanthropic support. This year we received a transformational £20 million donation from Alphawood Foundation, one of the largest gifts ever recorded to UK higher education, especially in the field of arts and humanities. Through this gift we can build on our existing expertise to make a step change in the study and preservation of Buddhist and Hindu art in Southeast Asia. We also received a major donation from our long-standing supporter, MBI Al Jaber Foundation, to further the work of our London Middle East Institute (LMEI), the largest centre of Middle Eastern expertise in Europe. Through the £1 million gift, the LMEI was able to relocate into a prestigious building and more accessible home in Russell Square, adjacent to our vibrant precinct.

We were honoured to welcome Graça Machel, a figure of global stature to preside over the graduation of the largest cohort in the School's history. In her role as SOAS President, the renowned humanitarian gave an inspirational speech at our vibrant graduation ceremonies, calling for worldwide education for women and the end of gender based violence.

We consolidated our strengths in our regions and the UK through a number of high profile research and teaching initiatives. We launched our new cross-disciplinary powerhouses—the SOAS China Institute and the SOAS South Asia Institute. Our teaching reached more people than ever before through our first MOOC (on Understanding Research Methods) and we launched two new undergraduate programmes, BA English and BA International Relations, which met and exceeded their recruitment targets in their first year. We continue to improve the student experience, introducing a paid internship programme and making great progress on the 'SOAS into Senate House' project to extend our vibrant campus in the heart of London.

Our submissions to the Research Excellence Framework (REF), the new system for assessing the quality of research in UK higher education institutions, show the extraordinary reach and effect of our work. Supporting the Malawi government in its goal of self-sufficiency in food production; working with the World Bank and UN on justice sector reform in Afghanistan; informing financial sector policy in the emerging economy of South Africa; challenging negative perceptions of Muslims and Muslim communities in the UK; bringing Japanese history, art and culture to new audiences; informing legislation governing water provision in India—just a handful of examples of the impact of our research and worldwide networks.

SOAS is defined by its people and their ideas. They are our most precious resource, so we are delighted to have retained the European Commission's HR Excellence in Research Award which recognises our commitment to researcher development and to have received a 'Bronze level' institutional charter mark from the Equality Challenge Unit for advancing gender equality in arts, humanities and social sciences in higher education.

As we approach our centenary in 2016–17, SOAS continues to make a positive impact on a changing world, through excellent research and teaching and through our profound engagement with Asia, Africa and the Middle East.

A handwritten signature in black ink that reads "Paul Webley". The signature is written in a cursive, flowing style.

Paul Webley
Director
SOAS, University of London



Research

Our research is constantly evolving,
demonstrating our increasing
importance and relevance to the
world in the twenty-first century.



Malawian farmers await the distribution of subsidised seed and fertilizer through a countrywide programme supported by SOAS research. Photo: Andrew Dorward



Lukas Nickel, an expert on the archaeology of China, argued that the terracotta warriors of the First Emperor of China were 'likely' to have been influenced by Hellenistic kingdoms in Asia that were established following the conquests by Alexander the Great. Dr Nickel cites ancient Chinese records that reveal tales of giant statues appearing in the far west.

Engaged with the present

SOAS is profoundly engaged with contemporary issues and our research into the management of food and water has a direct impact on the lives of the people in the poorest societies.

With limited access to land, a rapidly growing population and low levels of agricultural productivity, the people of Malawi face major food security and development challenges. As one means of addressing these challenges, the government of Malawi has for almost a decade run an innovative countrywide programme subsidising smallholder farmers' access to high-quality seed and fertilizer. This has been supported by the research of Andrew Dorward, Professor of Development Economics. Working with colleagues in Malawi, his analysis has informed the work of policy makers, funders and the people delivering the programme on the ground—including the Malawi Ministry of Agriculture and Food Security, international agencies and national Civil Society Organisations. As well as leading interactions with the policy community, Professor Dorward has conducted reviews and developed new theoretical insights and conceptual frameworks to model the effects of the programme on rural livelihoods and on national development. The programme has made significant contributions to the livelihoods of large numbers of poor and food insecure people in Malawi and Professor Dorward continues to be involved in its development, to help maximise its effectiveness and efficiency.

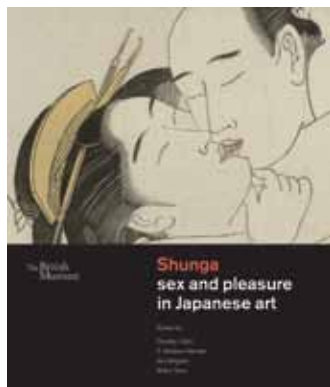
Philippe Cullet, Professor of International and Environmental Law, worked closely with the Indian

Government's Planning Commission, in particular with its working group on water governance. While India has seventeen percent of the world's population, it holds only four percent of the world's renewable water resource. The vulnerability of India's water supply has led to recent moves by the country's government to formulate legislation on the use of this most precious resource. Professor Cullet's research helped to re-define the conceptual framework underpinning water law, such that it is now informed by human rights and sustainability concerns. This led to the drafting of a groundwater model bill, which proposes a radically new legal structure.

Guardian of specialised knowledge

SOAS maintains unrivalled expertise in the languages, cultures and histories of the civilisations of its regions. By pioneering analysis and sensitive translation into English of classical and contemporary Somali poems, Dr Martin Orwin, Senior Lecturer in Somali and Amharic, has helped to build a positive understanding of Somali culture and its place in world literature. Oral poetry is the primary form of cultural communication and the main channel for Somali history, cultural values and contemporary concerns. Sarah Maguire of the Poetry Translation Centre paid tribute to Dr Orwin, saying: 'Many

The research of Andrew Gerstle, Professor of Japanese Studies, led to a major exhibition at the British Museum of traditional Japanese erotic art and literature, known as shunga. Until the last two decades shunga has been absent from academic research, virtually under a taboo. The critically acclaimed and popular exhibition gave new insight into Japanese society of the Edo period (1600-1868) and the changes resulting from the modernisation of the Meiji era (1868-1912).



Interpreting complex issues

SOAS experts are sought after to interpret world events as they occur but also to give historical, cultural and social context to contemporary issues. This year SOAS people appeared frequently in the media in the UK and around the world, commenting on the elections in India, the crisis in the Middle East and the formation of Islamic State, the twentieth anniversary since the genocide in Rwanda, the death of Nelson Mandela and the twenty fifth anniversary of the Tiananmen Square massacre. Our spokespeople help to shape the dialogues by debating the issues and offering informed perspectives, often having a direct impact upon the many actors involved in these often complex situations.

This year the breadth and depth of expertise among our specialists on the Middle East was drawn upon for several BBC documentary series on the region. Benjamin Fortna, Professor in the History of the Middle East, served as a historical consultant for the BBC Two series *The Ottomans: Europe's Muslim Emperors*. This major three-part series presented by journalist Rageh Omaar traced the 600-year-old story of the Ottoman Empire that encompassed European, Arab and North African lands. Politics and development experts Professor Laleh Khalili, Professor Charles Tripp and Professor Gilbert Achcar helped to shape BBC Radio 4 series, *Making of the Modern Arab World*—a series which examined the region from the 19th century to the Arab Spring. Language specialists Hugh Kennedy, Professor of Arabic, and Narguess Farzad, Senior Fellow in Persian, contributed to a major series by BBC Radio 3, *The Islamic Golden Age*, rediscovering some of the key thinkers and achievements from this period, which ranged from 750 to 1258 CE. Professor Kennedy opened the series by chronicling the life and times of the great historian of early Islam, Al-Tabari. Ms Farzad recounted the tale of two remarkable and influential women poets, Rabia Balki and Mahsati Ganjavi.

A book focusing on the Middle East was one of many to win awards this year. Nadjie Al-Ali, Professor of Gender Studies, won The Evelyn Shakir Non-Fiction Award at the 2014 Arab American Book Award for her book on what it means to be Iraqi. With Deborah al-Najjar, Professor Al-Ali edited *We Are Iraqis: Aesthetics and Politics in a Time of War*, which features contributions from Iraqi artists, writers, poets, filmmakers, photographers and activists—both in country and in the various diasporas. Among subjects tackled by the contributors are identity, the lasting impact of war and cultures in transition, compounded by US's invasion of their home country.



The speed of modern development will lead to the loss of around half of the 7,000 languages spoken today by the end of this century, according to Dr Mandana Seyfeddinipur, Director of the Endangered Languages Documentation Programme at SOAS. Research at SOAS is trying to stem the tide by supporting the documentation, preservation and dissemination of endangered languages across the globe. Rustaa Capazaad, pictured, is one of a dwindling number of speakers of Taleshi. Photo: Gerardo de Cavo

non-Somali speakers have been introduced to the brilliance of Somali poetry and countless Somalis have been able to meet their most admired poets and read their poetry in excellent English translation. Few other academics working in the humanities can have had such a broad-reaching, decisive impact on communities beyond the academy.'

A new book by Owen Wright, Emeritus Professor of Musicology of the Middle East, opened the doors to the music scholarship of early fourteenth century Cairo. His book, *Music Theory in Mamluk Cairo*, provides a critical edition of the text of *gāyat al-maṭlūb fī 'ilm al-adwār wa-'l-ḍurūb*, the most significant music theory text to survive from the period. Detailed commentary and analysis places the work in the theoretical tradition of the time and paints a picture of the author, Ibn Kurr.



Above: from the Islamic Golden Age – inside Sultanahmet Mosque, Istanbul. Photo: Rachel Tang



Right: Hong Kong: construction workers do their daily exercise before they begin work. Our unrivalled understanding of China is channelled to the wider world of business and government through the SOAS China Institute. Photo: Elton Law

Developing future scholarship

Now in its second year, the Doctoral School continues to be the focus for delivering advanced training and inter-disciplinary insight that are at the top of the list of research funding bodies’ priorities. SOAS’ diverse community of more than 700 research students are working at the frontiers of their subjects, pushing the boundaries of their disciplines. SOAS retained the European Commission’s HR Excellence in Research award, demonstrating the School’s firm commitment to improving the working conditions and career development of research staff who will go on to deliver high quality, high impact research for the benefit of society.

SOAS is a founding member of the London International Development Centre (LIDC). As well as partnering on research projects with a focus on agriculture and nutrition, SOAS academics developed the first LIDC short course on impact evaluation—a programme designed to help international development professionals evaluate the impact of their projects.

SOAS PhD graduate Jörg Matthias Determann was awarded the 2013 British Society for Middle Eastern Studies Leigh Douglas Memorial Prize for his thesis *Globalization, the State, and Narrative Plurality: Historiography in Saudi Arabia*, which the judges described as “work of extraordinary value and scholarly integrity.” Robtel Neajai Pailey, whose doctoral research explores the effect of conflict, migration, globalisation and post-war recovery on Liberian citizenship, was recognised in an international list of the most influential foreign policy leaders under the age of 33.

Delivering first class consultancy projects

Our consultancy activities through the Enterprise Office make our specialist expertise available to a wide range of agencies and businesses across the world. The United Nations High Commission on Refugees commissioned a report on Somali refugees by Dr Laura Hammond, Head of the Department of Development Studies; Colin Poulton of the Centre for Development, Environment and Policy delivered a project on political economy in agriculture for the German development agency GIZ; Professor Terry McKinley, Director of SOAS’ Centre for Development Policy and Research, provided expertise for the Asian Development Bank project on measuring and monitoring social protection; and Dr John Campbell, Reader in the Anthropology of Africa and Law, led an initiative to develop a manual on cultural competence for dealing with African asylum seekers for the Centre for International Migration and Integration in Jerusalem.

Among several customised training programmes were the Leadership Development programme for students from the Chinese University of Hong Kong and the Executive Training Programme for Japan and Korea for 40 business people from all over the EU. With EU Funding, Werner Menski and Sham Qayyum from the School of Law delivered the fourth SOAS Community Leadership Programme in conjunction with Tower Hamlets Council to help empower future community leaders, this time for members of the Somali community in London in particular.

Tailored briefings were developed for clients from the public and private sectors; as well as the regular programmes for diplomats, SOAS welcomed clients from UNICEF, Mitsubishi, Macquarie and John Swire and Sons.

Teaching & learning

We offer more than 350 undergraduate degree combinations and almost 200 postgraduate programmes in the social sciences, humanities and languages. Our teaching across our disciplines is distinguished by its regional focus and global relevance. Our students are at the heart of what we do.



Jerusalem 2012: two people scale the West Bank Barrier Wall. SOAS has launched a new MA Palestine Studies offering an understanding of Palestinian history, political structure, development, culture and society. Photo: Iselin Shaw

Meeting the needs of a changing world

Constant innovation keeps SOAS teaching and learning relevant and rewarding. Our new undergraduate and postgraduate taught programmes respond to political and cultural developments and the demand for specialist skills from the School's global community of students.

Through study of world history and global power relations, SOAS BA International Relations students are equipped to understand contemporary world events. They gain a keen understanding of the sources of conflict and cooperation among states, shifts in the international economy, as well as the roles of culture, identity and ideas in world politics. BA English explores many facets of English as a world language, used by close to one billion people. It places English language and literature firmly in their historical and global contexts. Students explore how English has been shaped and adapted by different cultures, learn how Shakespeare's plays have influenced the world and study literatures in English from around the globe.

The Alphawood Scholarship Programme was launched in January, recruiting the first cohort of outstanding students to SOAS for postgraduate studies focusing on Buddhist and Hindu art in Southeast Asia.

The scholarships are awarded to candidates who aim to preserve and advance Southeast Asian art through teaching, further study or any other activity in the region. They are funded by the Alphawood Foundation, Chicago, whose £20 million pledge to SOAS has enabled the School to establish an ambitious academic programme that will build on its world-leading research expertise and existing institutional links in Southeast Asia. Among the first cohort of Alphawood scholars are arts professionals from the region's major cultural agencies, including the Documentation Centre of Cambodia, the Authority for the Protection and Management of Angkor and the Region of Siem Reap, Vietnam's Da Nang Museum of Cham Sculpture, Cambodia's Ministry of Culture and Fine Arts, Peranakan Museum in Singapore and Thailand's National Museum in Bangkok.

Both the SOAS China Institute and the SOAS South Asia Institute have launched masters programmes aimed at students pursuing careers in business, government and the media. The programmes offer a skill set built on disciplinary rigour together with comprehensive area knowledge and cultural and linguistic fluencies. The new two-year MA Advanced

Students of Music in Africa explore selected musical cultures, both traditional and popular, covering some of the best documented musical genres from Africa, as well as current musical trends and some of the leading artists, with a critical look at African musicology.



The first cohort of Alphawood scholars encounter the latest approaches and techniques in curation, restoration and preservation through collaboration with departments in London's renowned cultural institutions, such as this class with Dr Heather Elgood at the British Museum.



SOAS is home to one of only five National Research Libraries in the UK with 1.5 million volumes, periodicals and audiovisual materials in 400 languages, focusing on Asia, Africa and the Middle East. Access to library and IT resources receives a 90% satisfaction rate from our students (National Student Survey 2014).

Chinese Studies delivers language-based training across a wide range of disciplines in the humanities and social sciences and includes an extended period of study at Zhejiang University in Hangzhou, where students can take advantage of short-term internships with local companies. At the core of the new MA Intensive South Asian Studies is the study of Bengali, Hindi, Nepali or Urdu and the politics of contemporary culture. Once again, students undertake an extended attachment at a university or research institute in India, Pakistan or Nepal. The new MA Palestine Studies offers an understanding of Palestinian history, political structure, development, culture and society while MA Global Digital Cultures combines theory and practice, exploring the historical development

of digital technologies and the internet as well as the impact of such technologies in diverse economic, political and cultural realms, especially within the global South. Students are introduced to the range of new research tools for understanding the Internet, social media and big data as well as becoming digital adepts, developing collective and individual blogs and acquiring other digital multi-media skills.

Once again, SOAS students proved the excellence of language and culture teaching, coming second and third the UK final of the Chinese Bridge Competition, a prestigious international contest in Chinese language and culture proficiency for non-native speakers, and winning first and third prize in the Speech Category at the UK Japanese Speech Contest.



Widening participation: as part of the IllumiNations festival, London school pupils learnt to play the gamelan.

Extending our teaching and learning to new audiences

SOAS has a strong track record in raising the aspirations of people under-represented in higher education. Last year, one initiative brought students from all over London to learn Korean, Swahili and Japanese while developing study skills to help them succeed at A-levels. This was part of SOAS' Step-On: Achieving Success programme, which supports state school pupils who are either from the first generation in their families to apply for university or entitled to free school meals. In addition, teachers from all over the UK were invited to try out the Step-On programme themselves. Twenty-one teachers attended classes in Turkish, Mandarin and Arabic.

Our annual IllumiNations: Reflections of Global Cultures festival brings together 100 pupils from London secondary schools in a celebration of the languages and cultures spoken by Londoners and studied at SOAS. In 2014, the 12 to 14-year-olds had a taste of Persian, Bengali, Tibetan, Japanese, Swahili, Indonesian and Thai. They also tried out Adinkra printing from Ghana, made Tibetan peace flags, had fun with origami and played the Gamelan.

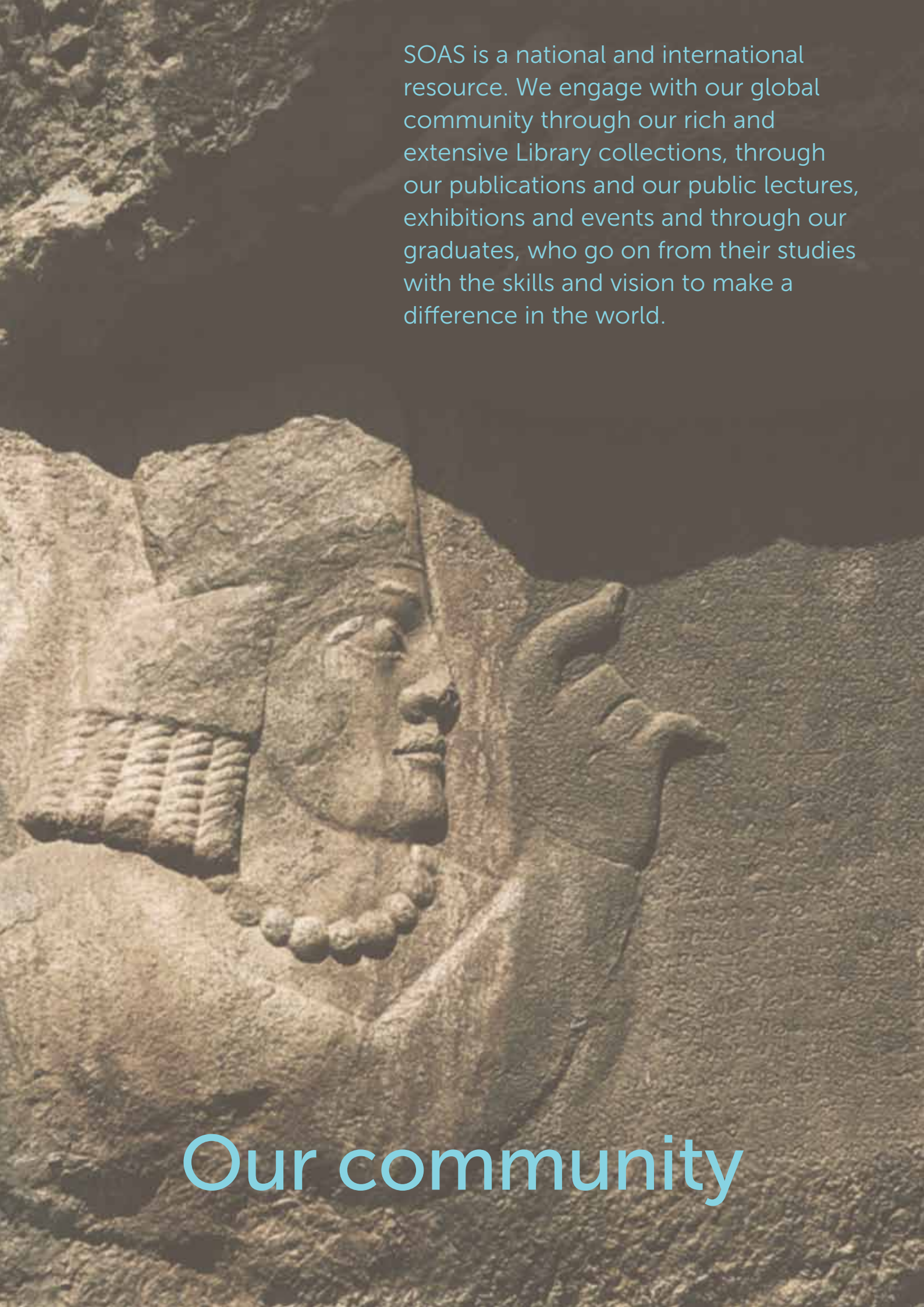
In June, SOAS launched its first ever MOOC (Massive Open Online Course) entitled Understanding Research Methods. The six-week course develops the student's ability to design a research project, choose and execute appropriate methods and assess its academic rigour. Around 40,000 students from



The SOAS team stole the show as they battled through to the semi-finals of University Challenge.

all over the world registered for the free course, which was delivered in partnership with University of London's International Academy and Coursera. Course instructor Dr J Simon Rofe, said: "It was particularly heartening to hear from students of how their appreciation of research will allow them to help themselves and their local communities around the globe."

The second SOAS Academic Summer School built on the success of its launch year and doubled student figures. This year's intake of students attended nine courses, covering areas such as development, politics, migration, Jawi, culture and society, law and Arabic. Students came from countries all over the world to take part in the programme, including Norway, Italy, Canada, Brazil, Denmark, India, France and Russia.

A large, ancient stone relief carving of a bearded man's head and hand, set against a dark background. The man has a prominent beard and is wearing a headdress with a textured, scale-like pattern. His right hand is raised, with fingers slightly curled. The carving is set into a rough, textured rock surface.

SOAS is a national and international resource. We engage with our global community through our rich and extensive Library collections, through our publications and our public lectures, exhibitions and events and through our graduates, who go on from their studies with the skills and vision to make a difference in the world.

Our community

Left: the Zoroastrian High Priest, Kirder, was chief magus for over thirty years to several Sasanian kings in the late third century. He left various inscriptions including this important one at at Naqsh-e Rostam in Iran, which was used as the central image to promote a major exhibition on Zoroastrianism at the Brunei Gallery.

Right: Student Entrepreneur of the Year Lorenzo Tedeschi sorts oranges imported from Sicily, just one of the high quality products sold through his business What Nature Offers (WNO), which cuts out the middle men and brings higher revenues to the producers.



Skills for enterprise and employability

The Enterprise Office continues to foster entrepreneurship among SOAS students. This year the launch of the pilot competition 'Use your Passion: Kick Start your Idea' gave our students the chance to transform enthusiasm into a viable enterprise project with impact either in the UK or internationally. Of the many wonderful ideas, eight projects and 11 students were selected, receiving seed-funding of up to £500 to help turn their idea into reality. Successful project ideas included a new ethical clothing kitemark and Tanzanian laptop covers.

One SOAS student's business idea not only won a prestigious award, but showcased SOAS entrepreneurship with a social conscience. Sarah Bedford's initiative tackling social isolation in residential homes was jointly awarded the Provost's prize by the London Entrepreneurs' Challenge, a competition run by UCL Advances. Her business plan is a social food programme called Eat&Greet that brings together care home residents with groups of visitors over a weekly lunch in the home. For the business to be viable, visitors pay for an affordable lunch, with half the profits going to the care home and half to Eat&Greet. The Provost Prize awarded Sarah £2,000 to help her get the project off the ground.

The Student-Led Enterprise Project of the Year award went to Natalie Cooper, who was studying for a Masters degree in Migration and Diaspora Studies. To address the lack of educational material for children on African and diaspora culture, Natalie researched, authored, illustrated and published 'African Musical Instruments', an educational book combining history and culture in one appealing visual form. It is now stocked by, among others, the Eden Project in Cornwall and London's Horniman Museum.

Our Careers Service delivered more tailored support for SOAS departments, fielding a careers consultant for each Faculty, as well as the Doctoral School. Careers continues to develop accredited placement opportunities within the curriculum and to engage internationally-focused employers and NGOs who target SOAS for recruitment because they value the unique education received by our students.



Masters student Omar Salha's project, the Ramadan Tent, won Student-Led Volunteer Project of the Year. The initiative, which reached huge numbers through social media, aimed to challenge Islamophobia and misconceptions of the 'other'. At the Ramadan Tent students offered free meals to homeless people, students and members of the public regardless of their backgrounds.

Engaging the wider public

The Brunei Gallery staged several exhibitions which brought our collections and research expertise to a wider audience. 'The Life and Afterlife of David Livingstone: exploring missionary archives' marked the bicentenary of the birth of Dr David Livingstone, bringing together rarely seen letters, photographs, maps and artefacts from SOAS' special archive collections. As well as looking at his career in a wider historical context, the exhibition examined in detail some of the important personal relationships that developed between Livingstone and key African figures of the period, and more broadly at the African response to 19th century evangelical mission. 'The Everlasting Flame: Zoroastrianism in History and Imagination' was the first exhibition to provide a visual narrative of the history of Zoroastrianism, one of the world's oldest religions. Through priceless artefacts from around the world, the exhibition took visitors on a journey from the earliest days of the religion to its emergence as the foremost religion of the Achaemenid, Parthian and Sasanian empires of imperial Iran. The exhibition explored its rich cultural heritage and the influence it has had on the major world religions of Judaism, Christianity and Islam.



SOAS President, the renowned humanitarian Graça Machel.



The redevelopment of the North Block of Senate House will help SOAS to play its role as a world-class institution.

Recognising excellence

SOAS' biggest—and according to some, 'best-ever'—graduation took place in July. Global stateswoman and renowned humanitarian Graça Machel presided over the five ceremonies, giving a powerful address that resonated strongly with SOAS' values and mission.

SOAS awarded two Honorary Doctorates and one Honorary Fellowship over the three days of celebration. Professor Howard Goldblatt received an Honorary DLit in recognition of his work as a translator and scholar and the promotion of Chinese language literature to a global audience; Mr Ping-cheng T'ung, a SOAS alumnus and former member of the School's teaching staff, received an Honorary DLit in recognition of his outstanding contribution to language teaching and Chinese language pedagogy; and humanitarian campaigner Mr Phuntsog Wangyal, also a SOAS alumnus, received an Honorary Fellowship in recognition of his charitable work with the Tibet Foundation.

The annual volunteering awards recognise the amazing achievements of our students. The Volunteer of the Year was Lisa Aissaoui, who founded a project in Burkina Faso for a local charity which helps children out of school to focus on cultural arts. She fundraised to build the headquarters of the charity and put together a photography project to present a positive image of Africa which has since been exhibited in France and SOAS. The judges were impressed by her display of 'great leadership and initiative'.

The Director's Teaching Prizes recognise excellence in teaching and the promotion of learning within the School. This year the prize for Innovative Teaching went to Dr Angela Impey of the Department of Music, while Professor Doris Behrens-Abouseif of the Department of the History of Art and Archaeology won the prize for Inspirational Teaching.

Ms Christine Singer was awarded the Graduate Teaching Assistant prize for her work in the Department of the Languages and Cultures of Africa and the Centre for Media Studies.

Degree awarding powers

This year the degrees awarded by the School were for the first time in the name of SOAS, University of London. In the past, SOAS had only been able to award degrees on behalf of the University of London. Degree awarding powers were granted to the School by the Privy Council on the advice of the Quality Assurance Agency for Higher Education, the Government body that monitors standards in the sector. Degree awarding powers recognise both quality of teaching and SOAS' ability to set and maintain academic standards.

The future

SOAS celebrates its centenary in 2016–17. As we look back over 100 years of academic achievement, we are also looking to the future educational and research needs of our academic community.

In readiness for our celebrations, we will amalgamate our two campuses onto one central site in Bloomsbury through the development of the North Block of Senate House. This will transform SOAS' ability to fulfil its academic vision and mission.

Not only will the North Block project bring all of our community onto a single vibrant campus in this prestigious London district of learning and heritage, it will also enable the planned increase by 21% of SOAS' student body and support initiatives like the new China and South Asia Institutes. Student experience is at the heart of the design, which will create a dynamic and social central hub, providing learning and teaching facilities fit for the twenty-first century and for our role as a world-class institution.

Our supporters

We would like to express our heartfelt gratitude to the 584 alumni, staff, students and friends who supported SOAS financially in 2013–2014. Every donation has made a difference. Our particular thanks go to our major supporters, who are listed here, and those who have chosen to remain anonymous. Their generous support enables us to bring the best students and academic staff to SOAS, pursue ever-more transformational research avenues, and ensure that the School continues to make a tangible impact on the world.

The Academy of Korean Studies
The Allan and Nesta Ferguson Charitable Trust
Alphawood Foundation
American Friends of SOAS
Arcadia
Fred Eychaner
The Felix Scholarship
Garfield Weston Foundation
House of Wisdom Organisation For Strategic Studies Limited
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The King Saud Foundation
The Korea Foundation
HE Sheikh Mohamed Bin Issa Al Jaber and the MBI Al Jaber Foundation
Meiji-Jingu (Shinto Shrine)
Ministry of Awqaf & Islamic Affairs, State of Kuwait
Mo Ibrahim Foundation
The Nohoudh Trust for Development Studies
Islamic Cooperation Council (ICC)
The Pears Foundation
Peter T Phillips
Santander Universities
The Sir Joseph Hotung Charitable Settlement
The Society for the Advancement of Buddhist Understanding
TATA Enterprises
The Wolfson Foundation
The Zoroastrian Trust Funds of Europe



Graduating students in the new SOAS academic gowns.



Financial statements

Chairman's foreword

It has been a challenging year financially for the higher education sector throughout the UK. The knock-on effect of the introduction of the £9,000 annual tuition fee is being felt across the board; more and more students are citing 'financial reasons' as the basis for not continuing on to tertiary education options and universities are employing ever more aggressive recruitment tactics as a means to attract students both from home and overseas. While the School did not achieve its set target for student recruitment this year across its postgraduate and undergraduate courses, the shortfall was smaller than anticipated. Nonetheless, for the first year since 2005–2006, the School was unable to generate a surplus and under recruitment was a contributing factor. We are moving forward with a clear sense of how to return to surplus in future years. Surpluses enable the School to reinvest in its activities and its estate, to improve the student experience and heighten the impact we have on the world. We have already invested in our marketing function, building our capacity to attract the most talented students and we continue to develop our academic programmes to ensure their unique perspective and global relevance.

So, as well as reflecting the wider higher education landscape, our current financial position is partially the result of recent substantial investment in the School's future. Our Portfolio Board identified several areas across the School where systems and procedures required enhancement. This work has produced a swathe of exciting improvement projects, such as the Hub, an integrated student enquiry service—a 'one stop shop', if you will, designed to make students' lives easier. The Hub will comprise a comprehensive online enquiries portal together with a physical service desk in the redeveloped Senate House North Block campus building so that SOAS students can access face to face support for all their non-academic based enquiries. Without such investment, the School would have actually produced another surplus (though admittedly a small one). It is crucial, however, that the School takes the long view, taking the initiative to ensure we are at the very forefront of academic and service excellence in the sector.

On the subject of investment in the School's future, the Senate House North Block project is now fully underway. Over the next 18 months the stunning designs and cutting edge plans will be realised. Our move into the building is scheduled for summer 2016, to coincide with the beginning of our centenary year. This means that at the heart of our celebrations of a hundred years of achievement will be a single campus community—a community that will be able to thrive



and grow and better serve its students and staff alike as we embark on our second century.

The development of Senate House has already received outstanding philanthropic support, with major gifts from the Wolfson Foundation and the Garfield Weston Foundation as well as £5 million from the Alphawood Foundation, in addition to their £15 million donation to advance the study and preservation of Buddhist and Hindu art in Southeast Asia. This support for our institution is a real vote of confidence in us, our mission and our values.

As always, I would like to take this opportunity to thank our Director Paul Webley, his team and all the School's staff. But most of all, I would like to thank the students for making SOAS the exciting, vibrant and unique place it undoubtedly is.

A handwritten signature in black ink, reading 'Tim Miller', written over a horizontal line.

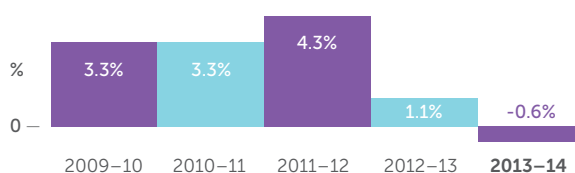
Dr Tim Miller
Chairman of the Governing Body, SOAS

Financial overview

For the year ended 31 July 2014 the School incurred a deficit (adjusted for the transfer to accumulated income within restricted endowments) of £0.4m which is equivalent to 0.6% of gross income and compares to a surplus of £0.8m for 2012–13 (1.1%). The move from a surplus in 2012–13 to deficit in the current year is partly caused by a marginal fall in the student population resulting in an income shortfall compared to initial forecasts. Furthermore, the School's decision to embark upon a major programme of activity to, amongst other things, improve the School's information technology infrastructure, systems and procedures and thus significantly improve services for students and better support staff contributed to a higher rate of increased expenditure in 2013–14 than in recent years.

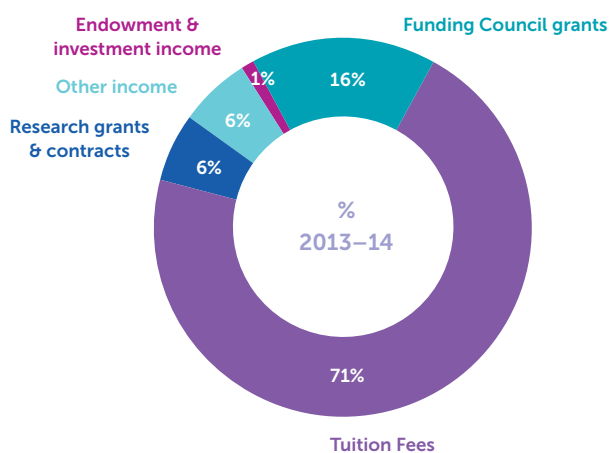
The current year's outturn is below the target of 2% surplus set out within the School's 5 year financial strategy for the 2013–14 financial year and the shortfall is one indicator of the challenging environment in which the School currently operates. The target surplus is set to rise to 5% by 2017–18, 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

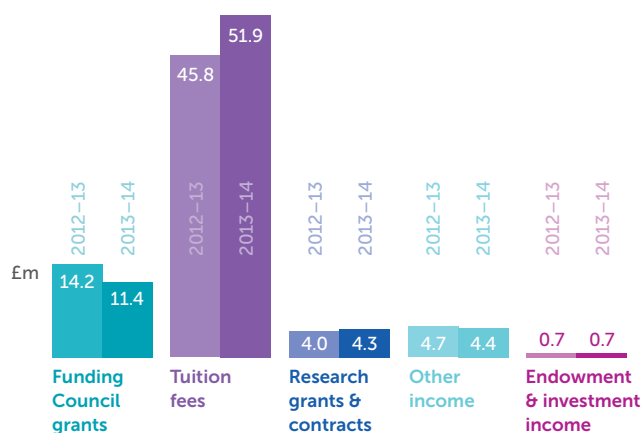


Income

Income by source 2013–14



Year on year change



Income growth

Total income increased by 5.0% compared with the previous year. Funding Council grant income has continued its downward trend under the new funding regime, falling 19.8%. Tuition fees grew by 13.3% and now represent 71% of the School's income, up from 65% in the previous year. Income from research grants and contracts grew ahead of inflation for the second consecutive year and now stands at £4.3m – almost returning to its highpoint of £4.4m achieved in 2010–11. Income generated from endowment and School investments grew moderately at 2.3% following the large fall in 2012–13 of 26% caused by the sale of a share of the investment portfolio, realising £9.8m, to part fund the refurbishment of the North Block of Senate House.

Income growth

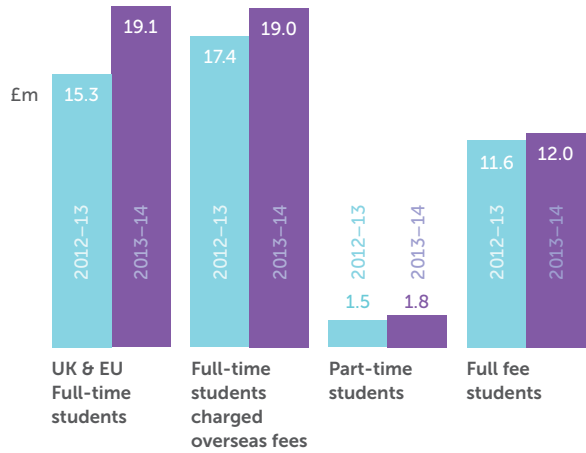
	2012–13	2013–14
Funding Council grants	-12.6%	-19.8%
Tuition fees	8.5%	13.3%
Research grants & contracts	5.8%	8.3%
Other income	6.9%	-4.5%
Endowment & investment income	-26.1%	2.3%
Total income	2.8%	5.0%

Income: tuition fees

Full-time UK and EU fee income rose 24.8% largely due to the second 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 9.2% which is marginally lower than last year's increase [9.4%].

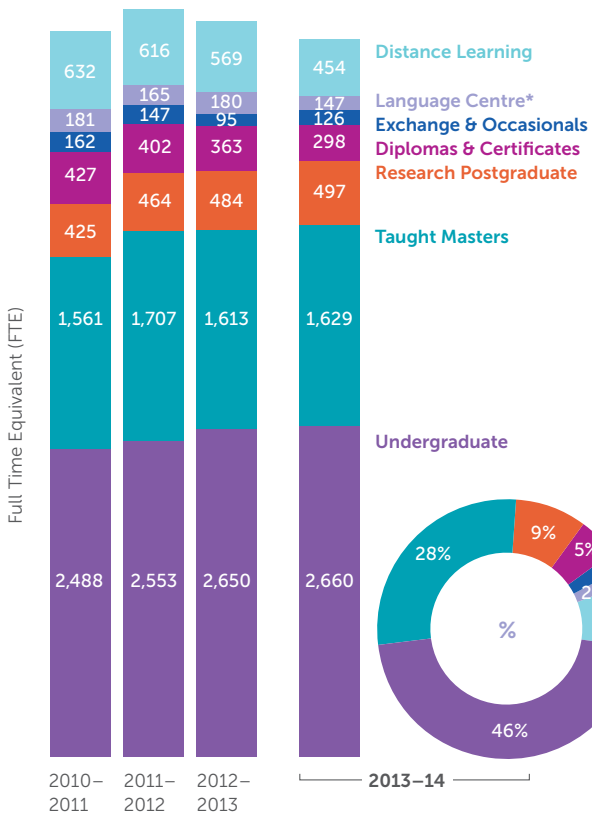
Income from Distance Learning students grew by 11.0% recovering some of the fall of 22.9% reported in 2012–13. The improved performance in Distance Learning reflects the success of a new programme in Global Diplomacy which is performing well after its launch in late 2012–13. Language Centre income fell 0.6% which, whilst disappointing, significantly slows the decline of 2012–13 [12.2%]. Finally the International Foundation Courses and English Language Studies income fell 1.7%. These programmes operate in a very competitive environment and this has contributed to the pressure on their income.

Fee income – year on year changes

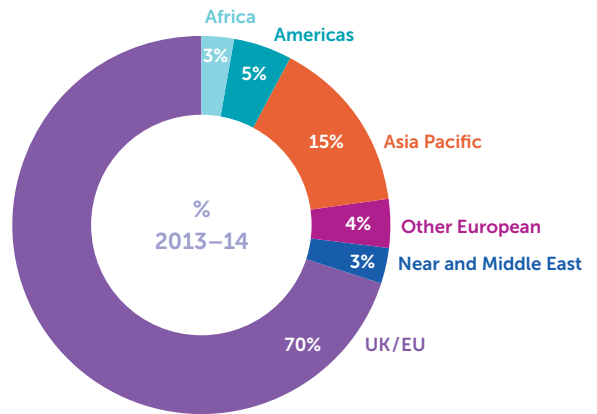


Student numbers

Student FTE



Undergraduate & postgraduate student FTE by origin

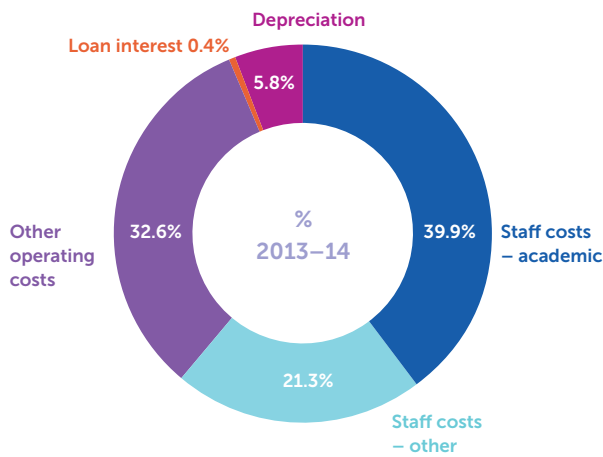


The School had 5,811 full time equivalent (FTE) students in 2013–14, a decrease of 143 compared with the previous year [5,954]. Student studying diplomas and certificates falls by 65 FTE (or almost 18%) and Distance Learning numbers fell by over 20%. In contrast, students on Exchange and Occasional study programmes and research postgraduates FTEs increased by 32.6%, [31], and 2.7%, [13], respectively.

* (Evening & Short Courses)

Expenditure

Expenditure 2013–14

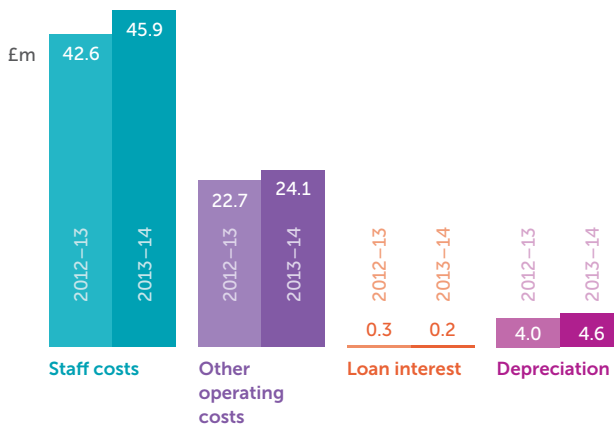


Expenditure year on year growth

Expenditure on staff costs has risen by 7.9% in contrast to the recent past where the rise in 2012–13 of 2.7% has been more typical. The rise is mainly explained by an increase in full time staff numbers. Academic full-time equivalent (FTE) staff numbers have risen by 5.1% over the period and support staff FTEs has fallen marginally (0.8%). The increase in staff expenditure reflects the School’s decision to invest in academic staffing to support anticipated future growth in student numbers. The 2013–14 national pay award of 1% 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 6.5%, of which 1.6% was due to an increase in expenditure on published materials, (notably, an increase in purchase of electronic books and serials). Increased expenditure on fellowships, scholarships and other fees accounted for just over 1% of the rise, whilst the cost of professional fees caused a further 1.2% rise as the School engaged advisors to assist with a major update of its estates strategy and long term maintenance plans. Other noteworthy changes underlying the increase relate to greater expenditure on marketing and recruitment. Depreciation rose as a result of the completion of several large capital projects.

Year on year change



Expenditure year on year changes

	2012–13	2013–14
Staff costs	2.7%	7.9%
Other operating costs	13.4%	6.1%
Depreciation	9.8%	13.9%
Total Expenditure	6.4%	7.7%

Capital investment

The last 12 months have seen significant progress in the School's capital programme, with investment of £6.6m in the estate. Projects have included:

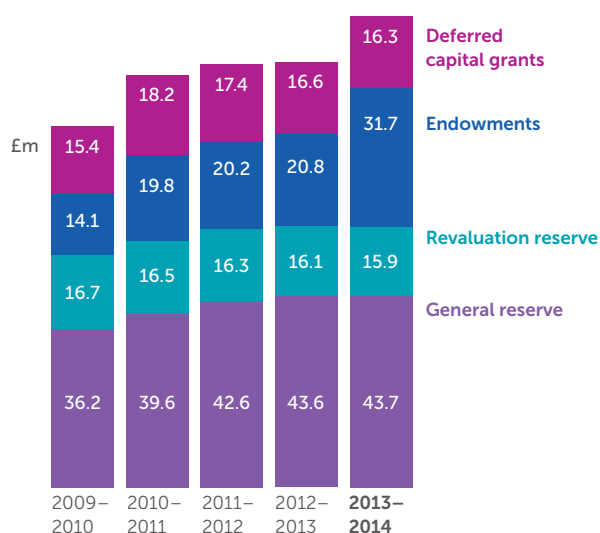
- Expenditure of £2.9m on finalising the planning and design work for the North Block of Senate House refurbishment project and completion of the enabling works.
- The first phase of the 'infill block' project within the Main Building to improve the efficiency of space usage and to upgrade the standard of accommodation of one of the few remaining parts of the estate in poor condition (£0.5m).
- Completing the majority of the upgrade to the Phillips building ventilation plant at a total cost £1.4m and two further projects on the School's schedule of long-term maintenance to improve our electrical infrastructure and wash room facilities at a combined cost of £0.4m.
- Enhancement of the School's information systems with £165k spent on phase one of upgrading the Library management system and a further £93k spent on implementing a student CRM system.

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

- The commencement of the main construction phase of refurbishing the North Block of the University of London building Senate House in Autumn 2014. The North Block project is expected to cost approximately £33m and has the potential to transform SOAS by providing much needed additional space adjacent to the School's Russell Square campus and facilitating the consolidation of the estate onto one site.
- Completion of the 'infill block' project started in 2013–14 and expected to cost £1.8m in total.
- The replacement of 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 North Block of Senate House [£656k].
- The initial stages of a project to refurbish the Phillips Building windows (£0.5m in 2014–15) 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.

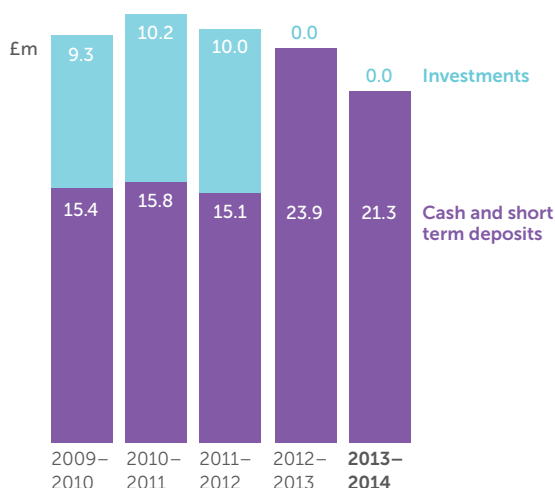
Balance sheet and liquidity

Net Assets



During 2013–14 the School's net assets grew by 10.7% (2012–13: 0.7%) to £107.5m.

The School's endowment funds grew by £10.9m to £31.7m. The bulk of this increase is a consequence of the receipt of the first tranche (£9.8m) of the generous £20m donation from the Alphawood Foundation. This donation will fund a step change in the knowledge and understanding of South East Asian Art. The Alphawood gift will contribute £5m to the funding of the North Block of Senate House capital 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. The increase in the market value of the underlying investments grew marginally by £57k.



Despite significant capital expenditure over the course of 2013–14, the balance of cash and short term deposits at 31 July 2014 is only £2.6m lower than the previous year at £21.3m.

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 £8.4m 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 17-year term.

Future outlook

The School recognises that the next few years will be challenging and uncertain times for all universities in England in light of changes to the funding and undergraduate fee regimes for home and EU students.

The recent changes to the funding regime saw the School lose almost all of its HEFCE teaching funding for new home/EU students from September 2012 as funding shifted from direct funding to indirect funding via student loans and increased undergraduate fees. The School received £3.7m in 2013–14 down from £5.5m in teaching grant in 2012–13. By 2015–16 this is anticipated to fall to £2.6m. As in the previous year, the School is charging a fee of £9,000 in 2014–15, the maximum chargeable under the new funding regime. Our forecasts assume no further increases in the maximum fee in the next three years, which effectively means a fall in the real value of funding available per Home/EU undergraduate student after taking account of inflation. This fee level has been accepted by the Office of Fair Access (OFFA) as part of the School's access agreement. The centrality of the School's aim to widen participation is demonstrated by the inclusion within our access agreement of a commitment to invest almost 27.4% of additional fee income (by 2018–19) on widening access and retention. As part of the School's commitment 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 the access agreement to 2018–19.

The Home/EU undergraduate market has been subject to recent change with the introduction of a core and margin system for student number control. This has effectively reduced the regulated undergraduate student numbers for all institutions setting average fees of above £7,500 and removed the cap on the number of undergraduate students that may be recruited with A level grades of ABB or above for 2013–14 and 2014–15.

Recent Government announcements signal a further liberalisation of the United Kingdom higher education market. From 2015–16 onwards the cap on the number of regulated fee places will be removed. 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 2014–15 indicates the impact of the new fee regime on SOAS continues to be mixed. Whilst the School has maintained its home undergraduate intake to approximately the levels achieved in the previous year, we remain conscious that the desired level of growth was not achieved. The impact however 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 new 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.

In terms of overseas student recruitment (upon which the School is heavily reliant) SOAS continues to perform well relative to its peers. However, it is recognised 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 about 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;
- a comprehensive review of the School's website to ensure its effectiveness is maximised;
- improved engagement with prospective students (capitalising on the recent investment in a new student CRM system);
- further improvements to academic tutoring with a specific aim of enhancing the timeliness and quality of assessment and feedback;
- enhanced capital expenditure on the estate.

More general actions to address student recruitment risk and the risks of moving from grant funding to fee funding:

- 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 scheme to improve employment outcomes for students; and
- 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 2014–15 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.

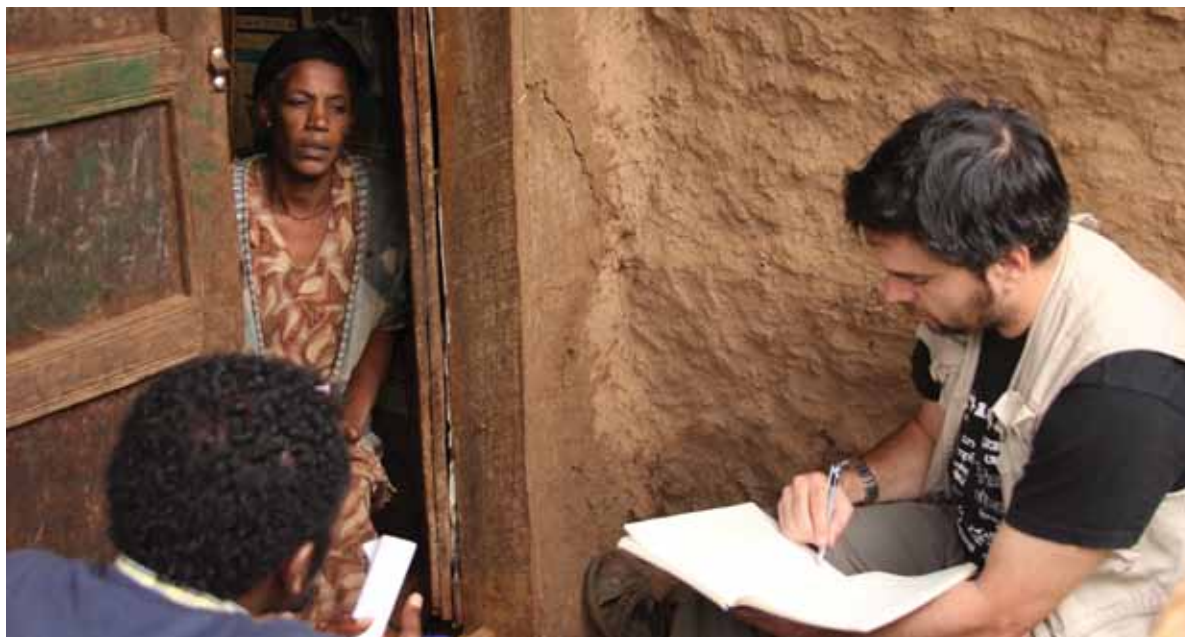
In recognition of the challenging environment faced by all Higher Education Institutions, the School's primary strategy shall be one of improving efficiency in the delivery of academic activities and professional services functions alongside continued diversification and expansion of income generating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

The School's Governing Body has approved the lease acquisition and subsequent full refurbishment of the North Block of the Senate House building, University of London, which is adjacent to the Russell Square Campus. The project is budgeted at £33m and the refurbishment programme is expected to be completed in summer 2016. On completion the North Block 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.



A major SOAS study in 'Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda' revealed that wage workers are commonplace on 'smallholder' farms. The picture shows Dr Carlos Oya, one of the researchers, interviewing a worker.

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.

Through mainstream media our spokespeople help to shape the dialogues by debating the issues and offering informed perspectives, which ultimately have a direct impact upon the many actors involved in these often complex situations. This year alone, SOAS specialists provided extensive commentary on the elections in India, the current crisis in the Middle East and the formation of Islamic State, the 20th anniversary since the genocide in Rwanda, the death



Goma, on the edge of Lake Kivu bordering the Democratic Republic of Congo and Rwanda, has been the site of episodes of violence and massive refugee flows since the mid-1990s. Research by Dr Phil Clark assesses the nature and impact of both local and international transitional justice responses after mass atrocity.

of Nelson Mandela and the 25 year anniversary of June Fourth (Tiananmen Square).

Major research projects such as 'Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda' have attracted widespread media attention; the findings highlighted the level of dependence on wage employment in rural areas. A team of SOAS development economists, Professor Christopher Cramer, Dr Deborah Johnston, Dr Carlos Oya and Emeritus Professor John Sender, conducted a four-year study of rural labour markets in Ethiopia and Uganda in areas producing crops for export. The research showed that people who engage in casual agricultural wage work are the very poorest in rural societies. The researchers revealed contrasts between labour markets in varied institutional settings, including those with Fairtrade certification. Their findings will help to inform policy makers, global trade organisations, corporations and indeed consumers of more effective mechanisms for poverty reduction.

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 only five National Research Libraries. It is home to over 1.3 million volumes and significant special collections including archives of missionary societies, NGOs and diplomats. Given its status and reputation, the Library has many registered external users who made nearly 800,000 visits to the Library in 2013–14, more than 18,000 visits of which were made by alumni members. 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.

Our outreach programmes create engaging, innovative and academically rigorous activities for state schools and colleges across London and the South East, from primary level upwards. A new project 'SOAS Scholars: Thinking Globally!' was piloted in 2013–14 for Year 12 pupils from disadvantaged socio-economic backgrounds across London.

Participants in 'SOAS Scholars' use the School's expertise to explore global perspectives, develop critical thinking skills and find out about higher education. In ten Saturday morning sessions, more than 30 school pupils worked with current SOAS undergraduate students. They took part in masterclasses with SOAS academics on topics such as 'Art and Power in the Arab Uprisings 2011–2013' taught by Charles Tripp, Professor of Politics with reference to the Middle East, and 'Law, Multiculturalism and Intercultural Human Rights' taught by Sham Qayyum, Senior Teaching Fellow in the School of Law.

In the 2013 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.



Pupils from Lister Community School explore the SOAS Bookshop during the IntoUniversity Buddy programme, designed to offer young students the opportunity to work with inspirational adults at university and learn more about studying subjects at a higher level.



Natalie Cooper, winner of the Student-Led Enterprise Project of the Year award for her book, *African Musical Instruments*. This children's book aims to counter the lack of educational material on African and diaspora culture.

SOAS academics participate in research projects specifically aimed at young people. Dr Ruba Salih, Reader in Gender Studies, and Lynn Welchman, Professor of Law, are part of POWER2YOUTH, a consortium of research and academic institutions, which explores youth exclusion in the South Mediterranean region. The research examines different aspects of youth exclusion across the economic, political, social and cultural spheres. SOAS' role in this project is to ensure the gender dimension of youth exclusion is embedded in every research phase. The gender-sensitive analysis will highlight how youth exclusion might be experienced and perceived differently by young males and females.

Scholarships

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. The School strives to provide education to the best and most deserving students, regardless of their background, country of origin or family income—and scholarships play a key part in our strategy. Scholarships can give an education to deserving individuals who would not otherwise have had the opportunity, whether from the UK or internationally.

In 2013–14 SOAS provided over 190 scholarships including new awards from major supporters such as the Alphawood Foundation 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 Standard Chartered.

Developing students to make a contribution to society

SOAS has approximately 5,800 full time equivalent students from nearly 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 Summer Schools which ran for their second year running. The academic programmes included 'Development and Conflict', 'Culture and Society in the Middle East and Arabic Language', and 'Politics and Society of China and Chinese Language'.

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.

We are the largest provider of postgraduate distance learning courses in the University of London's International Programmes. 4,000 students in over 160 countries are able to access our world class research and teaching, gaining a range of postgraduate qualifications in the process.

Student enterprise supported 22 start-up social enterprises in 2013–14, 10 through the UnLtd partnership, which enables students, staff and alumni to access start-up funding and mentoring for a year. Through a scheme set up by SOAS, eight enterprises received a Use Your Passion funding award worth £500. Four more were funded by The Alumni and Friends Fund. The Graduate Entrepreneur Visa scheme ran for its second year and endorsed eight



Above: 'Stalwarts from the East': a French lady pins a flower on the Sikh saviours of France, Paris, 1916, from the exhibition 'Empire, Faith & War: Sikhs of World War One'. (Source: Toor Collection)

Left: Dastur Noshirvan Dastur Kaikhosrow Behram Framroz from 'The Everlasting Flame' exhibition.

international graduates to stay in the UK to set up a business post-study. Businesses included a legal policy consultancy focusing on natural resource governance in Africa, ethical jewelry made of sustainably mined metals and precious stone and an educational publishing and professional development organisation addressing food and nutrition among young people.

Engaging communities

The contribution by SOAS to the arts and public education is well known. In 2013–14 more than 65,000 people visited Brunei Gallery exhibitions and events, making this year the best attended in the Gallery's history.

The 2013–14 academic year began with 'The Everlasting Flame: Zoroastrianism in History and Imagination', curated by Dr Sarah Stewart, lecturer in Zoroastrianism at SOAS. The first exhibition of its kind, it provided a visual narrative of the history of Zoroastrianism and explored the religion's rich cultural heritage and the influence it has had on the major world religions of Judaism, Christianity and Islam. The exhibition received extensive media coverage bringing a large number of international visitors to the Brunei Gallery. Plans are now underway to take the show on tour to India.

The theme of religion and faith continued through two exhibitions: 'The Spiritual Highway: Religious World Making in Megacity Lagos' and 'Living Shrines: Uyghur Manifestations of Faith, Saints and Islam in Western China'. 'The Spiritual Highway', a photography exhibition co-curated by Dr Marloes Janson, Reader in West African Anthropology, and Nigerian photographer Akintunde Akinleye brought the Lagos-Ibadan Expressway to the Brunei Gallery as part of a project to explore 'prayer cities', which are huge

in scale with congregations of tens of thousands, competing with each other for new converts.

The year ended with a landmark World War One exhibition to commemorate the remarkable but largely forgotten contribution and experiences of Sikh soldiers, as well as the families they left behind. Presented by the UK Punjab Heritage Association, 'Empire, Faith & War: The Sikhs & World War One' was opened by Secretary of State for Culture, Media and Sport Rt Hon Sajid Javid and achieved phenomenal press coverage and visitor numbers, demonstrating the Gallery's role in introducing a wider audience to new subjects often outside the mainstream.

SOAS presented approximately 1,500 public events throughout the year. The 2013–14 SOAS Inaugural Lecture Series delivered five lectures on a topics ranging from water conservation, democracy and religious minorities in India, capitalism and a welfare state in Asia to the role of history in modern African society and what we need to know about China. As our flagship lecture series, they attract more than 2,000 visitors each year.

SOAS also convened events that engaged with major developments in world affairs. The Centre of African Studies brought together leading experts in the fields of political economy and governance, South African foreign policy, contemporary society and arts and culture to celebrate 20 years of democracy in South Africa; the SOAS China Institute hosted a high profile event on the founder of modern social science Max Weber, focusing on his study of China; and the London Middle East Institute addressed the changing dynamics of the Syrian revolution and combating media distortions in its event 'Syria - Correcting the Narrative, Building Solidarity.'



Director of SOAS Professor Paul Webley pictured with current students who helped raise £61,000 for this year's SOAS Alumni and Friends Fund telephone fundraising campaign.

Thanks to the generosity of the School's alumni, the SOAS Alumni & Friends Fund (AFF) makes a direct impact on student life, supporting current students through scholarships, welfare support, learning resources and projects for developing new skills and experiences. This year AFF raised £61,000, receiving gifts from more donors than ever before. The money raised is used to help students in the following academic year, providing support where they need it most, through scholarships and hardship awards. In addition, SOAS nurtures our international network of 35,000 alumni by hosting events around the world. In 2013–14 events took place in Nairobi, Beijing and Cologne, helping to bring our global alumni network together.

Environmental sustainability

SOAS has continued to make a significant impact in driving down its energy use and carbon emissions across the estate during the last 12 months. This year we replaced the two original large air handling plants that serve the main Library and a separate unit that serves the Khalili Lecture Theatre. Natural ventilation and heat recovery has been incorporated into these projects, which has enabled SOAS to reduce energy consumption while improving the internal conditions for all visitors to the buildings. LED lighting has also been installed in a number of areas on the estate. Against the 2008–09 baseline of SOAS' carbon management plan, consumption last year was reduced by 23% for electricity, 47% for gas and a huge 73% for heat from the district heating network. These savings along with those from previous years mean that we are now ahead of our carbon reduction target despite more intensive use of our estate.

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; and
- 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 issued by the Financial Reporting Council in September 2012 and the Financial Memorandum 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' 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 Governing Body 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.

The Governing Body 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 Governing Body and accords with the internal control guidance for directors on 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 Governing Body, 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 Governing Body in the form of an updated risk register. Further details of this process can be found in the Statement of Governors' Responsibilities.

SOAS' Governing Body comprises lay members and academics appointed under the Charter of the School. There were 21 members of Governing Body as at 27th November 2014.

The Governors who served during the year, up to and including the signing off of accounts on 27th November 2014, are listed as follows:

Mrs Susie Alier
Professor Richard Black
Professor Sir Ivor Crewe
Mr Gautam Dalal
Mr David East ¹
Ms Leah Edwards ¹
Sir Graham Fry
Sir Martin Harris (Vice-Chair) ²
Mr Charles Ilako
Dr Tim Miller (Chair)
Ms Rosna Mortuza
Professor David Mosse
Professor Christine Oughton
Mr Andrew Popham
Professor Nirmala Rao
Ms Georgie Robertson ³
Mr John Robinson
Mr David Skinner
Mr David Suber ³
Mr Steve Tinton
Ms Zoe Weaver
Professor Paul Webley (Ex-officio)
Lord Michael Williams
Ms Elizabeth Wright (Vice-Chair) ⁴

¹ Term ended 31 July 2014

² Term began 1 September 2014

³ Term began 1 August 2014

⁴ Term ended 31 August 2014

Following a review into the effectiveness of the Governing Body, the Privy Council approved a new Governing Body 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 Governing Body);
- Twelve further lay members (11 appointed by Governing Body, 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

The Governing Body undertook a review of its effectiveness in 2013–14 and has made a number of changes to its Standing Orders. It has written to the Privy Council to request changes to nomenclature to take place from 2015–16.

The Governing Body 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 Governing Body and the Resources and Planning Committee. Under the terms of the School's Charter, the Governing Body is required to seek the advice of the Academic Board on certain matters. The matters specifically reserved for the Governing Body for decision are set out in the Charter of the School, by custom and under the Financial Memorandum with the HEFCE. The Governing Body 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 his executive team, known collectively as the Executive Board.

The Governing Body 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 Governing Body delegates a number of its responsibilities to either the Academic Board or the Resources and Planning Committee, which advise the Governing Body 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 three times a year. It acts on behalf of the Governing Body 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

Governing Body the School's annual return to HEFCE and recommends to the Governing Body capital expenditure.

The Audit Committee meets four times per year and reports directly to the Governing Body. It is chaired by a lay member of Governing Body and is comprised of lay members only. School officers attend the meeting but are not members. It has responsibility, delegated by the Governing Body, to monitor the School's risk management strategy and register, the aim of which is to ensure that the Governing Body 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 Governing Body on the appointment and re-appointment of individuals as lay members of Governing Body and other committees. In doing so it seeks to maintain an appropriate balance of skills on the Governing Body 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 the Governing Body members 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 Governing Body 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 Governing Body'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 2014.

The Secretary has overall responsibility to the Governing Body 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 Governing Body 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 Governing Body 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's Governing Body 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 Governing Body of the School, the Governing Body, 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 Governing Body 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 Governing Body 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 Financial Memorandum 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 Governing Body has responsibility for overseeing risk management overall and plays a fundamental role in the management of risk. Governing Body 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 Governing Body;
- the Director and members of the Executive Board support, advise and implement policies approved by the Governing Body;
- 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 Governing Body 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 Governing Body.

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 Governing Body;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Governing Body; and
- an outsourced Internal Auditor firm, whose annual programme is approved by the Audit Committee and endorsed by the Governing Body, provides the Governing Body 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 Governing Body 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 Governing Body on the effectiveness of the internal control system, including the School's system for the management of risk.

Value for money

The Governing Body is tasked with ensuring that the School adheres to the Financial Memorandum 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 School's Governing Body has an explicit duty imposed by the Financial Memorandum with 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 Governing Body. The Governing Body's responsibility also extends to the ongoing integrity of the financial statements contained therein.

At the date of making this Review, the Governing Body confirms:

- So far as each member of the Governing Body 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 member of the Governing Body 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 Governors of SOAS, School of London

We have audited the financial statements of SOAS, School of London (School of Oriental and African Studies) for the year ended 31 July 2014 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 Governors, 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 Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and the School's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the School's Governing Body and auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body 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 Financial Memorandum 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 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions".

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

In our opinion, in all material respects:

- income has been applied in accordance with the School's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England;
- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the School.

James Aston
BDO LLP
Statutory Auditor
Gatwick
United Kingdom

Date: 28 November 2014

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 2013–14 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) (formerly enacted in Section 505 of the

Income and Corporation Taxes Act 1988 (ICTA)) 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

Listed 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

Three reclassifications have been made to the financial statements as detailed below and the comparative figures have been adjusted accordingly. The overall effect of these adjustments on the School's reserves and (deficit) / surplus result is £Nil for both 2014 and 2013.

Expenditure from endowment capital

Expenditure from endowment capital (see note 18) is funded by transferring income from restricted endowment reserves to general reserves, through the 'transfer from restricted endowments' line within the income and expenditure account. In previous financial statements, income was transferred via the other income line within the income and expenditure account. The other income prior year comparative has been reduced by £1,078k, being the expenditure from expendable endowment capital in 2013.

Non-cash scholarships, bursaries and awards

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 (see note 2 below). The prior year comparative figures for tuition fees and scholarships within other operating expenditure have been reduced by £772k, being the value of non-cash scholarships, bursaries and awards in that year.

Instant access cash

Cash in hand and at bank is defined as 'cash in hand and deposits repayable on demand with any qualifying financial institution. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed.' Instant access call accounts were restated to reclassify £21,368k from 'cash and short term deposits' to 'cash in hand and at bank' (see note 24).

Accounts

Income and expenditure account For the year ended 31 July 2014

	Note	2014 £'000	2013 £'000 (Restated)
Income			
Funding body grants	1	11,367	14,179
Tuition fees	2	51,880	45,773
Research grants and contracts	3	4,342	4,009
Other income	4	4,441	4,650
Endowment and investment income	5	747	730
Total income		72,777	69,341
Expenditure			
Staff costs	6	45,892	42,582
Other operating expenses	7	24,141	22,697
Interest payable	8	249	264
Depreciation	10	4,573	4,015
Total expenditure		74,855	69,558
Deficit on continuing operations after depreciation of tangible fixed assets at valuation – before and after tax		(2,078)	(217)
Transfer from restricted endowments	18	1,657	979
(Deficit) / surplus for the year retained within general reserves	20	(421)	762

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

Statement of historical cost surpluses and deficits

For the year ended 31 July 2014

	Note	2014 £'000	2013 £'000 (Restated)
Deficit after depreciation of assets at valuation and disposal of assets before and after tax		(2,078)	(217)
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		(1,874)	(13)

Statement of total recognised gains and losses

For the year ended 31 July 2014

	Note	2014 £'000	2013 £'000 (Restated)
Deficit on continuing operations after depreciation of assets at valuation and tax		(2,078)	(217)
Unrealised gain on fixed asset investments	11	-	42
Unrealised gain on endowment asset investments	12	57	2,655
New endowments less endowment transfers	18	12,468	(1,092)
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		10,447	1,388
Reconciliation			
Opening reserves and endowments		80,425	79,037
Total recognised gains for the year		10,447	1,388
Closing reserves and endowments		90,872	80,425

Balance sheet

As at 31 July 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	10	76,902	74,906
		76,902	74,906
ENDOWMENT ASSETS			
	12	31,653	20,785
CURRENT ASSETS			
Debtors	13	3,520	3,704
Cash and short term deposits		21,308	23,911
		24,828	27,615
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR			
	14	(18,427)	(17,966)
NET CURRENT ASSETS			
		6,401	9,649
TOTAL ASSETS LESS CURRENT LIABILITIES			
		114,956	105,340
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	15	(7,830)	(8,289)
TOTAL NET ASSETS			
		107,126	97,051
DEFERRED CAPITAL GRANTS			
	17	16,254	16,626
ENDOWMENTS			
Expendable	18	3,807	2,860
Permanent	18	27,846	17,925
		31,653	20,785
RESERVES			
Revaluation reserve	19	15,853	16,057
General reserve	20	43,366	43,583
TOTAL RESERVES			
		59,219	59,640
TOTAL FUNDS			
		107,126	97,051

The financial statements on pages 19 to 45 were approved and authorised for issue by the Governing Body on 27 November 2014 and signed on its behalf by:



Mr G Dalal
Honorary Treasurer



Mr G Appleby
Director of Finance and Planning



Professor P Webley
Director

Cash flow statement

For the year ended 31 July 2014

	Note	2014 £'000	2013 £'000 (Restated)
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	1,190	4,005
Returns on investments and servicing of finance	23	498	466
Capital expenditure and financial investment	23	(3,585)	3,747
Management of liquid resources	23	(4,791)	(9,216)
Financing	23	(468)	(544)
DECREASE IN CASH IN THE PERIOD		(7,156)	(1,542)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Decrease in cash		(7,156)	(1,542)
Cash outflow to long term debt	23	468	544
Cash outflow to short term deposits	23	4,791	9,216
Change in net funds		(1,897)	8,218
Net funds at 1 August		18,297	10,079
NET FUNDS AT 31 JULY	24	16,400	18,297

Notes to the accounts – continued

4. OTHER INCOME	2014	2013
	£'000	£'000 (Restated)
Rent receivable	26	27
Room lettings	268	395
Library fees	121	115
Accommodation, catering and conferences	759	956
Resales and reimbursements	431	449
Scholarships, donations and other funded activities	1,185	1,007
Enterprise income	837	762
Deferred capital gifts released to income	143	163
Other income	671	776
	4,441	4,650

5. ENDOWMENT AND INVESTMENT INCOME

Income on expendable endowments	18	34	37
Income on permanent endowments	18	471	431
Interest on short term deposits		242	262
		747	730

6. STAFF COSTS

Salaries		35,515	33,242
Social Security costs		2,996	2,865
Other pension costs	25	6,709	6,107
Early retirement and voluntary severance scheme costs		672	368
		45,892	42,582

Notes to the accounts – continued

6. STAFF COSTS – continued

Average full time equivalent staff numbers by major category :	2014 Number	2013 Number
Academic	474	451
Support	353	356
	827	807
	2014 £	2013 £
Remuneration of the Director for the year.	190,363	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 £30,458 (2013: £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:	2014 Number	2013 Number
£120,000 - £129,999	1	-
£110,000 - £119,999	2	1
£100,000 - £109,999	1	1

7. OTHER OPERATING EXPENSES

	2014 £'000	2013 £'000 (Restated)
Research grants and contracts	1,427	1,401
Non-contract staff	2,875	2,929
Course development	108	206
Examinations	33	22
Year abroad and study tours	296	354
Intercollegiate teaching	358	302
Fellowships, scholarships and other fees	2,694	2,459
Published materials	2,073	1,716
Information technology	837	961
Marketing and student recruitment costs	813	564
Student related costs	508	463
Grant to SOAS Students' Union *	150	107
Grant to University of London Students' Union	-	39
Accommodation, catering and conferences	905	1,005
Consumables	197	228
Furniture and equipment	171	125
Hire of plant and equipment - operating leases	502	548
Repairs and maintenance	1,180	1,039
Rent, rates and insurance	620	501
Heat, water and power	807	943
Security, caretaking and cleaning	2,160	2,070
Telecommunications and postage	326	375
Staff recruitment and development	502	419
Student recruitment commission	461	521
University of London Fee	498	433
Subscriptions	405	418
Professional fees	896	634
Auditor's remuneration - audit fee	62	43
Auditor's remuneration - other	2	2
Legal fees	64	144
Enterprise contracts	357	313
Other expenses	1,854	1,413
	24,141	22,697

*In addition to the grant provided to the SOAS Students' Union of £150k, 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 £639k in 2014 [2013: £616k].

8. INTEREST PAYABLE

Interest payable on bank loans and other loans	249	264
	249	264

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	2014 £'000	2013 £'000 (Restated)
Academic departments	28,916	4,698	-	-	33,614	31,601
Academic services	5,224	3,037	-	829	9,090	8,737
Central administration and services	7,136	2,382	-	601	10,119	9,782
General education expenditure	1,287	4,687	-	-	5,974	4,625
Staff and student facilities	592	684	-	-	1,276	1,261
Repairs and maintenance	-	1,180	-	-	1,180	1,039
Premises other expenditure	507	4,363	249	3,143	8,262	7,425
Residences, catering and conferences	-	1,325	-	-	1,325	1,482
Research grants and contracts	2,020	1,427	-	-	3,447	3,168
Other expenditure	210	358	-	-	568	438
Total per income and expenditure account	45,892	24,141	249	4,573	74,855	69,558

Staff costs include £672,000 of restructuring costs (2013: £368,000).

The depreciation charge has been funded by:	Note	2014 £'000	2013 £'000
Revaluation reserve released	19	204	204
Deferred capital grants and gifts released	1, 4	1,131	1,153
General reserves		3,238	2,658
		4,573	4,015

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 2013						
Valuation	-	-	-	24,250	-	24,250
Cost	-	3,341	11,624	50,134	8,058	73,157
Total	-	3,341	11,624	74,384	8,058	97,407
Additions	330	5,235	-	31	973	6,569
Disposals	-	-	-	(503)	(1,066)	(1,569)
Transfers	-	(2,443)	-	2,443	-	-
At 31 July 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
Depreciation						
At 1 August 2013						
Charge for year	-	-	109	3,034	1,430	4,573
Eliminated in respect of disposals	-	-	-	(503)	(1,066)	(1,569)
At 31 July 2014						
	-	-	1,390	19,447	4,668	25,505
Net book value						
At 31 July 2014	330	6,133	10,234	56,908	3,297	76,902
At 31 July 2013	-	3,341	10,343	57,468	3,754	74,906

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 2014 was £3,113,000 (2013: £3,151,000).

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. These additions have been capitalised for the first time in 2014 as the cumulative balance is now material.

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

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 £27m.

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.

Deferred Capital Gifts

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

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

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

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 £23,000 for the year ended 31 July 2014 (2013: surplus of £77,000). At the 31 July 2014, LMEI had reserves of £162,000 (2013: £139,000). During the year, costs of £88,000 were recharged to the LMEI (2013: £56,000) and at 31 July 2014 £10,000 was owed to SOAS (2013: £12,000).

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 £150,000 per annum, of which £50,000 is funded by income from endowments.

Notes to the accounts – continued

12. ENDOWMENT ASSETS	2014	2013
	£'000	£'000
Balance at 1 August	20,785	20,201
Net (deductions) / additions to investments	10,573	(1,393)
Increase in market value of investments	57	2,655
Movement in cash balances held at SOAS	238	(678)
Balance at 31 July	31,653	20,785
Fixed interest stocks – fund manager	5,117	3,003
Equities – fund manager	20,359	13,117
Property – fund manager	294	267
Bank balances – fund manager	2,426	1,179
Bank balances – SOAS	3,457	3,219
Total endowment assets	31,653	20,785

13. DEBTORS

Amounts falling due within one year:		
General debtors less provision for bad debts	1,834	1,837
Research grants and contracts in arrears	500	736
Prepayments and accrued income	1,056	996
Staff loans	130	135
	3,520	3,704

Notes to the accounts – continued

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014	2013
	£'000	£'000
Bank loans repayable within one year	535	544
Trade creditors and accruals	6,266	6,547
Other creditors	1,476	1,664
Taxation and social security	1,056	1,033
Research grants and contracts in advance	1,965	1,642
Deferred income	7,129	6,536
	18,427	17,966
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Barclays Bank unsecured loan at LIBOR plus 0.28% (variable interest rate) repayable by July 2031	7,846	8,308
University of London grant for development of MSc Finance and Financial Law	381	381
Salix Interest Free Energy Efficiency Loan	138	144
	8,365	8,833
Less due within one year	(535)	(544)
	7,830	8,289

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 £2,080,000 (2013: £2,240,000) 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. £106,000 (2013: £111,000) 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 (2013: £81,000) of interest expense in the accounts relates to interest paid on the swap contract.

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

	2014	2013
	£'000	£'000
The principal on loans is repayable as follows :		
In one year or less	535	544
Between one and two years	494	513
Between two and five years	1,417	1,395
In more than five years	5,919	6,381
	8,365	8,833
Less due within one year	(535)	(544)
	7,830	8,289

16. RELATED PARTY TRANSACTIONS

Mr D East and Ms L Edwards served as Trustees of the SOAS Student's Union during 2013–14. During the year the School paid a grant of £150,000 (2013: £108,000) to SOAS Students' Union which is a registered charity.

Expenses amounting to £1,224 were reimbursed to 3 Governors during the year (2013: 1 Governor - £374).

No payments were made to Governors for serving as a trustee during the year (2013: Nil).

No payments to Governors were made for services, other than under a contract of employment, during the year (2013: 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

	2014	2013
	£'000	£'000
Deferred capital gifts:		
At 1 August	7,568	7,696
Received during the year	468	35
Released to income and expenditure account	(143)	(163)
At 31 July	7,893	7,568
Funding Council capital grants :		
At 1 August	9,058	9,685
Received during the year	291	363
Released to income and expenditure account	(988)	(990)
At 31 July	8,361	9,058
	16,254	16,626

Notes to the accounts – continued

18. ENDOWMENTS	Restricted Permanent £'000	Restricted Expendable £'000	Total £'000
<hr/>			
At 1 August 2013			
Capital	17,118	2,494	19,612
Accumulated income	807	366	1,173
	17,925	2,860	20,785
<hr/>			
New endowments	9,801	2,667	12,468
<hr/>			
Investment income	471	34	505
Expenditure	(398)	(1,764)	(2,162)
Net transfer to income and expenditure account	73	(1,730)	(1,657)
<hr/>			
Increase in market value of investments	47	10	57
<hr/>			
At 31 July 2014	27,846	3,807	31,653
<hr/>			
Represented by :			
Capital	26,966	3,407	30,373
Accumulated income	880	400	1,280
	27,846	3,807	31,653
<hr/>			

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 2013 £'000	Net income reinvested / new donations £'000	Unrealised gain £'000	Value at 31 July 2014 £'000
Alphawood	Permanent	-	8,971	(37)	8,934
	Expendable	-	812	-	812
		-	9,783	(37)	9,746
Al Jaber Chair in Middle East Studies	Permanent	2,972	(10)	24	2,986
King Fahd Chair	Permanent	2,354	2	18	2,374
Fereydoun Djam Endowment Fund	Permanent	2,438	2	20	2,460
Khalili Chair	Permanent	1,546	(5)	13	1,554
Council for World Mission	Permanent	1,542	(8)	13	1,547
Numata Fund	Permanent	1,505	384	15	1,904
Buddhist Studies	Permanent	1,409	(15)	11	1,405
Zoroastrian Professorship Fund	Permanent	1,890	473	35	2,398
Korea Studies Fund	Endowment	1,134	24	10	1,168
		16,790	10,630	122	27,542

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 to make 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	2014	2013
	£'000	£'000
At 1 August and 31 July	20,407	20,407
<hr/>		
Contributions to depreciation		
At 1 August	4,350	4,146
Released in year	204	204
At 31 July	4,554	4,350
<hr/>		
Net revaluation amount		
At 31 July	15,853	16,057

Notes to the accounts – continued

20. GENERAL RESERVE	Note	2014 £'000	2013 £'000
Balance at 1 August		43,583	42,575
(Deficit) / surplus for the year retained within general reserves		(421)	762
Release from revaluation reserve to fund depreciation charge	19	204	204
Increase in market value of investments		-	42
Balance at 31 July		43,366	43,583

21. FINANCIAL AND CAPITAL COMMITMENTS

At 31 July 2014 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		560	552

At 31 July 2014 the School had the following capital commitments in relation to the purchase of fixed asset property additions:

Approved and contracted		2,576	4,944
Approved but not contracted		29,739	28,828
		32,315	33,772

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

		(Restated)	
Deficit after depreciation of assets at valuation before and after tax		(2,078)	(217)
Depreciation charges		4,573	4,015
Deferred capital grants released to income		(988)	(990)
Deferred capital gifts released to income		(143)	(163)
Investment income		(747)	(730)
Interest payable		249	264
Decrease in debtors		184	902
Increase in creditors		470	924
Heritage assets donated		(330)	-
Net cash inflow from operating activities		1,190	4,005

Notes to the accounts – continued

23. GROSS CASH FLOWS	2014 £'000	2013 £'000
Returns on investments and servicing of finance		
Income from investments	505	468
Income from short term deposits	242	262
Interest paid	(249)	(264)
	498	466
Capital expenditure and financial investment		
Payments to acquire tangible assets	(6,239)	(6,555)
(Payments to acquire) / Receipts from endowment assets	(8,411)	9,920
Endowment donations received	12,468	1,062
Payments from endowments	(2,162)	(1,078)
Deferred capital gifts and grants received	759	398
	(3,585)	3,747
Management of liquid resources		
Transfers to short term deposits	(4,791)	(9,216)
Financing		
Loan drawdown	87	-
Loan repayments	(555)	(544)
	(468)	(544)

Notes to the accounts – continued

24. ANALYSIS OF CHANGES IN FUNDS

	Note	At 1 August 2013 £'000 (Restated)	Cash Flows £'000	Other non cash changes £'000	At 31 July 2014 £'000
Cash in hand and at bank		22,086	(7,394)	-	14,692
Endowment asset cash	12	3,219	238	-	3,457
		25,305	(7,156)	-	18,149
Cash and short term deposits		1,825	4,791	-	6,616
Debt due within one year	14	(544)	544	(535)	(535)
Debt due after one year	15	(8,289)	(76)	535	(7,830)
		18,297	(1,897)	-	16,400

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.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum

Notes to the accounts – continued

(with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

At the valuation date, 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.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March

2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the scheme's liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

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

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date of 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Notes to the accounts – continued

Normal pension age

The normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS section members and CRB section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

At 31 March 2014, USS had over 162,000 active members and the School had 898 active members participating in the scheme.

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

Notes to the accounts – continued

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.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of salaries and 6% of salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

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). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE", benefit structure) to SAUL's benefit structure will apply from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

The total pension cost for the School was:	Note	2014 £'000	2013 £'000
Contributions to SAUL		738	719
Contributions to USS		5,971	5,388
Total pension cost		6,709	6,107

26. ACCESS TO DISCRETIONARY SUPPORT FUNDS

Balance unspent at 1 August	-	1
Funding Council grants	67	52
Disbursed to students	(67)	(53)
Balance retained at 31 July	-	-




Access to Discretionary Support Fund grants are available solely for students; the School acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.





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Archives and Special Collections:
opening pages of Shams al-Dīn
Muḥammad Ḥāfiẓ Shīrāzī, *Divan*
(collected poems)

Persian. Iran, Shiraz, 16th century
(ca. 1525). H 20.8 x W 12.2 cm. SOAS
Library MS 25292, fols. 2v-3r. Donated
by Mr R.S. Greenshields, 1931.