

# Hertford College

Annual Report and Financial Statements

Year ended 31st July 2017

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## MEMBERS OF THE GOVERNING BODY

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

Governing Body Fellow	College Officers	In year change	(1)	(2)	(3)	(4)	(5)	(6)
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 K Clark	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 2017**

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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	Fellow 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 2016/17 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	Graham May
Home Bursar	Dr Andrew Beaumont
Registrar and Director of Admissions	Ms Lynn Featherstone

## **COLLEGE ADVISERS**

### **Investment managers**

Rathbone Investment Management  
8 Finsbury Circus  
London  
EC2M 7AZ

### **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**

Knights 1759  
Midland House  
West Way  
Botley  
Oxford  
OX2 0PH  
United Kingdom

### **College address**

Hertford College  
Catte street  
Oxford OX1 3BW

### **Website**

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

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2017**

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## **REPORT OF THE GOVERNING BODY**

The Members of the Governing Body present their Annual Report for the year ended 31st July 2017 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**

Members of the Governing Body 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 and relevant, 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.

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2017**

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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, with the exception of Academic Committee.

#### **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 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,

## HERTFORD COLLEGE

### Report of the Governing Body

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- 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.

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 423 undergraduates, 246 postgraduates, and 42 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. A range of Financial support is also available to Graduate students.

- **Oxford Bursaries** are available to UK undergraduates from households assessed as having a sufficiently low income. In the 2016/17 academic year, 90 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 2016/17, 91 Hertford students were awarded the Hertford Undergraduate Bursary.
- The College has a **Student Support Fund** which makes grants to both undergraduate and graduate students who experience unexpected financial hardship. In 2016/17 the College distributed £20k to support students in this way.



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### Report of the Governing Body

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- The College supports the cost of accommodation in Oxford for undergraduates studying for their course where necessary or beneficial during the vacation.
- 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 2016/17 Senior Scholarships totalled £146k. In addition, there were other awards totalling £91k. Academic prizes totalling £28k 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 £18k 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 2016/17 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. These appointments have allowed the College to establish a strong and sustainable outreach programme. The majority of our outreach work is focused on widening access to Oxford from under-represented groups, and the major priority over the last four years has been to develop partnerships with schools and colleges in our link areas of Essex, Medway, Southend-on-Sea, and Camden. In addition to this, we fruitfully collaborate with other college schemes (such as the Pathways Programme), and support a large number of departmental and university initiatives (including UNIQ, the University's flagship summer school). We maintain a strong relationship with Into University (the organisation the University is working with to meet the new OFFA target relating to younger students). In total, during the period 2013-17, we worked with over with around 170 schools, and had over 500 interactions with schools and other groups of students. 70% of our British fresher undergraduates in 2016-17 were from state schools and colleges, and around 10% of our current student body can be traced back to our outreach work.

We continue to raise the standard of academic provision for undergraduates and graduates, and to improve the overall student experience. We continue to see strong academic performance amongst students across both common rooms. We take student feedback very seriously, and have worked with the undergraduates to revitalise the student-led academic feedback survey. We run information sessions at key points during the year designed to complement and support the formal tuition delivered by our Tutorial Fellows and Lecturers. The welfare team was bolstered by the appointment of a Welfare Coordinator during the year, meaning a higher level of support is available to students, allowing them to thrive on course and realise their potential.

The College is investing to enhance the experience of graduate students: steps taken include the funding of new scholarships, to bring the total to 17 recipients in the 2016-17 academic year, and a range of measures to deepen the relationship with its graduates and provide opportunities for them to broaden their academic experience.

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2017**

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In accordance with its strategy, the College has strengthened the Fellowship with two new Tutorial Fellowship appointments during the 2016-17 academic year, in Economics and Physics.

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

The Development Office continues to implement the development strategy that was approved by Governing Body in June 2014. The goals for the year were to encourage more alumni to engage with the college, to communicate the college's fundraising priorities more clearly and to increase the number of alumni and friends donating to the college.

2016-17 was a record year for Development: funds raised (including multi-year pledges) were £924,000 and 878 people made a gift to the college over the course of the year. At the beginning of the year we set a challenge to raise £300,000 for student support over the following nine months, and ran a 'virtual challenge' to circumnavigate the globe alongside it – both of these concluded successfully in July 2017.

We introduced a new publication, the Donor Report, which outlines how gifts to Hertford are used, which was sent to all friends and alumni. We also ran a yearlong blogging project, Hertfolk, celebrating the wide variety within our alumni community. 24 alumni events were held over the course of the year in Oxford, London, New York, Singapore, Hong Kong, Tokyo and Kuala Lumpur. The proportion of contactable alumni actively engaging with the college increased to 56%, up from 49% at the beginning of the year.

#### **FINANCIAL REVIEW**

The Financial Statements for 2016/17 follow the requirements of FRS102.

The College's incoming resources were £11.46m, £585k higher than the previous year. This increase was driven by increases in all major categories - Teaching, Research and Tuition (+£167k); Residential (+£224k); Investment income (+£126k); Donations (+£68k) and Trading (+£22k).

Expenditure rose by £100k to £10.94m. Costs reduced marginally in most areas, offset by an increase in trading costs. Overall profits from the trading business were £638k for the year (£769k 2015/16).

Net income for the year before gains was £519k, against £34k in 2015/16. Combined with a strong Investment performance (gains of £5.98m), the College's consolidated total funds increased by £6.5m in the year to £79.56m at 31st July 2017. Unrestricted Funds rose by £617k to £16.57m. Restricted Funds increased by £527k to £1.66m and Endowed Funds grew by £5.4m to £61.34m.

Cash grew by £2.26m to £4.25m following a planned £4m encashment of investments (to fund future capital projects and for portfolio balance purposes), and the re-investment of almost all investment income. Capital investment totalled £155k.

#### **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 £3.82m (2016: £2.40m), representing retained unrestricted income reserves, excluding an amount of £10,996k for the book value of fixed assets, the reserve against future Pension Deficits required by the implementation of FRS102, £500k reserves for the Undergraduate Bursary Fund (which guarantees a minimum of five years' funding for the scheme), and £54k for graduate scholarships.

Total funds of the College and its subsidiary at the year-end amounted to £79.6m (2016: £73.1). This includes endowment capital of £61.3m and unspent restricted income funds totalling £1.6m

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2017**

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#### **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 Advisory 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;
- 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,

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2017**

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- 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 Advisory Committee which in turn reports to the College's Treasury Committee. At the year end, the value of the College's investments was £66.9m (of which £61.3m represents endowed funds), an increase of £3.7m on the previous year, after the re-investment of £1.8m of income, and the transfer of £4m to cash reserves. The total investment income was c.2.9% over the year.

Investment income was £1.9m, an increase of £116k 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).

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.

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

**Year ended 31 July 2017**

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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 29th November 2017 and signed on its behalf by:

Mr W Hutton

Principal

## **HERTFORD COLLEGE**

### **Report of the Auditors**

**Year ended 31 July 2017**

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

##### **Opinion**

We have audited the financial statements of Hertford College for the year ended 31 July 2017 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2017 and of its 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.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance

## **HERTFORD COLLEGE**

### **Report of the Auditors**

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conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on pages 11 and 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**Report of the Auditors**  
**Year ended 31 July 2017**

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities) . This description forms part of our auditor's report.

Crowe Clark Whitehill LLP  
Statutory Auditor  
London

Date:

Crowe Clark Whitehill LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under 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 2017

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#### **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

## **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 2017

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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 benefit pension schemes are accounted for as if these were defined contribution schemes 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.

The costs of retirement benefits provided to employees of the College through defined contribution arrangements are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

Hertford College  
Consolidated Statement of Financial Activities  
For the year ended 31 July 2017

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2017 Total £'000	2016 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:	1					
Teaching, research and residential		6,036	-	-	6,036	5,645
Other Trading Income	3	2,847	-	-	2,847	2,825
Donations and legacies	2	259	357	42	658	590
Investments						
Investment income	4	1,667	233	-	1,900	1,784
Other income		19	-	-	19	31
Total income		<u>10,828</u>	<u>590</u>	<u>42</u>	<u>11,460</u>	<u>10,875</u>
EXPENDITURE ON:						
Charitable activities:	5					
Teaching, research and residential		7,911	159	-	8,070	8,145
Generating funds:						
Fundraising		509	-	-	509	553
Trading expenditure		2,195	-	-	2,195	2,001
Investment management costs		148	19	-	167	142
Total Expenditure		<u>10,763</u>	<u>178</u>	<u>-</u>	<u>10,941</u>	<u>10,841</u>
Net Income/(Expenditure) before gains		<u>65</u>	<u>412</u>	<u>42</u>	<u>519</u>	<u>34</u>
Net gains/(losses) on investments	10	582	106	5,298	5,986	2,801
Net Income/(Expenditure)		<u>647</u>	<u>518</u>	<u>5,340</u>	<u>6,505</u>	<u>2,835</u>
Transfers between funds	14	(28)	8	20	-	-
Net movement in funds for the year		<u>619</u>	<u>526</u>	<u>5,360</u>	<u>6,505</u>	<u>2,835</u>
Fund balances brought forward	14	15,953	1,116	55,985	73,054	70,219
Funds carried forward at 31 July		<u>16,572</u>	<u>1,642</u>	<u>61,345</u>	<u>79,559</u>	<u>73,054</u>

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

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2016 Total £'000
INCOME AND ENDOWMENTS FROM:				
Charitable activities:				
Teaching, research and residential	5,645	-	-	5,645
Other Trading Income	2,825	-	-	2,825
Donations and legacies	443	137	10	590
Investments	-	-	-	-
Investment income	1,537	247	-	1,784
The above analysis includes £1,667k received from Oxford University from publicly accountable funds under the-CFF Scheme,-net of College fees received				
Other income	31	-	-	31
Total income	10,481	384	10	10,875
EXPENDITURE ON:				
Charitable activities:				
Teaching, research and residential	7,903	242	-	8,145
Generating funds:				
Fundraising	553	-	-	553
Trading expenditure	2,001	-	-	2,001
Investment management costs	140	2	-	142
Total Expenditure	10,597	244	-	10,841
Net Income/(Expenditure) before gains	(116)	140	10	34
Net gains/(losses) on investments	217	45	2,539	2,801
Net Income/(Expenditure)	101	185	2,549	2,835
Transfers between funds	-	(19)	19	-
Net movement in funds for the year	101	166	2,568	2,835
Fund balances brought forward	15,852	950	53,417	70,219
Funds carried forward at 31 July	15,953	1,116	55,985	73,054

Hertford College  
Consolidated and College Balance Sheets  
As at 31 July 2017

	Notes	2017 Group £'000	2016 Group £'000	2017 College £'000	2016 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	10,996	11,464	10,996	11,464
Other Investments	10	66,944	63,253	66,944	63,253
<b>Total Fixed Assets</b>		<b>77,940</b>	<b>74,717</b>	<b>77,940</b>	<b>74,717</b>
<b>CURRENT ASSETS</b>					
Stocks		29	26	29	26
Debtors	12	1,367	504	2,307	369
Cash at bank and in hand		4,253	1,991	1,971	1,925
<b>Total Current Assets</b>		<b>5,649</b>	<b>2,521</b>	<b>4,307</b>	<b>2,320</b>
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	13	2,808	2,651	1,466	2,450
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>80,781</b>	<b>74,587</b>	<b>80,781</b>	<b>74,587</b>
<b>NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY</b>					
		<b>80,781</b>	<b>74,587</b>	<b>80,781</b>	<b>74,587</b>
Defined benefit pension scheme liability	18	1,222	1,533	1,222	1,533
<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<b>79,559</b>	<b>73,054</b>	<b>79,559</b>	<b>73,054</b>
<b>FUNDS OF THE COLLEGE</b>					
Endowment funds		61,345	55,985	61,345	55,985
Restricted funds		1,642	1,116	1,642	1,116
Unrestricted funds					
Designated funds		11,530	12,018	11,530	12,018
General funds		3,820	2,402	3,820	2,402
Pension reserve	18	1,222	1,533	1,222	1,533
		<b>79,559</b>	<b>73,054</b>	<b>79,559</b>	<b>73,054</b>

The financial statements were approved and authorised for issue by the Governing Body of Hertford College on 29th November 2017

Trustee:

Trustee:



Hertford College  
Consolidated Statement of Cash Flows  
For the year ended 31 July 2017

	Notes	2017 £'000	2016 £'000
Net cash provided by (used in) operating activities	20	<u>(1,820)</u>	<u>(595)</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		1,900	1,784
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(155)	(1,561)
Proceeds from sale of investments		7,226	197
Purchase of investments		(4,931)	(1,712)
Net cash provided by (used in) investing activities		<u>4,040</u>	<u>(1,292)</u>
Cash flows from financing activities			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
Receipt of endowment		42	10
Net cash provided by (used in) financing activities		<u>42</u>	<u>10</u>
Change in cash and cash equivalents in the reporting period		<u>2,262</u>	<u>(1,877)</u>
Cash and cash equivalents at the beginning of the reporting period		1,991	3,868
Change in cash and cash equivalents due to exchange rate movements		2,262	(1,877)
Cash and cash equivalents at the end of the reporting period	21	<u>4,253</u>	<u>1,991</u>

Hertford College  
Notes to the financial statements  
For the year ended 31 July 2017

1 INCOME FROM CHARITABLE ACTIVITIES

	2017 £'000	2016 £'000
Teaching, Research and Residential Unrestricted funds		
Tuition fees - UK and EU students	1,608	1,652
Tuition fees - Overseas students	844	723
Other fees	615	489
Other HEFCE support	205	209
Other academic income	110	142
College residential income	2,654	2,430
	<u>6,036</u>	<u>5,645</u>
 Total Teaching, Research and Residential	 <u>6,036</u>	 <u>5,645</u>

Public worship

The above analysis includes £1,667k received from Oxford University from publicly accountable funds under the CFF Scheme, net of College fees received directly (2016: £1,694k).

2 DONATIONS AND LEGACIES

	2017 £'000	2016 £'000
Donations and Legacies Unrestricted funds	259	443
Restricted funds	357	137
Endowed funds	42	10
	<u>658</u>	<u>590</u>

3 INCOME FROM OTHER TRADING ACTIVITIES

	2017 £'000	2016 £'000
Subsidiary company trading income	2,833	2,772
Other trading income	14	53
	<u>2,847</u>	<u>2,825</u>

Note 11

4 INVESTMENT INCOME

	2017 £'000	2016 £'000
Unrestricted funds		
Commercial rent	27	19
Equity dividends	1,273	1,074
Income from fixed interest stocks	357	427
Interest on fixed term deposits and cash	-	1
Bank interest	10	16
	<u>1,667</u>	<u>1,537</u>
Restricted funds		
Equity dividends	182	172
Income from fixed interest stocks	51	75
	<u>233</u>	<u>247</u>
 Total Investment income	 <u>1,900</u>	 <u>1,784</u>

Hertford College  
Notes to the financial statements  
For the year ended 31 July 2017

5 ANALYSIS OF EXPENDITURE

	2017 £'000	2016 £'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	3,488	3,397
Other direct costs allocated to:		
Teaching, research and residential	3,141	2,837
Support and governance costs allocated to:		
Teaching, research and residential	1,441	1,911
Total charitable expenditure	<u>8,070</u>	<u>8,145</u>
Expenditure on raising funds		
Direct staff costs allocated to:		
Fundraising	315	313
Trading expenditure	399	376
Investment management costs	-	(3)
Other direct costs allocated to:		
Fundraising	164	213
Trading expenditure	592	520
Support and governance costs allocated to:		
Fundraising	30	27
Trading expenditure	1,204	1,105
Investment management costs	167	145
Total expenditure on raising funds	<u>2,871</u>	<u>2,696</u>
Total expenditure	<u>10,941</u>	<u>10,841</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 £122k (2016 - £97k)

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	2017 Total £'000
Financial administration	1,215	880	2,095
IT	44	291	335
Depreciation	136	487	623
Other finance charges	-	(310)	(310)
Governance costs	6	93	99
	<u>1,401</u>	<u>1,441</u>	<u>2,842</u>
	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>

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 2017

	2017	2016
	£'000	£'000
Governance costs comprise:		
Auditor's remuneration - audit services	22	30
Auditor's remuneration - tax advisory services	15	20
Legal and other fees on constitutional matters	62	87
	<u>99</u>	<u>137</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	2017	2016
		£'000	£'000

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

Unrestricted funds			
Grants to individuals:			
Scholarships, prizes and grants	74	186	
Bursaries and hardship awards	101	149	
Grants to other institutions		-	
Total unrestricted	<u>175</u>	<u>335</u>	
Restricted funds			
Grants to individuals:			
Scholarships, prizes and grants	268	177	
Bursaries and hardship awards	112	50	
Grants to other institutions		-	
Total restricted	<u>380</u>	<u>227</u>	
Total grants and awards	<u>555</u>	<u>562</u>	

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

8	STAFF COSTS	2017	2016
		£'000	£'000
The aggregate staff costs for the year were as follows.			
Salaries and wages	4,530	4,389	
Social security costs	364	347	
Pension costs:			
Defined benefit schemes	338	755	
	<u>5,232</u>	<u>5,491</u>	

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

	2017	2016
Tuition and research	26	23
College residential	74	73
Fundraising	4	4
Support	32	32
Total	<u>136</u>	<u>132</u>

Hertford College  
Notes to the financial statements  
For the year ended 31 July 2017

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

University Lecturers	18	20
CUF Lecturers	8	7
Other teaching and research	4	4
Other	3	3
Total	<u>33</u>	<u>34</u>

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 £71k in 2016/17 (£83k in 2015/16).

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
£70,001-£80,001	1	-
£90,001-£100,001	-	1
	<u>1</u>	<u>2</u>

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

In defined benefits schemes	1	2
	<u>1</u>	<u>2</u>

The College contributions to defined contribution pension schemes totalled

	338	755
	<u>338</u>	<u>755</u>

9 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At start of year	21,430	218	21,648
Additions	155	-	155
At end of year	<u>21,585</u>	<u>218</u>	<u>21,803</u>
Depreciation and impairment			
At start of year	10,116	68	10,184
Depreciation charge for the year	579	44	623
At end of year	<u>10,695</u>	<u>112</u>	<u>10,807</u>
Net book value			
At end of year	<u>10,890</u>	<u>106</u>	<u>10,996</u>
At start of year	<u>11,314</u>	<u>150</u>	<u>11,464</u>

Hertford College  
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College	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At start of year	21,430	218	21,648
Additions	155	-	155
At end of year	<u>21,585</u>	<u>218</u>	<u>21,803</u>
Depreciation and impairment			
At start of year	10,116	68	10,184
Charge for the year	579	44	623
At end of year	<u>10,695</u>	<u>112</u>	<u>10,807</u>
Net book value			
At end of year	<u>10,890</u>	<u>106</u>	<u>10,996</u>
At start of year	<u>11,314</u>	<u>150</u>	<u>11,464</u>

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.

	2017 £'000	2016 £'000
Group investments		
Valuation at start of year	63,252	58,937
Amounts withdrawn	(4,000)	(93)
Reinvested income	1,863	1,747
Investment management fees	(157)	(139)
(Decrease)/increase in value of investments	5,986	2,801
Group investments at end of year	<u>66,944</u>	<u>63,253</u>
Investment in subsidiaries	-	-
College investments at end of year	<u>66,944</u>	<u>63,253</u>

Group investments comprise:	Held in the UK £'000	2017 Total £'000	Held in the UK £'000	2016 Total £'000
Equity investments	1,001	1,001	716	716
Global multi-asset funds	47,876	47,876	41,124	41,124
Property funds	5,381	5,381	5,283	5,283
Fixed interest stocks	11,543	11,543	15,605	15,605
Fixed term deposits and cash	1,143	1,143	525	525
Total group investments	<u>66,944</u>	<u>66,944</u>	<u>63,253</u>	<u>63,253</u>

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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	2,833
Expenditure	(2,195)
Donation to College under gift aid	(638)
Result for the year	<u>-</u>
Total assets	2,371
Total liabilities	(2,371)
Net funds at the end of year	<u>-</u>

During the year a Gift Aided management charge of £769k (2016: £692k) was paid by Hertford College Programmes to the College. At the year end, a balance of £1,030k was owed by Hertford College Programmes to Hertford College (2016: £887k was owed by Hertford College Programmes to the College).

12 DEBTORS

	2017 Group £'000	2016 Group £'000	2017 College £'000	2016 College £'000
Amounts falling due within one year:				
Trade debtors	144	172	54	38
Amounts owed by College members	93	135	93	134
Amounts owed by Group undertakings	-	-	1,030	-
Loans repayable within one year	19	14	19	14
Prepayments and accrued income	228	183	228	183
Other debtors	883	-	883	-
	<u>1,367</u>	<u>504</u>	<u>2,307</u>	<u>369</u>

13 CREDITORS: falling due within one year

	2017 Group £'000	2016 Group £'000	2017 College £'000	2016 College £'000
Trade creditors	473	504	472	504
Amounts owed to College Members	100	64	101	64
Amounts owed to Group undertakings	-	-	-	887
Taxation and social security	130	125	130	125
College contribution	122	91	122	91
Accruals and deferred income	1,474	1,347	131	314
Other creditors	509	520	510	465
	<u>2,808</u>	<u>2,651</u>	<u>1,466</u>	<u>2,450</u>

Accruals and deferred income include £1,339k (2015/16: £1,029k) 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 2015/16 was released during 2016/17.

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14 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2016 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2017 £'000
<b>Endowment Funds - Permanent</b>						
College Endowment Fund	42,338	-	-	-	4,006	46,344
Carreras Endowment	1,468	-	-	-	139	1,607
Carreras General	3,393	-	-	20	321	3,734
Baring Trust Fund	1,869	-	-	-	177	2,046
Drapers	1,018	30	-	-	96	1,144
Mortimer May	843	-	-	-	80	923
E. M. Vaughan-Williams Trust	520	3	-	-	49	572
Five Fellowship	503	-	-	-	48	551
Michael Baring Travel Fund	79	-	-	-	7	86
Roger Van Noorden Economics Fund	517	6	-	-	49	572
Ellis-Barnard History Fellowship	1,316	3	-	-	124	1,443
Other Scholarship Funds	917	-	-	-	87	1,004
Other Funds	173	-	-	-	16	189
<b>Endowment Funds - Expendable</b>						
Carreras Fellowship	510	-	-	-	48	558
Starun Fund	194	-	-	-	18	212
Japan Appeal	5	-	-	-	1	6
Armstrong-Macintyre-Markham	299	-	-	-	28	327
BCL Fund	23	-	-	-	2	25
<b>Total Endowment Funds - College</b>	<b>55,985</b>	<b>42</b>	<b>-</b>	<b>20</b>	<b>5,298</b>	<b>61,345</b>
<b>Restricted Funds</b>						
Undergraduate Bursaries	-	19	(21)	-	(1)	(3)
Unspent income funds	-	-	-	-	-	-
Carreras Endowment	-	43	(4)	(40)	-	(1)
Carreras Fellowship	118	18	(17)	20	11	151
Drapers	73	32	(3)	-	7	109
Mortimer May	210	31	(30)	-	20	230
E. M. Vaughan-Williams Trust	96	18	(12)	-	9	111
Janeway Restricted Fund	34	1	(12)	-	3	26
Unspent income of other Funds above	229	82	(38)	28	22	323
Other Funds	356	346	(41)	-	35	696
<b>Total Restricted Funds - College</b>	<b>1,116</b>	<b>590</b>	<b>(178)</b>	<b>8</b>	<b>106</b>	<b>1,642</b>
<b>Unrestricted Funds</b>						
General	2,402	10,828	(10,673)	681	582	3,820
Fixed asset designated	11,464	-	-	(468)	-	10,996
Graduate Scholarship	54	-	(20)	-	-	34
Undergraduate Bursaries	500	-	(70)	70	-	500
Pension Reserve	1,533	-	-	(311)	-	1,222
<b>Total Unrestricted Funds - College</b>	<b>15,953</b>	<b>10,828</b>	<b>(10,763)</b>	<b>(28)</b>	<b>582</b>	<b>16,572</b>
Unrestricted funds held by subsidiaries	-	-	-	-	-	-
<b>Total Unrestricted Funds - Group</b>	<b>15,953</b>	<b>10,828</b>	<b>(10,763)</b>	<b>(28)</b>	<b>582</b>	<b>16,572</b>
<b>Total Funds</b>	<b>73,054</b>	<b>11,460</b>	<b>(10,941)</b>	<b>-</b>	<b>5,986</b>	<b>79,559</b>



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	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
<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	-
Unspent income funds						-
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
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
<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
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	-	-	-	-	-	-
<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 :-

Carreras Endowment/Carreras General	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.
Undergraduate Bursaries/General Fund	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.
Infrastructure Modernisation/General Fund	Governing Body has decided to transfer the Infrastructure Modernisation Fund to the General Fund pending the creation of a long-term Estates Plan.

15 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 for 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.
Endowment Funds - Expendable:	
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.

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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 Stubble, 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.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
Tangible fixed assets	10,996	-	-	10,996
Other investments	3,957	1,642	61,345	66,944
Net current assets	1,619	-	-	1,619
	<u>16,572</u>	<u>1,642</u>	<u>61,345</u>	<u>79,559</u>
	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000
Tangible fixed assets	11,465	-	-	11,465
Other investments	6,152	1,116	55,985	63,253
Net current assets	(1,664)	-	-	(1,664)
	<u>15,953</u>	<u>1,116</u>	<u>55,985</u>	<u>73,054</u>

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17 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 £1,306,740 (2015-16 £1,270,712).

The total of pension contributions is £176,827 (2015-16 £180,658).

Remuneration paid to trustees

Range	2017		2016	
	Number of trustees	Gross remuneration, taxable benefits and pension contributions £	Number of trustees	Gross remuneration, taxable benefits and pension contributions £
£1,001-£2,000	1	1,780	2	3,464
£3,001-£4,000			1	3,358
£9,001-£10,000	1	9,955	1	9,735
£19,001-£20,000	1	19,568	1	19,282
£20,001-£21,000	1	20,913	2	41,265
£21,001-£22,000	11	237,129	10	211,170
£22,001-£23,000	1	22,001	3	67,314
£23,001-£24,000	1	23,018		
£24,001 -£25,000			1	24,658
£25,001 -£26,000	1	25,215		
£26,001-£27,000	1	26,727	1	26,675
£28,001-£29,000	1	28,411		
£29,001 -£30,000			1	29,969
£30,001-£31,000	1	30,646		
£31,001-£32,000	1	31,860		
£33,001-£34,000			1	33,813
£35,001-£36,000	1	35,752		
£40,001-£41,000			1	40,575
£42,001-£43,000	1	42,835		
£44,001-£45,000			1	44,009
£45,001-£46,000			1	45,381
£46,001-£47,000	2	92,506	1	46,489
£47,001-£48,000	1	47,494		
£52,001-£53,000			2	104,562
£53,001-£54,000	2	107,119	2	107,519
£54,001-£55,000	1	54,360	1	54,239
£58,001-£59,000	1	58,611		
£66,002 -£67,000	1	66,037	1	66,053
£84,001-£85,000			1	84,973
£100,001-£101,000			1	100,159
£102,001-£103,000	1	102,088		
£106,001-£107,000			1	106,050
£107,001-£108,000	1	107,941		
£114,001-£115,000	1	114,774		
	35	1,306,740	37	1,270,712

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 (2015/16: £0).  
See also note 24 Related Party Transactions

#### Key management remuneration

The total remuneration paid to key management was £193k (2016: £200k).  
Key management are considered to be the Deputy Bursar, the Domestic Bursar and the Registrar and Director of Admissions.

## 18 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 include contributory multi-employer defined benefit arrangements with 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 £215k (2016 - £351k) in relation to the USS. This represents contributions of £284k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of -£69k.

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, on 1 October 2016.

Based on the assumptions made in the 31 March 2014 actuarial valuation and taking account of the scheme changes, the employers' total contributions for the period from 1 April 2016 to 31 March 2031 was set at 18.0% of salaries. This resulted in employer deficit funding contributions initially of 2.5% from 1 April 2016 but reduced to 2.1% from 1 October 2016 for the remaining period to 31 March 2031 with a future service employer contribution rate of 15.9% following the introduction of the salary threshold and defined contribution section.

A subsequent interim actuarial report as at 31 March 2016 issued in September 2016 has reported an increased deficit of £10.0bn and a funding level of 83%. This interim actuarial report included a reassessment of the future service employer contribution rate and indicated that this has increased substantially from 15.9% to 21.4% on account of lower prevailing gilt yields compared with the 2014 valuation market conditions. As a result this interim valuation has indicated that the current employer contribution rate of 18% is inadequate to cover the cost of benefits accruing. No changes to the contribution rates being paid have been made as a result of this interim actuarial report but a full review of the employers' contributions will be completed following the next valuation as at 31 March 2017 which is currently being prepared.

A provision of £485k has been included in the financial statements as at 31 July 2017 (2016 - £554k) for the present value of the estimated future deficit funding element of the employer contributions payable based on the current agreement for the payment of contributions. 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 £123k (2016 - £404k) in relation to the OSPS. This represents contributions of £367k payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £244k.

The latest formal actuarial valuation of OSPS was carried out as at 31 March 2016 to meet the requirements of the Pensions Act 2004 and was published in April 2017. This valuation showed the scheme assets as £527.8m, being sufficient to cover 80% of its liabilities of £660.7m on a technical provisions basis with an overall shortfall of £132.9m.

Based on this valuation, the University completed a consultation with active members of the scheme regarding the benefits payable from the scheme in future. Following this a number of changes have been made including from 1 April 2017 changing the basis used for indexation under the scheme, from 1 October 2017 closing the defined benefits scheme to new entrants and from 1 April 2018 changing the benefits structure from benefits being linked to salary at retirement to being calculated on a career average basis and increasing the rates of member contribution (for the standard cost plan from 6.6% to 8%). Reflecting the above changes the scheme actuary has estimated that from 1 April 2018 the net cost to the employers of future benefits will reduce from 22.1% to 17.3% of pensionable salaries.

The trustee and University have agreed a recovery plan under which the employers have paid contributions of 22.5% of employee pensionable salaries to 31 July 2016, 23% for the period 1 August 2016 to 31 July 2017 and will pay 19% from 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 2027.

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A provision of £737k has been included in the financial statements as at 31 July 2017 (2016 - £981) for the present value of the estimated future deficit funding element of the contributions payable under this recovery plan 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/>

19 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.

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

	2017 Group £'000	2016 Group £'000
Net income/(expenditure)	6,505	2,835
Elimination of non-operating cash flows:		
Investment income	(1,900)	(1,784)
(Gains)/losses in investments	(5,986)	(2,801)
Endowment donations	(42)	(10)
Depreciation	623	583
Decrease/(Increase) in stock	(3)	(1)
Decrease/(Increase) in debtors	(863)	(72)
(Decrease)/Increase in creditors	157	541
(Decrease)/Increase in pension scheme liability	(311)	114
Net cash provided by (used in) operating activities	<u>(1,820)</u>	<u>(595)</u>

21 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000
Cash at bank and in hand	4,253	1,991
Total cash and cash equivalents	<u>4,253</u>	<u>1,991</u>

22 FINANCIAL COMMITMENTS

	2017 £'000	2016 £'000
The totals of future minimum lease payments under non-cancellable operating leases for each of the following periods were:		
Land and buildings		
Not later than one year	121	33
Later than one year and not later than five years	245	23
Later than five years	245	55
	<u>611</u>	<u>111</u>
Other		
Not later than one year	-	1
Later than one year and not later than five years	-	6
	<u>-</u>	<u>7</u>

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23 CAPITAL COMMITMENTS

"The College had contracted commitments at 31 July for future capital projects totalling £883k (2016: £Nil)

24 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.

	2017 £'000	2016 £'000
B Frellesvig	23	26
D Dwan	187	193
R Zubek	190	186

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.

25 CONTINGENT LIABILITIES

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

26 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.