

# Hertford College

Annual Report and Financial Statements

Year ended 31st July 2016

**Hertford College**  
**Annual Report and Financial Statements for the year ended 31st July 2016**

---

**CONTENTS**

Governing Body, Officers and Advisers	<b>2</b>
Report of the Governing Body	<b>5</b>
Auditor's Report	<b>13</b>
Consolidated Statement of Financial Activities	<b>20</b>
Consolidated and College Balance Sheets	<b>22</b>
Consolidated Statement of Cash Flows	<b>23</b>
Notes to the Financial Statements	<b>24</b>

**Hertford College**  
**Governing Body, Officers and Advisers**  
**Year ended 31st July 2016**

---

**MEMBERS OF THE GOVERNING BODY**

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

<b>Governing Body Fellow</b>	<b>College Officers</b>	<b>In year change</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
Professor L F Alday				•				
Dr D Ashournia						•		
Professor R N E Barton								
Professor J H Bayley								
Professor A Bogg				•				•
Professor C D Brewer	Senior Tutor and Editor of the College Magazine		•		•	•		
Dr P A Bull								
Dr E Chatzis							•	•
Professor Z F Cui								
Professor Dame K Davies								
Professor A Doucet								
Dr D Dwan	Secretary to the GB							
Professor R F Foster				•				
Professor B M Frellesvig								
Dr D Gill								
Professor D Greaves								
Dr D M Hopkin					•			
Mr W N Hutton	Principal		•	•	•	•	•	
Dr J Kiaer								
Dr A G Lauder	Dean of Degrees							
Mr J P Lazarus	Bursar			•	•	•	•	•
Dr J Lorimer						•		
Dr K Lunn-Rockliffe								
Professor M Maiden	Tutor for Graduates		•					•
Professor P J R Millican						•		
Dr S J New				•				
Dr O J Noble Wood	Fellow Librarian							

**Hertford College**  
**Governing Body, Officers and Advisers**  
**Year ended 31st July 2016**

---

Governing Body Fellow	College Officers	In year change	(1)	(2)	(3)	(4)	(5)	(6)
Dr C Redford								
Professor P F Roche	Investment Bursar			•	•	•		
Professor R Sitsapesan			•					
Professor E Smith	Tutor for Women				•	•		
Professor G Sternberg			•					
Ms J Thaxton	Director of Development				•			
Professor D Thomas								
Professor C Tyerman	Tutor for Graduates and Archivist							
Professor C Vallance			•					
Professor T Wilson					•			
Professor M Wooldridge	SCR Steward							•
Dr A C S Woollard	Dean					•	•	
Dr A Young			•					
Dr R G Zubek				•				

During the year the activities of the Governing Body were carried out through six committees. The membership of these committees during the academic year 2015/16 is shown above for each Fellow.

- (1) Academic Committee
- (2) Treasury Committee
- (3) Development Committee
- (4) General Purposes Committee
- (5) Domus Committee
- (6) IT Committee

**COLLEGE SENIOR STAFF**

The senior staff of the College to whom day to day management is delegated and who are regarded as Key Management Personnel are as follows.

Deputy Bursar	<i>Graham May</i>
Home Bursar	<i>Dr Andrew Beaumont</i>
Registrar and Director of Admissions	<i>Dr Matthew Hiscock</i>

## **COLLEGE ADVISERS**

### **Investment managers**

Rathbones Investment Management Ltd  
1 Curzon Street  
London  
W1J 5FB

### **Auditor**

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

### **Bankers**

Barclays Bank PLC  
Oxford City Branch  
PO Box 333  
Oxford OX1 3HS

### **Solicitors**

Darbys Solicitors LLP  
Midland House,  
West Way,  
Botley,  
Oxford, OX2 0PH

### **College address**

Hertford College  
Catte street  
Oxford OX1 3BW

### **Website**

*[www.hertford.ox.ac.uk](http://www.hertford.ox.ac.uk)*

## **REPORT OF THE GOVERNING BODY**

The Members of the Governing Body present their Annual Report for the year ended 31st July 2016 under the Charities Act 2011 together with the audited financial statements for the year.

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The Principal Fellows and Scholars of Hertford College in the University of Oxford, which is known as Hertford College (“the College”), is an eleemosynary chartered charitable corporation aggregate. The College was founded by an Act of Parliament in 1874 that incorporated Magdalen Hall as Hertford College. An Act of Parliament of 1816 had granted Magdalen Hall the site and residual possessions of an earlier, by then defunct, Hertford College. This had received a Royal Charter in 1740, being the successor to Hart Hall which claimed its origins in a hall of residence established by Elias de Hertford c. 1282. The College registered with the Charities Commission on 17th August 2010 (registered number 1137527).

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of advisers of the College, are given on pages 2 to 3.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing documents**

The College is governed by its Statutes made under the provision of the Oxford and Cambridge act 1923 and approved by Order in Council on 12th October 2011.

#### **Governing Body**

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Chancellor of The University of Oxford. New members of the Governing Body are elected by the votes of not less than two thirds of the total number of Fellows and with the consent of the Principal.

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

#### **Recruitment and training of Members of the Governing Body**

New Members of the Governing Body are inducted into the workings of the College, including Governing Body policy and procedures, by the Principal and Bursar.

Members of the Governing Body can attend trustee information briefings to keep them informed of their duties as trustees and about regulatory requirements.

#### **Remuneration of Members of the Governing Body and Senior College Staff**

Those members of the Governing Body who are primarily Fellows are teaching and research employees of the College and or University and receive no remuneration or benefits from their trusteeship of the College. Those members that are also employees of the College receive remuneration for their work as employees of the College which is set in accordance with the advice of the College’s Remuneration Committee. Where possible, remuneration is set in line with that awarded to the University’s academic staff. All staff are all remunerated at a level which equals or exceeds the National Living Wage.

The remuneration of senior college staff is set by the Treasury Committee in line with guidelines set by the Remuneration Committee by reference to the annual (anonymised) survey of College Officers and Fellows’ Benefits conducted by the University and Conference of Colleges.

## **Organisational management**

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

- Academic Committee: advises and reports to Governing Body on all matters relating to academic policy and has oversight of the academic reputation of the College in all its aspects.
- Treasury Committee: has oversight of the College's finances and investments and reports to Governing Body on the effectiveness and propriety of the College's financial management.
- Development Committee: leads on the development of the strategy for the College's development activities, identifies funding priorities within the framework of the College's strategic plan and liaises with the Academic Committee to oversee the performance and financial management of the Development Office.
- General Purposes Committee: receives reports from and provides support to the Principal on College business in his role as its representative within the University and the wider world. The Committee receives nominations for College Offices and the membership of committees.
- Domus Committee: has oversight of the domestic management of the College.
- Remuneration Committee: consists of four persons not in receipt of remuneration from the College of which three are not members of Governing Body. The Committee makes recommendations to the Governing Body on Fellows' allowances and College Officers' stipends.
- IT Committee: formulates and maintains a College IT Strategy for approval by the Governing Body.

The day-to-day running of the College is delegated to the Bursar, supported by the Deputy and Home Bursars. The Bursar attends all meetings of the Governing Body's Committees.

## **Group structure and relationships**

The College administers a number of special trusts, as detailed in Notes 16 and 17 to the financial statements.

The College has a wholly-owned non-charitable subsidiary, Hertford College Programmes, which started trading on 1st August 2010 and whose annual profits are donated to the College under the Gift Aid Scheme. The subsidiary's trading activities primarily comprise conferences and English Language programmes which use the College's facilities when not in use by the College. The subsidiary's aims, objectives and achievements are covered in the relevant sections of this report.

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

## **OBJECTIVES AND ACTIVITIES**

### **Charitable Objects and Aims**

The College's Objects are to advance public learning by the provision of a college in the University of Oxford.

The Governing Body has considered the Charity Commission's guidance on public benefit and, in keeping with its objects, the College's aims for the public benefit are to:

- Promote excellence in undergraduate education, including pastoral and academic support,
- Make that excellence accessible to all who can benefit from it regardless of their social or economic background,
- Provide pastoral and academic support to graduate students, and
- Promote excellence in research on the part of its Fellows and Stipendiary Lecturers.

**HERTFORD COLLEGE**  
**Report of the Governing Body**  
**Year ended 31st July 2016**

---

The aim of the College's subsidiary is to help to fund the achievement of the College's aims as above.

The College remains committed to the aim of providing public benefit in accordance with its founding principles. The College's Public Benefit Statement is published on the College website.

The College advances public learning by providing higher education to undergraduate and postgraduate students within Oxford University and by supporting the pursuit of publicly disseminated research. The College currently has approximately 404 undergraduates, 247 postgraduates, and 41 fellows who have contractual obligations to teach and to research. The College provides public benefit by offering higher education to its undergraduates, much of it via the tutorial system which provides the opportunity to meet with a tutor on a weekly basis during term time. In addition, the College provides classes, seminars and other forms of teaching as appropriate, in conjunction with the University's departments. To support student learning, the College also provides the use of the College's library and accommodation and actively promotes the wider cultural and social education of its students through the provision of computer, sports, careers advice and other facilities.

Graduates at the College form an important part of the academic community. While they are taught at their University Faculty, every graduate student is assigned a College Graduate Adviser who provides pastoral support.

The College also advances research in a range of disciplines by employing academics who have a contractual obligation to undertake published research, and providing them with a supportive academic atmosphere, including the provision of research grants, library and computer facilities, office accommodation and meals. The high levels of research activity by College fellows have been audited by the 2014 Research Excellence Framework; research is disseminated through published papers, books, websites and lectures. The College supports the research of academics who, at the beginning of their careers, have already shown outstanding promise in their chosen field of research by providing a fully funded Junior Research or Career Development Fellowship for a period of up to three years to enable the holders to concentrate solely on their topic of research.

The College offers undergraduate places on the basis of academic merit. The College aims to attract the students who are most able to benefit from an Oxford education regardless of sex, gender, income, ethnic origin, religion, previous educational opportunity, or disability, and actively works to recruit students from non-traditional backgrounds by encouraging applications from under-represented groups.

Financial support is available to undergraduates from the UK or the EU to assist them with the costs of tuition fees and living costs whilst at the College. In addition to the student loans provided by the Student Loans Company that are available to undergraduates from within the EU, other financial support from the University and the College is available to undergraduates who are from households where income is below a certain level.

- **Fee waivers** are provided to UK and EU undergraduates whose household income is assessed to be less than £25,000 a year. In 2015/16, fee waivers for Hertford undergraduates totaled £36k.
- **Oxford Bursaries** are available to UK undergraduates from households assessed as having a sufficiently low income. In the 2015/16 academic year, 96 of the College's undergraduates received an Oxford Opportunity Bursary funded jointly by the University and the College.
- In 2011/12 the College introduced a **Hertford Undergraduate Bursary** of £1,000, payable to most undergraduates eligible for an Oxford Opportunity Bursary. This bursary was extended to EU students in 2012/13. In 2015/16, 94 Hertford students were eligible for the Hertford Undergraduate Bursary and £93k was awarded, funded by donations.
- The College has a **Student Support Fund** which makes grants to both undergraduate and graduate students who experience unexpected financial hardship. In 2015/16 the College distributed £27k to support students in this way.
- The College supports the cost of accommodation in Oxford for undergraduates studying for their course during the vacation. The total cost of the **Academic Vacation Grant** in 2015/16 was £62k.



## HERTFORD COLLEGE

### Report of the Governing Body

Year ended 31st July 2016

---

Graduate funding is available for some studies and for the most able there are a limited number of scholarship funds available for which graduates may apply, which are administered by the University, the College or other sources. The College awards Senior Scholarships each year which are open to any student reading for a higher degree in Oxford. In 2015/16 Senior Scholarships totalled £132k. In addition, there were other awards totalling £63k. Academic prizes totalling £22k were awarded to undergraduates and graduates at the College. Prizes are awarded on the basis of academic excellence and they serve to encourage academic endeavour at the College. The College also advances education for its graduates and undergraduates by providing travel and academic grants totalling £22k to meet costs involved in undertaking research and presenting papers at conferences.

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

### ACHIEVEMENTS AND PERFORMANCE

The College set two key objectives in 2011/12. The objectives and the College's progress in achieving them in 2015/16 are summarised below:

#### **1. Implement the College's academic strategy, incorporating the outcomes of the admissions review, and take forward the agreed recommendations.**

The College completed a comprehensive review of academic strategy including admissions and outreach activities and a number of recommendations were approved by the Governing Body. As a result (in 2012/13), the College created two new posts: an Academic Registrar and Director of Admissions, who assumed many of the day-to-day responsibilities of the Senior Tutor and Tutor for Admissions, and an Outreach Officer, who is a Career Development Fellow and member of Governing Body with the responsibility for leading the College's outreach and access activities while also pursuing their own research. The first Outreach Officer completed a very successful 2 years at the College before securing an external appointment. His successor Dr Catherine Redford started in January 2015. Dr Redford made concerted and successful efforts to get work under way with some of the hardest to reach schools in our link areas; there was an increased emphasis on travelling out to schools in those areas. The College continued to develop the range of schools it works with (via alumni who are teachers, by supporting work done by other colleges with their linked schools, and by supporting work done by departments and faculties). We improved and expanded our 'Stretch Days', and, most importantly, we piloted the Access Summer School, a new initiative in which we give up to 40 students direct exposure to the Oxford academic experience.

Hertford College continued to make significant contributions to university-sponsored access and outreach initiatives (UNIQ and Pathways in particular), and we maintained a strong relationship with Into University (the organisation Oxford University is working with to meet the new OFFA target relating to younger students). About 33 schools brought groups of students to Hertford for full Taster Days and another 42 (a conservative estimate) for shorter interactions. Individual students from at least another 33 schools attended multi-school events or tours open to all potential applicants. We have also made outreach visits to 32 schools, 6 Careers/HE Fairs and 5 multi-school events for gifted and talented students. With support from a significant donation, the College undertakes outreach in Computer Science and Philosophy.

The College is seeking to raise the standard of academic provision for undergraduates and graduates, to improve the overall student experience, and to increase the proportion of students applying to the College from non-traditional schools. It is encouraged by continuing strong academic performance by finalists and an increase in strong applications from state schools. The College is pleased to announce that 70% of its intake of British students for the coming academic year is from non-independent schools.

In accordance with its strategy, the College has strengthened the Fellowship with a number of new appointments, including 3 new Junior Research Fellows who joined Hertford on 1st October 2015. Professor Ian McBride was appointed the first Foster Professor in Irish History to succeed Professor Roy Foster who retires in September 2016.

The College is investing to enhance the experience of graduate students: steps taken include the funding of new scholarships to bring the total to over 20, and a range of measures to deepen the relationship with its graduates and provide opportunities for them to broaden their academic experience.

## **2. Implement an enhanced development strategy.**

The Development Office has organised its fund-raising priorities around three main themes to mirror the College's academic, outreach and estates strategies: Student Support (encompassing student bursaries, hardship grants, scholarships and outreach), Teaching and Research (including student research grants), and College Life (maintaining buildings and facilities, and supporting extra-curricular activities, including sports and music). Our programme of events and initiatives to build stronger relationships with our alumni included a week-end family day, our annual summer and winter parties hosted by an alumnus, celebrating the 50 year anniversary of the launch of the Tanner Scheme to promote access (including an exhibition of 21 photo portraits of students who had benefited from the scheme), and the "Tour de Hertford" cycle ride (from coast to coast) following on from our highly successful Hertford Bridge to Venice's Bridge of Sighs cycle ride in 2014. We created London-based breakfast events and college-based dinner events. Visits were made to the Channel Islands, Edinburgh, Glasgow, and North America (where 10 per cent of our donors live and work). We repeated our John Donne Dinner to celebrate benefactors and help those on the edge of giving, and developed more sophisticated techniques to guide and focus our efforts. As we report below while donations and legacies totalled £590K, encouragingly the number of donors rose to 746 compared to 556 the preceding year – a sign that our donation base is widening.

## **FINANCIAL REVIEW**

The Financial Statements for 2015/16 now follow the requirements of FRS102, the most significant of which is the creation of a Provision for Defined Benefit Pension Scheme Liability which sets aside the College's share of the actuarially-determined shortfall of the two College Pension Schemes, OSPS and USS (see Note 20 on page 35). This provision rose by £113k in the year to a total of £1,533k.

The College's consolidated total funds (before deducting the above-mentioned Provision) increased by £2.8m in the year to £73.1m at 31st July 2016. Unrestricted Funds rose by £101k to £15.9m. Restricted Funds increased by £163k to £1.1m and Endowed Funds grew by £2.6m to £56m.

The College's incoming resources were £10.8m or £535k higher than the previous year: teaching, research and residential income was £133k higher, and investment income were also higher (by £44k) than the previous year. Tuition and research income was £3,120k, an increase of £95k, reflecting in most part small changes in per capita income for students. Residential income was up by £38k. Income from non-charitable trading activities was £2,825k, an increase of £302k on the previous year. Bookings for English language (EFL) programmes were again at high levels as a number of new customers were secured and some existing customers returned in higher numbers. Expenditure was also higher due to activity related costs, particularly temporary staff, and increased costs of fund raising.

At the same time, resources expended before investment gains increased by £732k to £10.8m. Expenditure on charitable activities was £8,145k, an increase of £550k. Total staff costs were £5,491k, £209k higher than the previous year. The deficit on charitable activities increased by £417k to £2,500k.

The College's trading subsidiary, Hertford College Programmes recorded a pre-tax profit of £769k, up £77k on the previous year, which was donated to the College under gift aid.

Legacies and donations totalled £590k, £44k more than the previous year. The cost of raising funds was £553k, £8k higher than the previous year due to the higher number of fund raising and alumni events, travel and other activities.

Cash fell by £1,877k to £1,991k: there was an operational cash outflow of £709k (against an outflow in 2014/15 of £1,205k). Capital investment totalled £1,561k with continuing investment in residential accommodation (11 Winchester Road) and refurbishment of other premises. £197k was realised from the sales of investments and almost all of investment income was reinvested, as in earlier years.

### **Reserves policy**

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

The College's free reserves at the year-end amounted to £2,402k (2015: £2,766k), representing retained unrestricted income reserves, excluding an amount of £10,487k for the book value of fixed assets and the reserve against future Pension Deficits required by the implementation of FRS102. The College will be working carefully to ensure that the Reserves target is met in future.

Designated reserves at the year-end comprised £500k for the Undergraduate Bursary Fund which guarantees a minimum of five years' funding for the scheme including donations received to date; and £54k for graduate scholarships. The Infrastructure Modernisation Reserve has been transferred into General Reserves pending the creation of a new long-term Estates Strategy, a project upon which the College is currently working.

Total funds of the College and its subsidiary at the year-end amounted to £73.1m (2015: £70.2m). This includes endowment capital of £55.9m and unspent restricted income funds totalling £1.1m

### **Risk management**

The College has on-going processes which operated throughout the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College and its subsidiary in undertaking their activities. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Principal. Financial risks are assessed by the Treasury Committee and investment risks are monitored by the Investment Committee. In addition, the Domestic Bursar and domestic staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are made available to Trustees and members of staff to enhance their skills in risk-related areas.

The Governing Body, who have ultimate responsibility for managing any risks faced by the College, have reviewed the processes in place for managing risk and the principal identified risks to which the College and its subsidiary are exposed and have concluded that robust systems are in place to manage these risks. The principal risks and uncertainties faced by the College and its subsidiary that have been identified are categorised as follows:

- Governance risks – e.g. inappropriate organisational structure, difficulties recruiting trustees with relevant skills, conflict of interest;
- Operational risks- e.g. service quality and development, contract pricing, employment issues; health and safety issues; fraud and misappropriation;
- Financial risks- e.g. accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources, investment management;
- External risks- e.g. public perception and adverse publicity, demographic changes, government policy; and
- Compliance with law and regulation - e.g. breach of trust law, employment law, and regulative requirements of particular activities such as fund-raising.

Strategies for managing the risks identified by the College as described above include, for example:

- Establishing the appropriate committees responsible for formulating recommendations to Governing Body;
- Providing appropriate training to all members of staff and at the induction of new Fellows;
- Ensuring accountability of College Officers to the appropriate committee and for the committees in turn to be accountable to the Governing Body;

## **HERTFORD COLLEGE**

### **Report of the Governing Body**

**Year ended 31st July 2016**

---

- Developing and implementing key policies across the main areas of activity of the College, including, for example, admissions policy, health & safety policy, and information security policy; and
- Ensuring the appropriate insurance policies are in place and reviewed regularly.

The College identifies and regularly and systematically reviews the risks it faces, the potential impact of each risk, the likelihood of recurrence, the severity of impact, and the steps taken to mitigate each particular risk and records this process in its Risk Register, which is regularly reviewed by the Treasury Committee and approved by Governing Body.

### **Investment policy, objectives and performance**

The College's Statement of Investment Principles is published on its web site. In summary, the College aims to manage its investments to:

- Generate income to support the College's charitable educational aims,
- Improve the educational experience of current and future generations of students and to pursue excellence in scholarship by means of teaching and research and the provision of the cultural and social context which supports this, and
- Produce the optimal sustainable return given the college's low risk tolerance and to preserve the value of investments against the threat of inflation over the long term.

The investment strategy and performance is monitored by the Investment Committee which in turn reports to the College's Treasury Committee. At the year end, the value of the College's investments was £63.3m (of which £55.9m represents endowed funds) an increase of £4.3m on the previous year, including £1.7m of reinvested income and a £2.8m (4.8%) increase in capital value. The total investment income was c.2.9% over the year.

Investment income was £1,784k, an increase of £44k on the previous year.

The carrying value of the preserved permanent capital was taken as the open market values of these funds as at 1 August 2002 together with the original gift value of all subsequent endowment received.

### **FUTURE PLANS**

The College plans to build on the achievements of the last year, to continue to refine and implement its academic strategy, to sustain its undergraduate intake from the state sector while not compromising its commitment to academic excellence and make further progress in developing a much improved academic and college experience for graduates that will move the college more akin to a full-fledged graduate school. In addition, it aims to raise funds to endow key teaching posts, improve its estate and fund student support, stewarding its finances to ensure it is well placed to manage what are anticipated to be much more difficult years ahead.

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

### **STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

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

Charity law requires the Governing Body to prepare financial statements for each financial year. Under that law the Governing Body have prepared the financial statements in accordance United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

**HERTFORD COLLEGE**  
**Report of the Governing Body**  
**Year ended 31st July 2016**

---

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

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue to operate.

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

Approved by the Governing Body on 30th November 2016 and signed on its behalf by:

Mr W Hutton  
Principal

## **HERTFORD COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2016**

---

### **Independent Auditor's Report to the Members of the Governing Body of Hertford College**

We have audited the financial statements of Hertford College for the year ended 31 July 2016 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's trustees as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

#### **Scope of the audit of the financial statements**

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

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2016 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Matters on which we are required to report by exception**

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

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or

**HERTFORD COLLEGE**

**Statement of Accounting Policies**

**Year ended 31 July 2016**

---

- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Crowe Clark Whitehill LLP**

Statutory Auditor

**London**

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

**Statement of Accounting Policies**

**1. Scope of the financial statements**

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement of Cash Flows for the College and its wholly owned subsidiary Hertford Programmes Limited. The subsidiary has been consolidated from the date of its formation being the date from which the College has exercised control through voting rights in the subsidiary. No separate SOFA has been presented for the College alone as currently permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements.

**Basis of accounting**

The College's individual and consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The College is a public benefit entity for the purposes of FRS 102 and a registered charity. The College has therefore also prepared its individual and consolidated financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (The Charities SORP (FRS 102)).

The College has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 August 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 July 2015. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is provided in note 29.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the measurement of investments and certain financial assets and liabilities at fair value with movements in value reported within the Statement of Financial Activities (SOFA). The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

**2. Accounting judgements and estimation uncertainty**

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Governing Body to have most significant effect on amounts recognised in the financial statements.

The Governing Body, in applying the accounting policies, have included an estimate for the College's share of the USS and OSPS pension scheme liabilities, and an estimate of the useful economic life of its buildings. Otherwise no judgements were required that have a significant effect on the amounts recognised in the financial statements.

**3. Income recognition**

All income is recognised once the College has entitlement to the income, the economic benefit is probable and the amount can be reliably measured.



## **HERTFORD COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2016**

---

#### **Income from fees, HEFCE support and other charges for services**

Fees receivable, less any scholarships, bursaries or other allowances granted from the College unrestricted funds, HEFCE support and charges for services and use of the premises are recognised in the period in which the related service is provided.

#### **Income from donations, grants and legacies**

Donations and grants that do not impose specific future performance-related or other specific conditions are recognised on the date on which the charity has entitlement to the resource, the amount can be reliably measured and the economic benefit to the College of the donation or grant is probable. Donations and grants subject to performance-related conditions are recognised as and when those conditions are met. Donations and grants subject to other specific conditions are recognised as those conditions are met or their fulfilment is wholly within the control of the College and it is probable that the specified conditions will be met.

Legacies are recognised following grant of probate and once the College has received sufficient information from the executor(s) of the deceased's estate to be satisfied that the gift can be reliably measured and that the economic benefit to the College is probable.

Donations, grants and legacies accruing for the general purposes of the College are credited to unrestricted funds.

Donations, grants and legacies which are subject to conditions as to their use imposed by the donor or set by the terms of an appeal are credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where donations are received in kind (as distinct from cash or other monetary assets), they are measured at the fair value of those assets at the date of the gift.

#### **Investment income**

Interest on bank balances is accounted for on an accrual basis with interest recognised in the period to which the interest relates.

Income from fixed interest debt securities is recognised using the effective interest rate method.

Dividend income and similar distributions are recognised on the date the share interest becomes ex-dividend or when the right to the dividend can be established.

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

#### **4. Expenditure**

Expenditure is accounted for on an accruals basis. A liability and related expenditure is recognised when a legal or constructive obligation commits the College to expenditure that will probably require settlement, the amount of which can be reliably measured or estimated.

Grants awarded that are not performance-related are charged as an expense as soon as a legal or constructive obligation for their payment arises. Grants subject to performance-related conditions are expensed as the specified conditions of the grant are met.

All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure categories in the Statement of Financial Activities (the SOFA).

Support costs which includes governance costs (costs of complying with constitutional and statutory requirements) and other indirect costs are apportioned to expenditure categories in the SOFA based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

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

## **5. Leases**

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases. The costs of the assets held under finance leases are included within fixed assets and depreciation is charged over the shorter of the lease term and the assets' useful lives. Assets are assessed for impairment at each reporting date. The corresponding capital obligations under these leases are shown as liabilities and recognised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Lease payments are apportioned between capital repayment and finance charges in the SOFA so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms. Any lease incentives are recognised over the lease term on a straight line basis.

## **6. Tangible fixed assets**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings which is directly attributable to bringing the asset to its working condition for its intended use and amounting to more than £25,000 together with expenditure on equipment costing more than £25,000 is capitalised.

Where a part of a building or equipment is replaced and the costs capitalised, the carrying value of those parts replaced is derecognised and expensed in the SOFA.

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

## **7. Heritage Assets**

The College has chosen to hold heritage assets at cost. The college has a number of assets, including items of art and historic texts that meet the definition of heritage assets under the SORP. The depreciated historic cost of the majority of these items is nil. Items purchased are recognised at cost and items donated to the College are recognised at fair value. The college has taken advantage of the exemption within FRS 102 not to disclose transactions before 1 January 2015 as obtaining fair values for these assets would be impracticable and the cost of obtaining such valuations would outweigh the benefits to the users of these financial statements

## **8. Depreciation**

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

- Freehold properties                      30 years
- Equipment                                      5 years

Freehold land is not depreciated. The cost of freehold land associated with the main historic site is not included in the balance sheet but is not material. The cost of maintenance is charged in the Statement of Financial Activities in the period in which it is incurred.

The costs of major renovation projects which increase the service potential of buildings are capitalised and depreciated over applicable periods

## **HERTFORD COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2016**

---

#### **9. Investments**

Investment properties are initially recognised at their cost and subsequently measured at their fair value (market value) at each reporting date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are initially measured at their cost and subsequently measured at their fair value at each reporting date. Fair value is based on their quoted price at the balance sheet date without deduction of the estimated future selling costs

Investments such as hedge funds and private equity funds which have no readily identifiable market value are initially measured at their costs and subsequently measured at their fair value at each reporting date without deduction of the estimated future selling costs. Fair value is based on the most recent valuations available from their respective fund managers.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the SOFA as 'gains or losses on investments' and are allocated to the fund holding or disposing of the relevant investment.

#### **10. Other financial instruments**

##### **Cash and cash equivalents**

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

##### **Debtors and creditors**

Debtors and creditors receivable or payable within one year of the reporting date are carried at their at transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

#### **11. Stocks**

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

#### **12. Foreign currencies**

The functional and presentation currency of the College and its subsidiaries is the pound sterling.

Transactions denominated in foreign currencies during the year are translated into pounds sterling using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates applying at the reporting date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the reporting date are recognised in the income and expenditure section of the SOFA.

#### **13. Fund accounting**

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

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

Restricted funds comprise gifts, legacies and grants where the donors have earmarked funds for specific purposes. They consist of either gifts where the donor has specified that both the capital and

## **HERTFORD COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2016**

---

any income arising must be used for the purposes given or the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.

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

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

#### **14. Pension costs**

The costs of retirement benefits provided to employees of the College through two multi-employer defined pension schemes are accounted for as if these were defined contribution schemes as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The College's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

In addition, a liability is recognised at the balance sheet date for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

**Hertford College**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2016**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2016 Total £'000	2015 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Charitable activities:</b>	1					
Teaching, research and residential		5,645	-	-	5,645	5,512
Public worship		-	-	-	-	-
Heritage		-	-	-	-	-
<b>Other Trading Income</b>	3	2,825	-	-	2,825	2,523
<b>Donations and legacies</b>	2	443	137	10	590	546
<b>Investments</b>						
Investment income	4	1,537	247	-	1,784	1,740
Total return allocated to income	12	-	-	-	-	-
Other income		31	-	-	31	19
<b>Total income</b>		<b>10,481</b>	<b>384</b>	<b>10</b>	<b>10,875</b>	10,340
<b>EXPENDITURE ON:</b>						
<b>Charitable activities:</b>	5					
Teaching, research and residential		7,903	242	-	8,145	7,595
Public worship		-	-	-	-	-
Heritage		-	-	-	-	-
<b>Generating funds:</b>						
Fundraising		553	-	-	553	545
Trading expenditure		2,001	-	-	2,001	1,811
Investment management costs		140	2	-	142	158
<b>Total Expenditure</b>		<b>10,597</b>	<b>244</b>	<b>-</b>	<b>10,841</b>	10,109
<b>Net Income/(Expenditure) before gains</b>		<b>(116)</b>	<b>140</b>	<b>10</b>	<b>34</b>	231
Net gains/(losses) on investments	10	217	45	2,539	2,801	2,883
<b>Net Income/(Expenditure)</b>		<b>101</b>	<b>185</b>	<b>2,549</b>	<b>2,835</b>	3,114
<b>Transfers between funds</b>	16	-	(19)	19	-	-
<b>Other recognised gains/losses</b>						
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-	-	-	-
<b>Net movement in funds for the year</b>		<b>101</b>	<b>166</b>	<b>2,568</b>	<b>2,835</b>	3,114
Fund balances brought forward	16	15,852	950	53,417	70,219	67,105
<b>Funds carried forward at 31 July</b>		<b>15,953</b>	<b>1,116</b>	<b>55,985</b>	<b>73,054</b>	70,219

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

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>					
<b>Charitable activities:</b>	1				
Teaching, research and residential		5,512	-	-	5,512
Public worship		-	-	-	-
Heritage		-	-	-	-
<b>Other Trading Income</b>	3	2,523	-	-	2,523
<b>Donations and legacies</b>	2	156	235	155	546
<b>Investments</b>		-	-	-	-
Investment income	4	1,519	221	-	1,740
Total return allocated to income	12	-	-	-	-
Other income		19	-	-	19
<b>Total income</b>		<u>9,729</u>	<u>456</u>	<u>155</u>	<u>10,340</u>
<b>EXPENDITURE ON:</b>					
<b>Charitable activities:</b>					
Teaching, research and residential		7,273	322	-	7,595
Public worship		-	-	-	-
Heritage		-	-	-	-
<b>Generating funds:</b>					
Fundraising		545	-	-	545
Trading expenditure		1,811	-	-	1,811
Investment management costs		156	2	-	158
<b>Total Expenditure</b>		<u>9,785</u>	<u>324</u>	<u>-</u>	<u>10,109</u>
<b>Net Income/(Expenditure) before gains</b>		<u>(56)</u>	<u>132</u>	<u>155</u>	<u>231</u>
Net gains/(losses) on investments	10	144	41	2,698	2,883
<b>Net Income/(Expenditure)</b>		<u>88</u>	<u>173</u>	<u>2,853</u>	<u>3,114</u>
<b>Transfers between funds</b>	16	(19)	(1)	20	-
<b>Other recognised gains/losses</b>					
Gains/(losses) on revaluation of fixed assets		-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-	-	-
<b>Net movement in funds for the year</b>		<u>69</u>	<u>172</u>	<u>2,873</u>	<u>3,114</u>
Fund balances brought forward	16	15,783	778	50,544	67,105
<b>Funds carried forward at 31 July</b>		<u>15,852</u>	<u>950</u>	<u>53,417</u>	<u>70,219</u>

**Hertford College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2016**

	Notes	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	11,464	10,487	11,464	10,487
Heritage assets	10	-	-	-	-
Property investments	10	-	-	-	-
Other Investments	10	63,253	58,937	63,253	58,937
<b>Total Fixed Assets</b>		<b>74,717</b>	<b>69,424</b>	<b>74,717</b>	<b>69,424</b>
<b>CURRENT ASSETS</b>					
Stocks		26	25	26	25
Debtors	12	504	432	369	284
Investments		-	-	-	-
Cash at bank and in hand		1,991	3,868	1,924	3,688
<b>Total Current Assets</b>		<b>2,521</b>	<b>4,325</b>	<b>2,319</b>	<b>3,997</b>
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	13	2,651	2,110	2,450	1,782
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>(130)</b>	<b>2,215</b>	<b>(131)</b>	<b>2,215</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>74,587</b>	<b>71,639</b>	<b>74,586</b>	<b>71,639</b>
<b>CREDITORS: falling due after more than one year</b>	14	-	-	-	-
<b>Provisions for liabilities and charges</b>	15	-	-	-	-
<b>NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY</b>		<b>74,587</b>	<b>71,639</b>	<b>74,586</b>	<b>71,639</b>
Defined benefit pension scheme liability	20	1,533	1,420	1,533	1,420
<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<b>73,054</b>	<b>70,219</b>	<b>73,053</b>	<b>70,219</b>
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>		<b>55,985</b>	<b>53,417</b>	<b>55,985</b>	<b>53,417</b>
<b>Restricted funds</b>		<b>1,116</b>	<b>950</b>	<b>1,116</b>	<b>950</b>
<b>Unrestricted funds</b>					
Designated funds		12,018	11,686	12,017	11,686
General funds		2,402	2,746	2,402	2,746
Revaluation reserve		-	-	-	-
Pension reserve	20	1,533	1,420	1,533	1,420
		<b>73,054</b>	<b>70,219</b>	<b>73,053</b>	<b>70,219</b>

The financial statements were approved and authorised for issue by the Governing Body of Hertford College on 30th November 2016

Trustee:

Trustee:

**Hertford College**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 July 2016**

	Notes	2016 £'000	2015 £'000
<b>Net cash provided by (used in) operating activities</b>	22	<u>(595)</u>	<u>(860)</u>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		1,784	1,740
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(1,561)	(2,304)
Proceeds from sale of investments		197	3,554
Purchase of investments		(1,712)	(1,712)
<b>Net cash provided by (used in) investing activities</b>		<u>(1,292)</u>	<u>1,278</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
Receipt of endowment		10	155
<b>Net cash provided by (used in) financing activities</b>		<u>10</u>	<u>155</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(1,877)</u>	<u>573</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		3,868	3,295
<b>Cash and cash equivalents at the end of the reporting period</b>	23	<u>1,991</u>	<u>3,868</u>



**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Teaching, Research and Residential</b>		
Unrestricted funds		
Tuition fees - UK and EU students	1,652	1,707
Tuition fees - Overseas students	723	546
Other fees	489	503
Other HEFCE support	209	265
Other academic income	142	99
College residential income	<u>2,430</u>	<u>2,392</u>
	<b><u>5,645</u></b>	<b><u>5,512</u></b>

The above analysis includes £1694k received from Oxford University from publicly accountable funds under the CFF Scheme, net of College fees received directly (2015: £1761k).

**2 DONATIONS AND LEGACIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Donations and Legacies</b>		
Unrestricted funds	<b>443</b>	156
Restricted funds	<b>137</b>	235
Endowed funds	<b>10</b>	155
	<b><u>590</u></b>	<b><u>546</u></b>

**3 INCOME FROM OTHER TRADING ACTIVITIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Subsidiary company trading income	2,772	2,507
Other trading income	53	16
	<b><u>2,825</u></b>	<b><u>2,523</u></b>

Note 11

**4 INVESTMENT INCOME**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<i>Unrestricted funds</i>		
Commercial rent	19	15
Equity dividends	1,074	1,110
Income from fixed interest stocks	427	381
Interest on fixed term deposits and cash	1	-
Bank interest	<u>16</u>	<u>13</u>
	<b><u>1,537</u></b>	<b><u>1,519</u></b>
<i>Restricted funds</i>		
Commercial rent	-	-
Equity dividends	172	165
Income from fixed interest stocks	75	56
Interest on fixed term deposits and cash	-	-
Other interest	-	-
	<b><u>247</u></b>	<b><u>221</u></b>
<b>Total Investment income</b>	<b><u>1,784</u></b>	<b><u>1,740</u></b>

Hertford College  
Notes to the financial statements  
For the year ended 31 July 2016

5 ANALYSIS OF EXPENDITURE

	2016 £'000	2015 £'000
<b>Charitable expenditure</b>		
Direct staff costs allocated to:		
Teaching, research and residential	3,397	3,139
Other direct costs allocated to:		
Teaching, research and residential	2,837	2,628
Support and governance costs allocated to:		
Teaching, research and residential	1,911	1,828
<b>Total charitable expenditure</b>	<u>8,145</u>	<u>7,595</u>
<b>Expenditure on raising funds</b>		
Direct staff costs allocated to:		
Fundraising	313	289
Trading expenditure	376	345
Investment management costs	(3)	(2)
Other direct costs allocated to:		
Fundraising	213	241
Trading expenditure	520	492
Support and governance costs allocated to:		
Fundraising	27	15
Trading expenditure	1,105	974
Investment management costs	145	160
<b>Total expenditure on raising funds</b>	<u>2,696</u>	<u>2,514</u>
<b>Total expenditure</b>	<u>10,841</u>	<u>10,109</u>

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. Contributions are calculated annually in accordance with regulations made by the Council of the University of Oxford.

The teaching and research costs include College Contribution payable of £97k (2015 - £44k)

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	2016 Total £'000
Financial administration	1,070	795	1,865
IT	66	423	489
Depreciation	131	452	583
Other finance charges	-	114	114
Governance costs	10	127	137
	<u>1,277</u>	<u>1,911</u>	<u>3,188</u>
	Generating Funds £'000	Teaching and Research £'000	2015 Total £'000
Financial administration	990	728	1,718
IT	39	257	296
Depreciation	119	411	530
Other finance charges	-	344	344
Governance costs	1	88	89
	<u>1,149</u>	<u>1,828</u>	<u>2,977</u>

Finance and administration and IT costs are attributed according to the estimated staff time spent on each activity. Depreciation costs are attributed according to the use made of the underlying assets.

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	30	22
Auditor's remuneration - tax advisory services	20	29
Legal and other fees on constitutional matters	87	38
	<u>137</u>	<u>89</u>

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

**7 GRANTS AND AWARDS** **2016** **2015**  
**£'000** **£'000**

During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:

<b>Unrestricted funds</b>		
Grants to individuals:		
Scholarships, prizes and grants	186	131
Bursaries and hardship awards	149	94
<b>Total unrestricted</b>	<u>335</u>	<u>225</u>
<b>Restricted funds</b>		
Grants to individuals:		
Scholarships, prizes and grants	177	137
Bursaries and hardship awards	50	142
<b>Total restricted</b>	<u>227</u>	<u>279</u>
<b>Total grants and awards</b>	<u>562</u>	<u>504</u>

The above costs are included within the charitable expenditure on Teaching, research and residential.

**8 STAFF COSTS** **2016** **2015**  
**£'000** **£'000**

The aggregate staff costs for the year were as follows.

Salaries and wages	4,389	4,488
Social security costs	347	273
Pension costs:		
Defined benefit schemes	755	521
	<u>5,491</u>	<u>5,282</u>

The average number of employees of the College, excluding Trustees, on an average headcount basis was as follows.

	<b>2016</b>	2015
Tuition and research	23	19
College residential	73	68
Fundraising	4	3
Support	32	30
Total	<u>132</u>	<u>120</u>

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

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

University Lecturers	20	21
CUF Lecturers	7	8
Other teaching and research	4	5
Other	3	3
<b>Total</b>	<b>34</b>	<b>37</b>

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

Redundancy payments are accounted for in the period in which the employee was informed of the decision. Where redundancy costs are uncertain, the figure in the accounts represents a best estimate. These costs will be met through unrestricted funds. Redundancy costs totalled £83k in 2016/17 (£NIL in 2014/15). Of this amount, £15k (2014/15: £NIL) remained unpaid at the end of the financial year.

The following information relates to the employees of the College excluding the College Trustees. Details of the remuneration and reimbursed expenses of the College Trustees is included as a separate note in these financial statements.

The number of employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) fell within the following bands was:

£60,001-£70,000	1	1
£70,001-£80,001	-	-
£80,001-£90,001	-	-
£90,001-£100,001	1	-
£100,001-£110,001	-	-
	<b>2</b>	<b>2</b>

The number of the above employees with retirement benefits accruing was as follows:

In defined benefits schemes	2	1
In defined contribution schemes	-	-
	<b>2</b>	<b>1</b>
The College contributions to defined contribution pension schemes totalled	<b>755</b>	<b>521</b>

**9 TANGIBLE FIXED ASSETS**

Group	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At start of year	19,913	174	20,087
Additions	1,517	44	1,561
Disposals	-	-	-
<b>At end of year</b>	<b>21,430</b>	<b>218</b>	<b>21,648</b>
<b>Depreciation and impairment</b>			
At start of year	9,573	27	9,600
Depreciation charge for the year	543	41	584
Depreciation on disposals	-	-	-
Impairment	-	-	-
<b>At end of year</b>	<b>10,116</b>	<b>68</b>	<b>10,184</b>
<b>Net book value</b>			
<b>At end of year</b>	<b>11,314</b>	<b>150</b>	<b>11,464</b>
At start of year	10,340	147	10,487

The above includes:

£0k (2015:£0k) of plant and machinery held under finance leases.

£0k (2015:£0k) of fixtures, fittings and equipment held under finance leases.

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

College	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At start of year	19,913	174	20,087
Additions	1,517	44	1,561
Disposals	-	-	-
<b>At end of year</b>	<b>21,430</b>	<b>218</b>	<b>21,648</b>
<b>Depreciation and impairment</b>			
At start of year	9,573	27	9,600
Charge for the year	543	41	584
On disposals	-	-	-
Impairment	-	-	-
<b>At end of year</b>	<b>10,116</b>	<b>68</b>	<b>10,184</b>
<b>Net book value</b>			
<b>At end of year</b>	<b>11,314</b>	<b>150</b>	<b>11,464</b>
At start of year	10,340	147	10,487

The above includes:  
£0k (2015:£0k) of plant and machinery held under finance leases.  
£0k (2015:£0k) of fixtures and fittings held under finance leases.

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

**10 SECURITIES AND OTHER INVESTMENTS**

All investments are held at fair value.

	2016 £'000	2015 £'000
<b>Group investments</b>		
Valuation at start of year	58,937	57,896
New money invested	-	-
Amounts withdrawn	(93)	(3,412)
Reinvested income	1,747	1,712
Investment management fees	(139)	(142)
(Decrease)/increase in value of investments	2,801	2,883
<b>Group investments at end of year</b>	<b>63,253</b>	58,937
Investment in subsidiaries	-	-
<b>College investments at end of year</b>	<b>63,253</b>	58,937

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

Group investments comprise:	Held outside	Held in	2016	Held outside	Held in	2015
	the UK	the UK	Total	the UK	the UK	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Equity investments	-	716	<b>716</b>	-	629	629
Global multi-asset funds	-	41,124	<b>41,124</b>	-	36,812	36,812
Property funds	-	5,283	<b>5,283</b>	-	5,914	5,914
Fixed interest stocks	-	15,605	<b>15,605</b>	-	14,726	14,726
Alternative and other investments	-	-	-	-	-	-
Fixed term deposits and cash	-	525	<b>525</b>	-	856	856
<b>Total group investments</b>	<b>-</b>	<b>63,253</b>	<b>63,253</b>	<b>-</b>	<b>58,937</b>	<b>58,937</b>

**11 PARENT AND SUBSIDIARY UNDERTAKINGS**

Hertford College Programmes (Company Registration Number 7247311), a company limited by guarantee, is a wholly owned subsidiary of the college. It commenced trading on 1st August 2010 and provides English Language programmes and other event services on the College premises.

The results and their assets and liabilities of the parent and subsidiaries at the year end were as follows.

	Hertford College Programmes £'000
Income	2,772
Expenditure	(2,003)
Donation to College under gift aid	(769)
<b>Result for the year</b>	<b>-</b>
Total assets	1,088
Total liabilities	(1,088)
<b>Net funds at the end of year</b>	<b>-</b>

During the year a management charge of £692k (2015: £725k) was paid by Hertford College Programmes to the College. At the year end, a balance of £887k (2015: £711k) was owed by Hertford College Programmes to the College.

**12 DEBTORS**

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	172	178	38	30
Amounts owed by College members	135	54	134	54
Loans repayable within one year	14	20	14	20
Prepayments and accrued income	183	180	183	180
	<b>504</b>	<b>432</b>	<b>369</b>	<b>284</b>

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**13 CREDITORS: falling due within one year**

	<b>2016</b>	2015	<b>2016</b>	2015
	<b>Group</b>	Group	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade creditors	<b>504</b>	371	<b>504</b>	370
Amounts owed to College Members	<b>64</b>	7	<b>64</b>	7
Amounts owed to Group undertakings	-	-	<b>887</b>	711
Taxation and social security	<b>125</b>	92	<b>125</b>	92
College contribution	<b>91</b>	44	<b>91</b>	44
Accruals and deferred income	<b>1,347</b>	1,226	<b>314</b>	187
Other creditors	<b>520</b>	370	<b>465</b>	371
	<b>2,651</b>	2,110	<b>2,450</b>	1,782

Accruals and deferred income include £1,029k (2014/15: £1037k) relating to Conferences and other International Programmes where delivery of the Programmes will take place in the following Financial Year. All of the balance brought forward from 2014/15 was released during 2015/16.

**14 CREDITORS: falling due after more than one year**

	<b>2016</b>	2015	<b>2016</b>	2015
	<b>Group</b>	Group	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Bank loans	-	-	-	-
Obligations under finance leases	-	-	-	-
Other creditors	-	-	-	-
	-	-	-	-

[Key characteristics of loans to be disclosed: whether secured or not, nature of security (and proportion of asset value), maturity, terms etc]

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2016</b>	2015	<b>2016</b>	2015
	<b>Group</b>	Group	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
At start of year	-	-	-	-
Charged in the Statement of Financial Activities	-	-	-	-
Settled in the year	-	-	-	-
	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above provision relates to .....

Hertford College  
Notes to the financial statements  
For the year ended 31 July 2016

16 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2016 £'000
<b>Endowment Funds - Permanent</b>						
College Endowment Fund	40,419				1,919	42,338
Carreras Endowment	1,401				67	1,468
Carreras General	3,221			19	153	3,393
Baring Trust Fund	1,784				85	1,869
Drapers	972				46	1,018
Mortimer May	805				38	843
E. M. Vaughan-Williams Trust	496				24	520
Five Fellowship	480				23	503
Michael Baring Travel Fund	75				4	79
Roger Van Noorden Economics Fund	487	7			23	517
Ellis-Barnard History Fellowship	1,253	3			60	1,316
Other Scholarship Funds	875				42	917
Other Funds	165				8	173
	0					-
<b>Endowment Funds - Expendable</b>						
Carreras Fellowship	487				23	510
Starun Fund	185				9	194
Japan Appeal	5					5
Armstrong-Macintyre-Markham	285				14	299
BCL Fund	22				1	23
<b>Total Endowment Funds - College</b>	<b>53,417</b>	<b>10</b>	<b>-</b>	<b>19</b>	<b>2,539</b>	<b>55,985</b>
<b>Restricted Funds</b>						
Undergraduate Bursaries	4	24	(29)		1	-
<i>Unspent income funds</i>	0					-
Carreras Endowment	(1)	42	(3)	(38)		-
Carreras Fellowship	94	17	(16)	19	4	118
Drapers	48	30	(7)		2	73
Mortimer May	196	30	(25)		9	210
E. M. Vaughan-Williams Trust	85	17	(10)		4	96
Japan Appeal	0					-
Janeway Restricted Fund	48	1	(17)		2	34
Unspent income of other Funds above	170	101	(50)		8	229
Other Funds	306	122	(87)		15	356
Oxford Opportunity Bursary	0					-
Other funds expensed in year	0					-
<b>Total Restricted Funds - College</b>	<b>950</b>	<b>384</b>	<b>(244)</b>	<b>(19)</b>	<b>45</b>	<b>1,116</b>
<b>Unrestricted Funds</b>						
General	2,746	10,481	(10,577)	(465)	217	2,402
Fixed asset designated	10,487			977		11,464
Infrastructure Modernisation	663			(663)		-
Graduate Scholarship	74		(20)			54
Undergraduate Bursaries	462			38		500
History Teaching Fund	0					-
Pension Reserve	1,420			113		1,533
<b>Total Unrestricted Funds - College</b>	<b>15,852</b>	<b>10,481</b>	<b>(10,597)</b>	<b>-</b>	<b>217</b>	<b>15,953</b>
Unrestricted funds held by subsidiaries	0	-	-	-	-	-
<b>Total Unrestricted Funds - Group</b>	<b>15,852</b>	<b>10,481</b>	<b>(10,597)</b>	<b>-</b>	<b>217</b>	<b>15,953</b>
<b>Total Funds</b>	<b>70,219</b>	<b>10,875</b>	<b>(10,841)</b>	<b>-</b>	<b>2,801</b>	<b>73,054</b>



**Transfers between funds :-**

<i>Carreras Endowment/Carreras General</i>	50% of the income (net of investment expenses) of the Carreras Endowment Fund is transferred to the Carreras General Fund whose income is used for the general purposes of the College.
<i>Undergraduate Bursaries/General Fund</i>	Governing Body has designated funds so that together with the restricted Bursary Fund, there are reserves equivalent to the anticipated costs of the next five years of the Bursary scheme which the College started in October 2011.
<i>Infrastructure Modernisation/General Fund</i>	Governing Body has decided to transfer the Infrastructure Modernisation Fund to the General Fund pending the creation of a long-term Estates Plan.

**17 FUNDS OF THE COLLEGE DETAILS**

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

**Endowment Funds - Permanent:**

College Endowment Fund	Funds received from the University, in the 1960s, to establish a permanent endowment plus subsequent legacies and donations for endowment purposes.
Carreras Endowment	A gift from Carreras International whose income is split between the Carreras General and Fellowship Funds
Carreras General	Income from Carreras Endowment Fund is reinvested and the income generated is used the general purposes of the College
Baring Trust Fund	Dates back to the re-foundation of the College in the 19th century. Income used for scholarships / general purposes.
Drapers	A gift from The Drapers' Company for Scholarships and in support of a Fellow.
Mortimer May	A gift from Bruce and Julia May in memory of their son Mortimer to support a student in "Geography or a related subject".
E. M. Vaughan-Williams Trust	A gift from Miles Vaughan-Williams to support Medical Students.
Five Fellowship	A gift in 1874 of which £1500 p.a. is to support Fellowships and the balance for general purposes.
Michael Baring Travel Fund	Gifts since 2001 in memory of Michael Baring to assist History Students with their research expenses.
Roger Van Noorden Economics Fund	Gifts since 2007 for the Economics Fund, which was renamed in 2010 in memory of Roger Van Noorden, in support of a Fellow in Economics.
Ellis-Barnard History Fellowship	Established in 2011 to fund the teaching of History.
Other Scholarship Funds	Comprise the Lucy,Lusby,McBride,Meeke, Scholarship Augmentation and War Memorial Funds which represent gifts, received between 1665 and 1919, to support scholars with surplus for general purposes.
Other Funds	Comprise the Boyd Memorial,White,Brunsell and Old Hertford College Funds which are for Student Loans/Chapel/Library and general purposes.
<b>Endowment Funds - Expendable:</b>	
Carreras Fellowship	Income from Carreras Endowment Fund to support Fellowship and Scholars.
Starun Fund	Gifts from Mr L. Starun 1974-78 for research into Polish History, Language or Literature
Japan Appeal	Gifts in 1991/2 from Tokyo Electric Power and the Kajima Fund to support a Fellowship in Japanese and academic visits to/from Japan.
Armstrong-Macintyre-Markham History Fellowship	Gifts in the 1990s in memory of Angus Macintyre, Felix Markham and John Armstrong to support teaching and research by a History Fellow
BCL Fund	Gifts since 2007, some in memory of Roy Stuart to support Law students particularly those on the B.C.L. course.

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**Restricted Funds**

Bursaries Fund	Gifts since 2009 to support the Undergraduate Bursary Scheme which commenced in October 2011
Unspent income	Unspent income from the following funds named above:- Mortimer May, Drapers, Carreras Fellowship, E.M. Vaughan-Williams, Starun, Baring Travel, and the BCL funds.
Other Funds	Comprise the Tanner/Thorne, G. Robinson, John Stubbley, Geography Prize, Music and student hardship Funds.
Janeway Restricted Fund	This Fund was established by donation to support the teaching of Philosophy and Computing.

**Designated Funds**

Fixed asset designated	Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes
Infrastructure Modernisation	Unrestricted Funds allocated by the Fellows for future costs of the programme to improve the infrastructure of the college, including the reduction of the carbon footprint of the college by investing in energy efficient plant. This was transferred to General Unrestricted Reserves pending the creation of a long-term Estates Plan.
Graduate Scholarship	Unrestricted Funds allocated by the Fellows for future costs of providing enhanced scholarships.
History Teaching	Unrestricted Funds allocated by the Fellows for future costs of funding a titular post. The fund has been removed as the post is now fully funded.
Bursaries Fund	Unrestricted Funds allocated by the Fellows for future costs of the Undergraduate Bursary Scheme which commenced in October 2011.
General Unrestricted Funds	Represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.
Pension Reserve	This Fund sets aside funds for the Deferred Benefit Pension Scheme Liability as required by FRS 102.

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2016 Total £'000</b>
Tangible fixed assets	11,465	-	-	<b>11,465</b>
Property investments	-	-	-	-
Other investments	6,152	1,116	55,985	<b>63,253</b>
Net current assets	(1,664)	-	-	<b>(1,664)</b>
Long term liabilities	-	-	-	-
	<u>15,953</u>	<u>1,116</u>	<u>55,985</u>	<u><b>73,054</b></u>

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2015 Total £'000</b>
Tangible fixed assets	10,487	-	-	<b>10,487</b>
Property investments	-	-	-	-
Other investments	4,570	950	53,417	<b>58,937</b>
Net current assets	795	-	-	<b>795</b>
Long term liabilities	-	-	-	-
	<u>15,852</u>	<u>950</u>	<u>53,417</u>	<u><b>70,219</b></u>

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**19 TRUSTEES' REMUNERATION**

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

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

The college has a Remuneration Committee which consists of four persons who are not in receipt of remuneration from the college of whom three are not members of Governing Body. The Committee makes recommendations to Governing Body on Fellows allowances and College Officer stipends.

Trustees of the college fall into the following categories:

Principal and Official Fellows, Professorial Fellows, Supernumerary Fellows, Senior Research Fellows and Junior Research Fellows.

The Principal and Official Fellows are the Head of House, Bursar and Development Director who work full time on management and fundraising.

Some trustees are eligible for college housing schemes. 33 trustees receive a housing allowance which which is disclosed within the salary figures below. 3 trustees lives in a house owned jointly with the college. No such houses were bought or sold during the year.

Some trustees receive allowances for additional work carried out as part time college officers.

For example, the Senior Tutor, Dean, Tutor for Admissions, Tutor for Graduates and the Investment Bursar.

These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,270,712 (2014-15 £1,274,769).

The total of pension contributions is £180,658 (2014-15 £175,262).

**Remuneration paid to trustees**

Range	2016		2015	
	Number of trustees	Gross remuneration, taxable benefits and pension contributions £	Number of trustees	Gross remuneration, taxable benefits and pension contributions £
£1,001-£2,000	2	3,464		
£3,001-£4,000	1	3,358	1	3120
£9,001-£10,000	1	9,735	1	9,584
£17,001-£18,000			1	17,058
£18,001-£19,000			2	37,557
£19,001-£20,000	1	19,282	2	39,686
£20,001-£21,000	2	41,265	16	331,906
£21,001-£22,000	10	211,170		0
£22,001-£23,000	3	67,314		0
£24,001-£25,000	1	24,658	1	24,275
£26,001-£27,000	1	26,675		0
£29,001-£30,000	1	29,969	1	29,003
£33,001-£34,000	1	33,813		0
£38,001-£39,000			1	38,558
£40,001-£41,000	1	40,575		0
£43,001-£44,000			2	86,797
£44,001-£45,000	1	44,009		0
£45,001-£46,000	1	45,381		0
£46,001-£47,000	1	46,489		0
£48,001-£49,000			1	48,133
£51,001-£52,000			4	206,104
£52,001-£53,000	2	104,562	1	52,158
£53,001-£54,000	2	107,519		
£54,001-£55,000	1	54,239		0
£66,002-£67,000	1	66,053	1	66,197
£83,001-£84,000			1	83,652
£84,001-£85,000	1	84,973		0
£97,001-£98,000			1	97,392
£100,001-£101,000	1	100,159		0
£103,001-£104,000			1	103,589
£106,001-£107,000	1	106,050		
	37	1,270,712	38	1,274,769

7 trustees are not employees of the college and do not receive remuneration.  
All trustees may eat at common table, as can all other employees who are entitled to meals while working.

**Trustee expenses**

No Fellow claimed any expenses for work as a Trustee (2014/15: £0).  
See also note 26 Related Party Transactions

**Key management remuneration**

The total remuneration paid to key management was £200k (2015: £195k).  
Key management are considered to be the Deputy Bursar, the Domestic Bursar and the Registrar and Director of Admissions.

**20 PENSION SCHEMES**

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf its fellows and staff. Both schemes are contributory multi-employer defined benefit schemes with the assets being held in separate trustee-administered funds.

Insufficient information is available to enable the College to use defined benefit accounting for these schemes and, in accordance with the provisions of FRS 102, both schemes are accounted for as if they were defined contribution schemes.

Both schemes have put in place agreements for additional contributions to fund their past service deficits. In accordance with the provisions of FRS 102 the College has recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

**Universities Superannuation Scheme**

The pension charge for the year includes £351k (2015 - £506k) in relation to the USS. This represents contributions of £294k (2015 - £272k) payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £57k (2015 - £234k).

The latest formal actuarial valuation of the USS was carried out as at 31 March 2014 to meet the requirements of the Pensions Act 2004, and was published in July 2015. This valuation showed the scheme assets as being sufficient to cover 89% of its liabilities on its technical provisions basis with an overall shortfall of £5.3bn. In July 2015, a number of changes to the benefits provided by the Scheme were agreed to come into force on 1 April 2016 or, for certain benefit changes, as soon as practicable after this date.

Based on the assumptions made in the 31 March 2014 actuarial valuation and taking account of the agreed scheme changes, the employers' total contributions for the period from 1 April 2016 to 31 March 2031 was set at 18% p.a. of salaries. This resulted in the employer deficit contributions from 1 April 2016 being initially 2.5% of salaries. However, following the introduction of the salary threshold and defined contribution section between April and October 2016, for the remaining period to 31 March 2031 the deficit funding contributions were reduced to 2.1% of salaries with a future service employer contribution rate of 15.9%.

A subsequent interim actuarial report as at 31 March 2015 issued in September 2015 has reported an increased deficit of £8.2bn and a funding level of 86%. The subsequent interim actuarial report as at 31 March 2015 included a reassessment of the future service employer contribution rate and indicated that the future service rates have increased substantially to 21% on account of lower prevailing gilt yields compared with the 2014 valuation market conditions. No changes to the contribution rates being paid have been made as a result of this interim actuarial report. A full review of the employers' contributions will be completed no later than following the next valuation, which is due to take place at 31 March 2017.

A provision of £554k has been made at 31 July 2016 (2015 - £496k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the USS website [www.uss.co.uk](http://www.uss.co.uk).

**Oxford Staff Pension Scheme**

The pension charge for the year includes £404k (2015 - £422k) in relation to the OSPS. This represents contributions of £347k (2015 - £313k) payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £57k (2015 - £109k).

The latest formal actuarial valuation of OSPS was carried out as at 31 March 2013 to meet the requirements of the Pensions Act 2004, and was published in June 2014. This valuation showed the scheme assets as £424.3m being sufficient to cover 71% of its liabilities of £597.7m on a technical provisions basis with an overall shortfall of £173.4m.

Following this valuation, the trustee and the University have agreed to increase the employer contribution rate to the Scheme to 23.5% of Pensionable Salaries, with this increase from the current rate of 21.5% being implemented in steps of 0.5% of Pensionable Salaries over the three years to 1 August 2017. In addition, the Employers will continue to reimburse the Scheme in respect of Pension Protection Fund (PPF) and other levies collected by the Pensions Regulator.

These contributions, together with an allowance for the Scheme's assets to return 2.5% per annum above gilt yields are expected to eliminate the technical provision deficit by 30 June 2026, the same date targeted under the recovery plan agreed at the previous valuation. The underlying calculations take account of the estimated improvement in the funding position over the period to 31 May 2014 and the projected reduction in the cost of future benefit accrual from an estimated 19.3% at 31 May 2014 to around 16.5% of Pensionable Salary by 30 June 2026. This reduction is due to a combination of increases in gilt yields already priced into yield curves at 31 May 2014 and projected changes to the nature of the active membership over the period.

A subsequent interim actuarial report as at 31 March 2015 issued in October 2015 has reported an increased deficit of £213.4k and a funding level of 71%. No changes to the contribution rates being paid have been made as a result of this interim actuarial report. A full review of the employers' contributions will be completed no later than following the next valuation, which is due to take place at 31 March 2016.

A provision of £981k has been made at 31 July 2016 (2015 - £923k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the University of Oxford website <https://www.admin.ox.ac.uk/finance/epp/pensions/schemes/osps/publications/>

**21 TAXATION**

The College is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to exclusively charitable purposes.

No liability to corporation tax arises in the College's subsidiary company because the directors of this company have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

**22 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATIONS**

	<b>2016</b>	2015
	<b>Group</b>	Group
	<b>£'000</b>	£'000
<b>Net income/(expenditure)</b>	2,835	3,114
Elimination of non-operating cash flows:		
Investment income	(1,784)	(1,740)
(Gains)/losses in investments	(2,801)	(2,883)
Endowment donations	(10)	(155)
Depreciation	583	530
(Surplus)/loss on sale of fixed assets	-	-
Decrease/(Increase) in stock	(1)	4
Decrease/(Increase) in debtors	(72)	79
(Decrease)/Increase in creditors	541	(147)
(Decrease)/Increase in provisions	-	(6)
(Decrease)/Increase in pension scheme liability	114	344
<b>Net cash provided by (used in) operating activities</b>	<b>(595)</b>	<b>(860)</b>

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**23 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Cash at bank and in hand	<b>1,991</b>	3,868
Notice deposits (less than 3 months)		-
Bank overdrafts	-	-
<b>Total cash and cash equivalents</b>	<b>1,991</b>	<b>3,868</b>

**24 FINANCIAL COMMITMENTS**

The totals of future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Land and buildings</b>		
Not later than one year	<b>33</b>	-
Later than one year and not later than five years	<b>23</b>	53
Later than five years	<b>55</b>	-
	<b>111</b>	<b>53</b>
<b>Other</b>		
Not later than one year	<b>1</b>	-
Later than one year and not later than five years	<b>6</b>	7
Later than five years	-	-
	<b>7</b>	<b>7</b>

**25 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July for future capital projects totalling £Nilk (2015 - £Nilk).

**26 RELATED PARTY TRANSACTIONS**

The College is part of the collegiate University of Oxford. Material interdependencies between the University and of the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS 102.

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 102, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

No trustees had loans outstanding from the College at the start and/or end of the year.

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
B Frellesvig	<b>26</b>	29
D Dwan	<b>193</b>	-
R Zubek	<b>186</b>	-

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

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**27 CONTINGENT LIABILITIES**

There are no obligations arising from events occurring before the date of the balance sheet whose existence will be confirmed

**28 POST BALANCE SHEET EVENTS**

There are no post balance sheet events that require disclosure.

**29 TRANSITION TO FRS 102**

The College adopted FRS 102 at 31 July 2016. The date of transition is 1 August 2014. The net effect is set out below

<b>Effect on the SoFA</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowed Funds £'000</b>	<b>2015 Total £'000</b>
Net Income/(Expenditure) as previously stated	413	172	2,873	3,458
Recognition of Pension Deficit	(344)			(344)
Holiday Pay Accrual	0			0
Change 3				0
Change 4				0
Net Income/(Expenditure) as previously restated	<b>69</b>	<b>172</b>	<b>2,873</b>	<b>3,114</b>
			<b>As at 1 August 2014 £'000</b>	<b>As at 31 July 2015 £'000</b>
Net Funds (as previously stated)			<b>68,277</b>	<b>71,734</b>
<b>Unrestricted</b>			<b>16,954</b>	<b>17,367</b>
Recognition of pension deficit			<b>(1,076)</b>	<b>(1,420)</b>
Holiday Pay Accrual			<b>(95)</b>	<b>(95)</b>
Change 2				
Change 3				
Change 4				
Total unrestricted			<b>15,783</b>	<b>15,852</b>
<b>Restricted</b>			<b>778</b>	<b>950</b>
Change 1				
Change 2				
Change 3				
Change 4				
Total restricted			<b>778</b>	<b>950</b>
<b>Endowed</b>			<b>50,544</b>	<b>53,417</b>
Change 1				
Change 2				
Change 3				
Change 4				
Total Endowed			<b>50,544</b>	<b>53,417</b>
Net Funds (as restated)			<b>67,105</b>	<b>70,219</b>

The most significant change is the recognition of a liability in respect of the deficit reduction arrangements for multi employer pension defined benefit pension schemes that are accounted for as defined contribution schemes.

FRS 102 explicitly requires accrued compensated absences to be accounted for. An accrual in respect of accrued holiday pay for non-academic staff has been recognised in the financial statements.