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UNIVERSITY COLLEGE OXFORD

Annual Report and Financial Statements

Year ended 31 July 2016

Charity No. 1141259

**UNIVERSITY COLLEGE**  
**Annual Report and Financial Statements**  
**Contents**

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## UNIVERSITY COLLEGE

### Governing Body, Officers and Advisers

Year ended 31 July 2016

#### MEMBERS OF THE GOVERNING BODY

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

		(1)	(2)	(3)	(4)
The Master, Sir Ivor Crewe		•	•	•	•
Professor M J Smith					
Professor R J Nicholas			•		
Professor A W Roscoe			•		
Dr P E G Baird	Retired 30 September 2016				
Professor J F Wheater			•		•
Dr K L Dorrington					
Professor T W Child			•		
Dr C J Pears		•			
Professor N Woods					•
Dr S Collins				•	
Professor S Mukerji	Resigned 31 August 2015				
Professor J B Gardner	Resigned 30 September 2016				
Professor G M Henderson					•
Professor P England	Resigned 14 May 2016				
Professor P D Howell					
Dr C J Holmes					
Mr F N Marshall			•		•
Professor J Hein					
Professor M Stears	Resigned 31 August 2016				
Professor P Jezzard		•			
Professor A Ker			•		
Dr W Allan				•	
Professor T Povey		•			
Dr A M Knowland	Retired 30 September 2015				
Professor O Zimmer					
Professor T Stern	Resigned 31 August 2016				
Revd Dr A Gregory				•	
Professor D Logan					

## UNIVERSITY COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2016

		(1)	(2)	(3)	(4)
Dr L Kallet		•			•
Dr B Jackson		•			•
Professor N Yeung					
Professor M Benedikt					
Professor F Arntzenius					
Professor S C Tsang					
Professor T Sharp					
Dr M Smith			•		•
Professor N Halmi		•			
Professor A Johnston		•			
Professor S Mavroeidis					
Dr P Jones					
Mr J Rowbottom		•			
Dr M Galpin				•	
Dr K Milewicz		•			
Dr N Nikolov		•			
Professor Y W Teh	Resigned 31 March 2016				
Dr J Benesch		•			
Dr C Leaver					
Professor Barend ter Haar				•	
Mr W A Roth			•		•
Dr L Hansen					
Dr A Vasanthakumar	Resigned 31 August 2015				
Mrs A Unsworth	Appointed 1 August 2015		•	•	•
Dr A Bell	Appointed 22 September 2015	•	•	•	•
Professor C Terquem	Appointed 1 October 2015	•			
Dr M Barnes	Appointed 1 October 2015				
Dr I Jacobs	Appointed 4 May 2016				
Dr S Hansen	Appointed 1 October 2016				
Dr S Smith	Appointed 1 October 2016				
Professor K O'Brien	Appointed 1 October 2016				

## UNIVERSITY COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2016

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During the year the main operational activities of the Governing Body were carried out through four committees. The current membership of these committees is shown above for each Fellow.

- (1) Academic Committee
- (2) Finance Committee
- (3) General Purposes Committee
- (4) Development Committee

### COLLEGE SENIOR STAFF

The senior staff of the College to whom day to day management is delegated are as follows.

Sir Ivor Crewe	Master
Frank Marshall	Estates Bursar
Angela Unsworth	Domestic Bursar
Andrew Bell	Senior Tutor
William Roth	Development Director

## UNIVERSITY COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2016

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### COLLEGE ADVISERS

#### Investment Managers

Credit Suisse (UK) Limited  
5 Cabot Square  
London, E14 4QR

Goldman Sachs International  
River Court, 120 Fleet Street  
London, EC4A 2BE

J P Morgan International Bank  
1 Knightsbridge  
London, SW1P 9UH

Allianz Global Investors GmbH  
199 Bishopsgate  
London, EC2M 3TY

#### Chartered Surveyors

Cluttons  
Seacourt Tower, West Way  
Oxford, OX2 0JJ

Carter Jonas  
Anchor House, 269 Banbury Rd  
Oxford, OX2 7LL

Stephenson & Son  
York Auction Centre, Murton  
York, YO19 5GF

#### Auditor

Grant Thornton UK LLP  
3140 Rowan Place, John Smith Drive  
Oxford Business Park South  
Oxford, OX4 2WB

#### Bankers

HSBC  
65 Cornmarket Street  
Oxford, OX1 3HY

#### Solicitors

Blake Morgan  
Seacourt Tower, West Way  
Oxford, OX2 0FB

Farrer & Co  
Lincoln's Inn Fields  
London, WC2A 3LH

#### College address

High Street,  
Oxford OX1 4BH

#### E- Links

Web Home Page: [www.univ.ox.ac.uk](http://www.univ.ox.ac.uk)  
Twitter: [@UnivOxford](https://twitter.com/UnivOxford)  
Pinterest: [uk.pinterest.com/UnivOxford](https://uk.pinterest.com/UnivOxford)  
Vimeo: [vimeo.com/universitycollegeox](https://vimeo.com/universitycollegeox)

Facebook: [facebook.com/universitycollegeoxford](https://facebook.com/universitycollegeoxford)  
LinkedIn: [www.linkedin.com/company/university-college-oxford](https://www.linkedin.com/company/university-college-oxford)  
Instagram: [www.instagram.com/univcollegeoxford/](https://www.instagram.com/univcollegeoxford/)  
YouTube: [www.youtube.com/universitycollegeox](https://www.youtube.com/universitycollegeox)

## **UNIVERSITY COLLEGE**

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

**Year ended 31 July 2016**

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

#### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The College of the Great Hall of the University of Oxford, of ancient foundation and later incorporated by a Royal charter of 15 February 1573, is known as University College, ("the College"). It is a chartered charitable corporation.

The College is registered with the Charity Commission (registered number 1141259).

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 the senior staff and advisers of the College, are given on pages 2 to 5.

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

##### **Governing documents**

The College is governed by its statutes which are made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1573, and the Universities of Oxford and Cambridge Act 1923. New statutes were approved by Her Majesty on 13 July 2016. A variety of new regulations will now be drafted to enable the implementation of the new statutes. These new statutes replace and supercede in their entirety the existing ones in connection with a comprehensive review of the College's governance and administrative arrangements. In particular to formally state in the governing document the College's charitable object, identify the College's charity trustees, establish appropriate procedures for managing conflicts of interest and introduce a Remuneration Committee to oversee trustee benefits, including remuneration and other benefits provided to members of the Governing Body and Fellows of the College.

##### **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 Her Majesty the Queen. The Governing Body is self-appointing, with the decision to elect a new trustee being taken by a vote of two-thirds of those present and voting at a meeting of the Governing Body.

New members of the Governing Body are elected as a consequence of their appointment to a Tutorial, Professorial or other relevant fellowship.

The Governing Body determines the ongoing 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 Master and is advised by the four main operational committees.

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

New members of the Governing Body are recruited following interview and selection procedures for the associated academic, administrative, or other post and inducted into the workings of the College, including Governing Body policy and procedures, by the Senior Tutor or Master (as appropriate) who provides them with notes of guidance and oral advice.

Members of the Governing Body are provided with trustee training by external advisers and college officers.

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

Members of the Governing Body are primarily academic Fellows and are also teaching and research employees of the College and/or the University and receive no remuneration or benefits from their trusteeship of the College. Those trustees that are also employees of the College receive remuneration for their work as employees of the College which is set based on the advice of the College's Remuneration Committee, members of which are the Master, Estates Bursar, Senior Tutor and a Fellow not in receipt of remuneration from the College. Where possible, remuneration is set in line with that awarded to the University's academic staff and based on nationally agreed pay scales.

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2016

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The remuneration of senior college staff is set by reference to nationally agreed pay scales and local conditions (Note 17).

#### Organisational management

The members of the Governing Body meet nine times a year to make decisions on the recommendations of the four committees. The work of developing their policies and monitoring the implementation of these is carried out by the four committees:

- The Academic Committee meets up to four times a term and discusses all aspects of academic policy and practice, including academic appointments, applications for sabbatical leave and special leave, teaching arrangements and quality assurance and undergraduate and graduate admissions and performance. The Committee also keeps abreast of academic developments in the central University and by liaison with other colleges through the Conference of Colleges.
- The Finance Committee discusses the financial affairs of the College and meets three times a term. The Finance Committee reviews the financial implications of recommendations made by the other standing committees of the College as well as receiving reports from its two sub-committees; the remuneration committee and the investment committee. The former makes authoritative recommendations concerning main salary scales and other matters involving the remuneration of persons who are also trustees. The latter considers the College's investment strategy for its endowments and makes recommendations for its implementation. The investment committee includes four expert external members. In this year, they were, John Authers, Tim del Nevo, Gavin Ralston and Tim Tacchi.
- The General Purposes Committee considers a range of operational issues.
- The Development Committee considers the College's fundraising initiatives and its ongoing links with Old Members of the College.

The day-to-day running of the College is delegated to the senior officers listed on page 4 above, supported by their staff in the Domestic Bursary, Treasury and Works Department, Academic Office and Development Office.

#### Group structure and relationships

The College administers many special trusts, as detailed in Notes 14 and 15 to the financial statements.

The College also had a wholly owned non-charitable subsidiary, Micklehall Limited, whose annual profits were donated to the College under the Gift Aid Scheme. An application to have Micklehall Limited dissolved was made to Companies House on 29 October 2015 as it had no current activities to pursue and the development project it was set up for has been successfully completed. It was dissolved by voluntary strike off on 9 February 2016.

The College, though autonomous, may be regarded as a member 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 Object is to promote the advancement of university education, learning and research as a College in the University of Oxford (including maintaining its historic buildings and other patrimony, pastoral care of its students, and public liturgy).

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:

- Provide lectures, teaching facilities and individual or small group tuition and supervision to its students;
- Provide pastoral and academic support and library facilities; and

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2016

- To advance research by providing research fellowships to outstanding academics at the early stages of their careers and sabbatical leave to established academics to carry out research.

#### Activities and objectives of the College

The College's activities are focused on furthering its stated objects and aims for the public benefit.

#### Our key objectives for the year included:

- To continue to develop and enhance the quality of our tutorial provision;
- To enhance the performance of our students in public examinations through the quality of the teaching and the provision of pastoral support and by selecting those who will thrive most in the academic environment of the collegiate University;
- To advance research through the filling of Junior Research Fellowships and by providing the other Fellows of the College with research time through the provision of sabbatical and research leave and research funding;
- To strengthen our links with the secondary education sector and to increase our efforts to attract applications from academically outstanding students through our schools liaison strategy;
- To continue to provide bursaries and scholarships to students of limited financial means and to develop further bridging support to facilitate the transition from secondary to tertiary education and to help in particular those from educationally disadvantaged backgrounds;
- To continue a targeted programme of access and recruitment activities;
- To continue our efforts to attract the most outstanding graduate students and seek to provide fully funded studentships for as many of them as possible;
- To enhance our support for the clinical part of the Medical Sciences degree.

#### ACHIEVEMENTS AND PERFORMANCE

The following table summarises the degrees awarded to members of the College during the year:

Degrees Awarded	2015-16	2014-15
Undergraduate	105	115
1 <sup>st</sup> & Upper 2 <sup>nd</sup> Class	95%	91%
Taught Graduate	25	28
Research Graduate	41	38

The total of scholarships, prizes, grants, bursaries and hardship awards in 2016 was £735k (2015: £543k) including Oxford Opportunity Bursary payments (Note 6). In addition, further awards totalling £73k (2015: £88k) were made by the Univ. Old Members' Trust and specific Old Members to students of the College. Further information on these awards is set out below:

% Receiving Awards	2015-16	2014-15
Graduates*	34%	27%
Undergraduates*	23%	23%

\*excludes those receiving small awards e.g. book grants etc.

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2016

The College has continued to expand its provision of graduate studentships in 2015-16 using newly endowed studentship funds leveraged by the University's Graduate Scholarship Matched Fund, and by linking College funds with Departmental and Divisional funding to create a large number of fully funded graduate studentships.

Dropout rates at the College continue to be exceptionally low compared to the national average of 7.2% in 2013/14 (Higher Education Statistics Agency ("HESA") Non-continuation following year of entry 2013-14).

	2015-16	2014-15
<b>% of Undergraduates that do not continue their course after the first year</b>	0.96%	1.87%

The College's schools liaison activity continues. During the Academic year 2015-16 the College carried out 86 schools liaison activities and events both in College and out in schools. Visits have been made by the Schools Liaison and Access Officer ("SLAO"), by undergraduate 'Student Ambassadors' and by tutorial staff. The College's programme of Year 12 academic taster days has seen a huge increase this year in both capacity and quantity. Univ's tutors offered taster lectures over 5 full days bringing over 400 talented students into the College. The College's digital outreach continues with new content being uploaded to staircase12.org regularly, as well as the website forming a major facet of the SLAO's outbound sessions in encouraging 'super-curricular' learning. The College's Student Ambassador scheme continues strong with around 65 on the scheme supporting inbound visits and making their own independent visits to schools. The College carried out its fourth 'Roadshow' to Stoke-on-Trent with 6 undergraduates as well as trialling a 'mini-Roadshow' taking 3 ambassadors on an overnight stay to work with schools in Telford and Shrewsbury.

Research is a duty of all academic fellows. The College further supports research by granting sabbatical leave and special leave to fellows for specific research activities. The College continues to employ outstanding researchers at an early stage of their careers. In 2015-16 there were 9.7 FTE junior researchers employed by the College (2015: 6.9 FTE). The College also specifically allocated £110k (2015: £112k) for the purchase of books/equipment and conference attendance to support both junior and senior fellows in their research efforts.

### FINANCIAL REVIEW

This year was once again characterised by substantial capital expenditure of £13.7m (2015: £6.6m) The College is seeking to increase significantly the amount and quality of College accommodation in order to be able to provide it to a higher proportion of our students. This year saw the completion of the major refurbishment of the Goodhart building on the main site, with a view to providing the high quality facilities that meet modern needs, the taking into College use of 10 Merton Street (which had been leased back to the University for the use of the Blavatnik School of Government), and the acquisition of the properties at 39 and 41 Iffley Road as student residences. Elsewhere, a contract was signed (completed after 31 July 2016) for the purchase of a former convent at Harberton Mead, which will provide accommodation near the main hospital and, in north Oxford, the arrangements in respect of 115 Banbury Road were completed. These actions will enhance the national and international attractions of the College's offer to students.

Although the economic background continues to inhibit operating income growth, the College has sufficient balance sheet strength to pursue these strategic goals for the medium-long term benefit of the institution.

2015/16 was another year of very strong and broadly based support from donations. Gifts received amounted to £5.6m (2015: £5.2m). The College is very grateful for this invaluable support.

Investment returns were strong, with a total return on the College's investments after fees and interest on the College's bonds of 10.08% (2015: 8.33%). Both property and securities investments contributed to returns and the result reflects also the effect on the sterling value of our overseas investments of depreciation in sterling during the year and in the period immediately after the referendum on membership of the European Union.

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2016

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The overall net funds of the College rose by £15.4m to £181.2m. The College has no borrowings other than its £40m bonds maturing in 2065. Holdings of government bonds and cash deposits at 31 July 2016 amounted to £42.2m (2015: £68.1m).

#### Reserves policy

The College's reserves policy is to maintain sufficient 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.

Total funds of the College at the year-end amounted to £181.2m (2015: £165.7m). This includes endowment capital of £114.9m and unspent restricted income funds totalling £11.3m. Free reserves at the year-end amounted to £2.4m (2015: £1.8m), representing retained unrestricted income reserves excluding an amount of £47.0m for the book value of tangible fixed assets less associated funding arrangements, and funds designated at the year-end amounting to £5.6m (2015: £5.6m).

The College also holds certain designated funds for educational & research purposes - see note 15.

#### Risk management and Internal Controls

The College has on-going processes which operated through-out the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College in undertaking its 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 Master. Financial risks are assessed by the Finance Committee and investment risks are monitored by the Investment Committee. In addition, the Domestic Bursar regularly reviews health and safety issues with other departmental heads. Training courses and other forms of career development are available, when requested, to 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 is exposed and have concluded that robust systems are in place to manage these risks. The College has established an audit committee and its duties include monitoring the effectiveness of the College's internal control and risk management systems. The members of the audit committee are Bill Child (Chair), Robin Nicholas, Bill Roscoe, and two external members Minesh Shah & Alastair White.

Risk is managed under the headings of Governance; Students; Staff; Owning & Operating Land & Buildings; Accommodation, Catering & Conferences; Financial Management; Information & IT Provision; Major Event.

The overarching approach to managing risks is as follows:

**Governance** – the College has formal committees for policy making and making recommendations to the Governing Body for final approval

**Operational** – the College has a range of academic policies governing the way students are engaged with as well as non-academic policies governing the day to day operations of the College

**Financial** – the Governing Body regularly receives key financial data, extensive liquidity is maintained within the endowment assets, insurances are extensive and reviewed annually, the investment committee (including external members) meets regularly with the Finance Committee to review plans and performance.

**External** – the Governing Body is aware of the changing university landscape as many are jointly employed with the University; student numbers do vary year on year but the College has the flexibility and the resources to manage in the short term.

**Compliance with law & regulation** – key management receive regular training and advice on compliance issues in their areas of responsibility.

The specific principal risks that the College is faced with, what the potential impact is and how they are mitigated are set out in the table below:

**UNIVERSITY COLLEGE**

**Report of the Governing Body**

**Year ended 31 July 2016**

<b>Risk</b>	<b>Potential Impact</b>	<b>Mitigation</b>
Loss of income as a result of changes in student financing, research support, or performance of College's endowment.	Inability to fund core activities. Inability to sustain College's endowment.	College engages with University in aiming to sustain funds for teaching and research. Investment Committee and Finance Committees regularly review plans and performance.
Failure to recruit and admit sufficient undergraduate and graduate students.	Loss of income if student numbers decline.	Maintain student numbers by realistic levels of over-offering and participation in Open Offer schemes.
Failure to admit, teach and supervise students to an appropriate standard.	Student underperformance. Reputational damage.	Regular monitoring of student progress and quality of teaching provision. Annual review of quality assurance measures by reference to University guidelines. Adherence in admissions decisions to the University's common framework.
Failure to recruit and retain high quality academic staff.	Poor teaching and care of students. Adverse effect on research reputation.	Joint appointment procedures followed by the College & the University. Policies to support research and research leave.
Substandard support for students with disabilities.	Failure of affected students to progress satisfactorily.	Provision of services for students with disabilities is supported by a dedicated Disability & Welfare Administrator. The College works closely with the University's Disability Advisory Service.
Non-compliance with Data Protection legislation.	Unlawful distribution of sensitive personal data.	Sensitive welfare and disability-related information is kept securely and access restricted.
Physical damage to IT equipment and virus/malware attack.	Loss of key data and disruption to day to day operations.	Essential files stored on central servers with daily backups along with continuous replication of the servers onto a dedicated disaster recovery site.
Terrorist and animal rights attacks.	Damage and injury to buildings and personnel.	Site security review undertaken and best practice procedures for evacuation and invacuation developed.

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2016

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#### Investment policy, objectives and performance

The College's investment objectives are:

- Funding current spending at an appropriate drawing rate, our long term guideline is 4%;
- Growing the capital sufficiently to keep pace with inflation; and
- If possible to make additional returns to help fund capital expenditure.

To meet these objectives the College's investments are managed so as to maintain diversification across a range of asset classes in order to produce an appropriate balance between risk and return. The investment strategy and policy are carried out by the Estates Bursar and external advisers under the guidance of the Investment Committee. At the year end, the College's long term investments, combining the securities and property investments, totalled £171.1m (2015: £170.9m). The overall total investment return was 10.08% (2015: 8.33%) over the year. Since the inception of the Investment Committee (31 July 2002) the annualised return to 31 July 2016 is 8.7% pa.

#### FUTURE PLANS

The College's future plans as agreed by the Governing Body are:

- i. to strengthen the intellectual environment in which our undergraduate and graduate students are educated;
- ii. to strengthen our links with the secondary educational sector and promote the exceptional quality of the education offered to our undergraduates with a view to attracting the best students from all sectors;
- iii. to establish a scheme specifically to support undergraduate applicants from the most disadvantaged backgrounds;
- iv. to provide excellent welfare and disability support to our students, with a view to helping them achieve their full intellectual and educational capacity;
- v. to continue to provide means-tested bursaries to students from disadvantaged backgrounds, and to provide bridging support to those from educationally disadvantaged backgrounds who may be in need of it;
- vi. to continue to fund-raise for fully funded graduate studentships, and to compete in an international market for the most outstanding graduate students;
- vii. to continue to support the research of our Fellows;
- viii. to continue to put in place measures for improving the performance of our undergraduates in public examinations;
- ix. to establish new research and teaching posts for early career academics, and
- x. the development of the College's North Oxford site in light of the acquisition of 115 Banbury Road.

#### TRUSTEES' RESPONSIBILITIES STATEMENT

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

Charity law requires the trustees 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).

The trustees 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 charity and of its net income or expenditure, for that period.

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2016

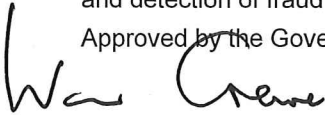
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In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and 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 in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the College's statutes. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Sir Ivor Crewe

Master

## **Independent auditor's report to the trustees of University College**

**Year ended 31 July 2016**

We have audited the financial statements of University College for the year ended 31 July 2016 which comprise the Statement of Accounting Policies, the Statement of Financial Activities, the College Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

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

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

As explained more fully in the Trustees' Responsibilities Statement set out on pages 12 and 13, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2016, 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.

**Independent auditor's report to the trustees of University College**

**Year ended 31 July 2016**

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

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

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; 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.



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants, Oxford

**2 DECEMBER 2016**

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**UNIVERSITY COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2016**

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**1) Scope of the financial statements**

The financial statements present the Statement of Financial Activities ("SOFA") of the College, the College Balance Sheet and the College Statement of Cash Flows. The College's wholly owned subsidiary was struck off the register of companies on 9 February 2016 and had not traded in the year ended 31 July 2016. There were no material trading activities by the subsidiary in the prior year so comparative figures have not been included.

The accounts of the University College Old Members' Trust ("OMT") have not been consolidated because the College does not control its activities. The net assets of the OMT as at 31 July 2016 were £10.1m (2015: £10.5m). Its incoming resources for the year then ended were £174k (2015: £189k) and it contributed £285k (2015: £280k) to the College during the year.

**2) Basis of accounting**

The College's 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 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 28.

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 SOFA. The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

**3) 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 College participates in two multi-employer defined benefit pension plans, the Universities Superannuation Scheme ("USS") & the Oxford Staff Pension Scheme ("OSPS"). In the judgement of the Governing Body there is insufficient information about the plans' assets and liabilities to be able to reliably account for its shares of the defined benefit obligations and plans' assets in the financial statements and therefore the plans are accounted for as defined contribution schemes (see note 18). The College does however recognize its share of the deficit plans currently in place on both schemes (see note 18).

The College carries investment property at fair value in the balance sheet, with changes in fair value being recognised in the income and expenditure section of the SOFA. Independent valuations are obtained to determine fair value at the balance sheet date. Properties have been valued individually on the basis of fair value in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards UK, revised April 2015.

Before legacies are recognised in the financial statements, the Governing Body has to exercise judgement as to what constitutes sufficient evidence of entitlement to the bequest. Sufficient entitlement has been determined to exist once notification of payment has been received from the executor(s) of the estate or

## UNIVERSITY COLLEGE

### Statement of Accounting Policies

Year ended 31 July 2016

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estate accounts are available which indicate there are sufficient funds in the estate after meeting liabilities for the bequest to be paid.

With respect to the next financial year, the most significant areas of uncertainty that affect the carrying value of assets held by the College are the level of investment return and the performance of investment markets.

#### 4) 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.

- a) Income from fees, Higher Education Funding Council for England ("HEFCE") support and other charges for services

Fees receivable, HEFCE support and charges for services and use of the premises including contributions received from restricted funds, are recognised in the period in which the related service is provided.

- b) 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 College 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.

- c) Investment income

Interest income is recognised using the effective interest method except for interest receivable on bank deposit accounts and from government gilts.

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.

#### 5) 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.

**UNIVERSITY COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2016**

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All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure categories in 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.

**6) 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.

**7) Tangible fixed assets**

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

Under FRS 102, the College has elected to use the fair value of certain land holdings as a 'deemed cost'. The valuation was undertaken by Carter Jonas, Chartered Surveyors, in accordance with the RICS Valuation – Professional Standards UK, revised in April 2015, for valuations for inclusion in financial statements prepared in accordance with revised UK Generally Accepted Accounting Principles ("GAAP") procedures (note 8).

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 £10,000 together with expenditure on equipment costing more than £10,000 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 is charged to the SOFA as incurred.

**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, including major extensions	50 years
Leasehold properties	50 years or period of lease if shorter
Educational papers and documents	50 years
Fixtures, fittings and equipment	5 years

## UNIVERSITY COLLEGE

### Statement of Accounting Policies

Year ended 31 July 2016

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Freehold land is not depreciated. The costs of maintenance are charged in the SOFA in the period in which they are incurred.

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

#### 10) 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 directly observable 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. These use significant unobservable inputs in their valuation techniques.

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

#### 11) Other financial instruments

##### a) 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.

##### b) Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are initially recognised at their transaction price and subsequently measured at amortised cost. 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 and subsequently measured at amortised cost.

##### c) Bonds liability

On 28 April 2015 the College issued £40m of 3.068% unsecured bonds due April 2065. They are treated as a basic financial instrument. The bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition the bonds are measured at amortised cost under the effective interest method (note 13).

#### 12) Stock

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

#### 13) Foreign currencies

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

## UNIVERSITY COLLEGE

### Statement of Accounting Policies

Year ended 31 July 2016

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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.

#### 14) Fund accounting

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

Unrestricted funds can be used in furtherance of the object 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 specified that the funds are to be used for particular purposes of the College. They consist of either gifts where the donor has specified that both the capital and 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 funds 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 its discretion determine to spend all or part of the capital.

#### 15) Pension costs

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

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

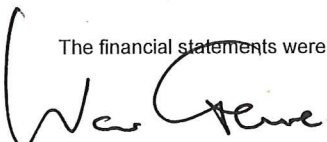
University College  
Statement of Financial Activities  
For the year ended 31 July 2016


	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2016 Total £'000	2015 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Charitable activities:</b>						
Teaching, research and residential	1	5,839	371	-	6,210	5,954
Donations and legacies	2	769	915	3,883	5,567	5,235
<b>Investments</b>						
Investment income	3	121	5,421	-	5,542	4,778
Other income		18	-	-	18	21
<b>Total income</b>		<b>6,747</b>	<b>6,707</b>	<b>3,883</b>	<b>17,337</b>	<b>15,988</b>
<b>EXPENDITURE ON:</b>						
<b>Charitable activities:</b>						
Teaching, research and residential	4	4,554	5,637	126	10,317	9,875
<b>Generating funds:</b>						
Fundraising		295	355	245	895	851
Investment management costs		59	71	607	737	631
Bond interest payable		1,227	-	-	1,227	316
<b>Total Expenditure</b>		<b>6,135</b>	<b>6,063</b>	<b>978</b>	<b>13,176</b>	<b>11,673</b>
<b>Net Income/(Expenditure) before gains</b>		<b>612</b>	<b>644</b>	<b>2,905</b>	<b>4,161</b>	<b>4,315</b>
Net gains/(losses) on investments	9, 10	-	319	10,940	11,259	5,583
<b>Net Income/(Expenditure)</b>		<b>612</b>	<b>963</b>	<b>13,845</b>	<b>15,420</b>	<b>9,898</b>
<b>Transfers between funds</b>	14	13,195	415	(13,610)	-	-
<b>Net movement in funds for the year</b>		<b>13,807</b>	<b>1,378</b>	<b>235</b>	<b>15,420</b>	<b>9,898</b>
Fund balances brought forward	14	41,173	9,927	114,643	165,743	155,845
<b>Funds carried forward at 31 July</b>		<b>54,980</b>	<b>11,305</b>	<b>114,878</b>	<b>181,163</b>	<b>165,743</b>

University College  
Balance Sheet  
As at 31 July 2016  
Charity No. 1141259

	Notes	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	49,934	34,540
Property investments	9	62,286	52,025
Other Investments	10	108,886	118,856
<b>Total Fixed Assets</b>		<b>221,106</b>	<b>205,421</b>
<b>CURRENT ASSETS</b>			
Stocks		89	84
Debtors	11	1,866	1,805
Cash at bank and in hand		2,745	3,548
<b>Total Current Assets</b>		<b>4,700</b>	<b>5,437</b>
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	12	3,878	4,297
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>822</b>	<b>1,140</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>221,928</b>	<b>206,561</b>
<b>CREDITORS: falling due after more than one year</b>	13	<b>39,480</b>	<b>39,483</b>
<b>NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY</b>		<b>182,448</b>	<b>167,078</b>
Defined benefit pension scheme liability	18	1,285	1,335
<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<b>181,163</b>	<b>165,743</b>
<b>FUNDS OF THE COLLEGE</b>			
<b>Endowment funds</b>		<b>114,878</b>	<b>114,643</b>
<b>Restricted funds</b>		<b>11,305</b>	<b>9,927</b>
<b>Unrestricted funds</b>			
Designated funds		52,597	39,410
General funds		2,383	1,763
		<b>181,163</b>	<b>165,743</b>

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

  
Trustee: Sir Ivor Crewe

  
Trustee: Frank Marshall

University College  
Statement of Cash Flows  
For the year ended 31 July 2016

	Notes	2016 £'000	2015 £'000
Net cash provided by (used in) operating activities	22	<u>(3,143)</u>	<u>(2,168)</u>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		5,542	4,778
Investment management expenses		(737)	(631)
Proceeds from the sale of property, plant and equipment		-	125
Purchase of property, plant and equipment		(13,739)	(6,576)
Proceeds from sale of investments		73,989	40,638
Purchase of investments		(59,940)	(81,937)
Net cash provided by (used in) investing activities		<u>5,115</u>	<u>(43,603)</u>
<b>Cash flows from financing activities</b>			
Bond interest payable		(1,227)	(316)
Cash inflows from new borrowing		-	39,700
Receipt of endowment		3,883	3,403
Net cash provided by (used in) financing activities		<u>2,656</u>	<u>42,787</u>
Change in cash and cash equivalents in the reporting period		<u>4,628</u>	<u>(2,984)</u>
Cash and cash equivalents at the beginning of the reporting period		9,659	12,643
Cash and cash equivalents at the end of the reporting period	23	<u>14,287</u>	<u>9,659</u>

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

1 INCOME FROM CHARITABLE ACTIVITIES

	2016 £'000	2015 £'000
<b>Teaching, Research and Residential</b>		
Unrestricted funds		
Tuition fees - UK and EU students	1,584	1,541
Tuition fees - Overseas students	694	684
Other HEFCE support	238	290
Other academic income	70	102
College residential income	3,253	3,107
	<u>5,839</u>	<u>5,724</u>
Restricted funds		
Other academic income	371	230
<b>Total Teaching, Research and Residential Income</b>	<u>6,210</u>	<u>5,954</u>

The above analysis includes £1,613k received from Oxford University from publicly accountable funds under the CFF Scheme (2015: £1,663k).

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the college share of the fees waived amounted to £33k (2015: £40k). These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2016 £'000	2015 £'000
<b>Donations and Legacies</b>		
Unrestricted funds	769	672
Restricted funds	915	1,160
Endowed funds	3,883	3,403
	<u>5,567</u>	<u>5,235</u>

3 INVESTMENT INCOME

	2016 £'000	2015 £'000
<i>Unrestricted funds</i>		
Agricultural rent	2	2
Commercial rent	61	63
Other property income	6	1
Equity dividends	25	24
Income from fixed interest stocks	27	27
	<u>121</u>	<u>117</u>
<i>Restricted funds</i>		
Agricultural rent	95	95
Commercial rent	2,729	2,518
Other property income	275	22
Equity dividends	1,127	942
Income from fixed interest stocks	1,185	1,076
Interest on fixed term deposits and cash	10	8
	<u>5,421</u>	<u>4,661</u>
<b>Total Investment income</b>	<u>5,542</u>	<u>4,778</u>

4 ANALYSIS OF EXPENDITURE

	2016 £'000	2015 £'000
<b>Charitable expenditure</b>		
Direct staff costs allocated to:		
Teaching, research and residential	3,995	3,904
Other direct costs allocated to:		
Teaching, research and residential	3,580	3,261
Support and governance costs allocated to:		
Teaching, research and residential	2,742	2,667
<b>Total charitable expenditure</b>	<u>10,317</u>	<u>9,832</u>

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

4 continued

<b>Expenditure on raising funds</b>		
Direct staff costs allocated to:		
Fundraising	459	456
Other direct costs allocated to:		
Fundraising	282	302
Investment management costs	119	101
Bond interest payable	1,227	316
Support and governance costs allocated to:		
Fundraising	154	93
Investment management costs	618	530
<b>Total expenditure on raising funds</b>	<b>2,859</b>	<b>1,798</b>
<b>Total expenditure</b>	<b>13,176</b>	<b>11,630</b>

The 2015 resources expended of £11,630k represented £5,707k from unrestricted funds, £5,187k from restricted funds and £736k from endowed funds.

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 £90k (2015 - £101k).

5 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	2016 Total £'000
Financial administration	236	423	659
Domestic administration	25	226	251
Human resources	12	27	39
IT	7	126	133
Depreciation	-	695	695
Other finance charges	(6)	51	45
Governance costs	53	53	106
	<b>327</b>	<b>1,601</b>	<b>1,928</b>

	Generating Funds £'000	Teaching and Research £'000	2015 Total £'000
Financial administration	204	443	647
Domestic administration	27	246	273
Human resources	-	1	1
IT	6	124	130
Depreciation	-	452	452
Loss/(profit) on fixed assets	-	(121)	(121)
Other finance charges	1	9	10
Governance costs	56	57	113
	<b>294</b>	<b>1,211</b>	<b>1,505</b>

Financial and domestic administration, IT and human resources costs are attributed according to the estimated staff time spent on each activity.

Depreciation costs and profit or loss on disposal of fixed assets are attributed according to the use made of the underlying assets.

Interest and other finance charges are attributed according to the purpose of the related financing.

Governance costs are attributed equally between generating funds and teaching and research.

	2016 £'000	2015 £'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	25	17
Auditor's remuneration - tax advisory services	6	-
Legal and other fees on constitutional matters	5	6
Other governance costs	70	90
	<b>106</b>	<b>113</b>

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

5 continued

No amount has been included in governance costs for the direct employment costs or reimbursed expenses of the College's Teaching 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.

6	<b>GRANTS AND AWARDS</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>

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

Bursaries and hardship awards

**Total unrestricted**

	180	188
	118	102
	298	290

**Restricted funds**

Grants to individuals:

Scholarships, prizes and grants

Bursaries and hardship awards

**Total restricted**

	392	230
	45	23
	437	253

**Total grants and awards**

	735	543
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The figure included above represents the cost to the College of the Oxford Bursary scheme of £97k (2015:£102k ). Students of this college received £118k (2015: £119k).Some of those students also received fee waivers amounting to £30k (2015: £43k).

The above costs are included within the charitable expenditure on Teaching, Research and Residential.

7 **STAFF COSTS**

The aggregate staff costs for the year were as follows.

Salaries and wages

Social security costs

Pension costs:

Defined benefit schemes

Other benefits

	2016	2015
	£'000	£'000
	4,184	4,035
	331	282
	656	600
	192	190
	5,363	5,107

The average number of employees of the College, excluding Trustees,

Tuition and research

College residential

Fundraising

Support

**Total**

	2016	2015
	42	40
	86	82
	7	8
	13	12
	148	142

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

University Lecturers

CUF Lecturers

Other teaching and research

Other

**Total**

	24	22
	9	9
	3	2
	6	6
	42	39

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

7 continued

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:

	2016	2015
£60,001-£70,000	<u>2</u>	<u>2</u>

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

In defined benefits schemes	<u>2</u>	<u>2</u>
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8 TANGIBLE FIXED ASSETS

	Land and Buildings: Research Centres £'000	Land and Buildings: General £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost or deemed cost</b>				
At start of year	1,263	36,197	1,571	39,031
Reclassification of building	(1,263)	1,263	-	-
Additions	-	13,498	241	13,739
Transfers from investment properties	-	2,350	-	2,350
<b>At end of year</b>	<u>-</u>	<u>53,308</u>	<u>1,812</u>	<u>55,120</u>
<b>Depreciation and impairment</b>				
At start of year	138	3,237	1,116	4,491
Reclassification of building	(138)	138	-	-
Depreciation charge for the year	-	564	131	695
<b>At end of year</b>	<u>-</u>	<u>3,939</u>	<u>1,247</u>	<u>5,186</u>
<b>Net book value</b>				
At end of year	<u>-</u>	<u>49,369</u>	<u>565</u>	<u>49,934</u>
At start of year	<u>1,125</u>	<u>32,960</u>	<u>455</u>	<u>34,540</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.

With effect from 1 August 2015 the building that had previously been used as a research centre became a general use building.

Under FRS 102 the College has elected to use the fair value of land in North Oxford on and around the Staverton Road annexe as a "deemed cost". This results in an uplift of £9.7m in the carrying value of land as at 1 August 2014 ( the transition date ) - see note 28.

9 PROPERTY INVESTMENTS

	Agricultural £'000	Commercial £'000	2016 Total £'000	2015 Total £'000
Valuation at start of year	5,211	46,814	52,025	48,883
Additions and improvements at cost	-	7,471	7,471	369
Disposals net proceeds & transfers	-	(2,350)	(2,350)	(275)
Revaluation gains in the year	371	4,769	5,140	3,048
<b>Valuation at end of year</b>	<u>5,582</u>	<u>56,704</u>	<u>62,286</u>	<u>52,025</u>

Estates land and property valuations as at 31 July 2016 have been made by the College's land agents, three independent firms of Chartered Surveyors: Cluttons, Carter Jonas and Stephenson & Son. The basis of valuation being market valuation.

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10 OTHER INVESTMENTS

All investments are held at fair value.

	2016 £'000	2015 £'000
Valuation at start of year	118,856	79,170
New money invested	52,469	81,568
Amounts withdrawn	(73,989)	(40,638)
Increase/(decrease) in cash held by fund manager	5,431	(3,779)
Increase in value of investments	6,119	2,535

<b>Investments at end of year</b>	<b>108,886</b>	<b>118,856</b>
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Investments comprise:	Held outside the UK £'000	Held in the UK £'000	2016 Total £'000	Held outside the UK £'000	Held in the UK £'000	2015 Total £'000
Equity investments	14,367	27,946	42,313	15,567	24,827	40,394
Global equity funds	10,883	-	10,883	4,108	-	4,108
Property funds	-	9,092	9,092	-	2,056	2,056
Fixed interest stocks	21,773	8,985	30,758	22,698	39,308	62,006
Alternative and other investments	4,292	6	4,298	3,963	218	4,181
Fixed term deposits and cash	-	11,542	11,542	-	6,111	6,111
<b>Total investments</b>	<b>51,315</b>	<b>57,571</b>	<b>108,886</b>	<b>46,336</b>	<b>72,520</b>	<b>118,856</b>

11 DEBTORS

	2016 £'000	2015 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	426	629
Amounts owed by College members	403	358
Loans repayable within one year	75	67
Prepayments and accrued income	872	672
Other debtors	90	79
	<b>1,866</b>	<b>1,805</b>

12 CREDITORS: falling due within one year

	2016 £'000	2015 £'000
Trade creditors	936	1,596
Taxation and social security	149	93
College contribution	110	130
Accruals and deferred income	2,507	2,371
Other creditors	176	107
	<b>3,878</b>	<b>4,297</b>

13 CREDITORS: falling due after more than one year

	2016 £'000	2015 £'000
Other creditors	39,480	39,483

On 28 April 2015 the College issued £40m of 3.068% unsecured bonds due April 2065 ("the bonds"). The bonds were issued at par. The proceeds of issue, less directly attributable transaction costs, amounted to £39.472m. Interest is payable on 28 April and 28 October each year. The bonds are listed on the London Stock Exchange. Unless previously redeemed, the bonds will be redeemed at their principal amount of £40m on 28 April 2065. The bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the bonds are measured at amortised cost under the effective interest method.

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14 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2016 £'000
<b>Endowment Funds - Permanent</b>						
Dr Radcliffe's Linton Estate (1714)	11,176	-	(24)	-	736	11,888
Oxford Radcliffe Scholarships (2013)	6,440	2,000	(19)	-	588	9,009
Univ 20/20 Strategy (2007)	5,193	-	(10)	-	317	5,500
J G Weir (1954)	4,151	-	(9)	-	273	4,415
Univ 20/20 Endowment (2007)	4,080	-	(9)	-	263	4,334
Radcliffe Travelling Fellow(1858)	3,925	-	(8)	-	259	4,176
John Freeston Trust (1592)	2,524	-	(5)	-	166	2,685
Maintenance Trust Fund (1932)	1,855	-	(4)	-	123	1,974
Sir E A Wallis Budge (1935)	1,680	-	(4)	-	110	1,786
The Bouverie Trust (1979)	1,559	-	-	-	-	1,559
Sanderson Modern History Fellow (2012)	1,611	-	(4)	-	107	1,714
McConnell Laing Classics (1999)	1,484	-	(4)	-	103	1,583
Margaret Candfield English (1997)	1,471	-	(3)	-	96	1,564
Tacchi Fellowship (2008)	1,211	-	(3)	-	85	1,293
Dunhill Foundation Trust (1988)	1,196	-	(3)	-	79	1,272
Schrecker Slavonic Studies (2007)	1,180	-	(3)	-	78	1,255
O.M. Organic Chemistry Fellow (1990)	1,173	-	(2)	-	77	1,248
Harold Salvesen Junior Fellow(1964)	1,151	-	(2)	-	75	1,224
Scott JRF Fund (2001)	1,094	-	(2)	-	79	1,171
Swire Graduate History Scholarship (2012)	1,070	-	(2)	-	70	1,138
Modern History Fund (1999)	1,057	1	(2)	-	58	1,114
Beaverbrook Fund (1979)	1,025	-	-	-	-	1,025
Robert Mynors (1922)	1,024	-	(2)	-	67	1,089
Goodman Fellowship Fund (1986)	959	-	(2)	-	63	1,020
Modern History Fund II (2001)	937	1	(2)	-	83	1,019
45 Other Funds	16,093	1,248	(32)	-	1,065	18,374
<b>Endowment Funds - Expendable</b>						
Univ. Capital Fund	33,038	14	(684)	(13,610)	5,550	24,308
Hoffman Law Fellowship	1,472	185	(38)	-	101	1,720
34 Other Funds	3,814	434	(96)	-	269	4,421
<b>Total Endowment Funds</b>	<b>114,643</b>	<b>3,883</b>	<b>(978)</b>	<b>(13,610)</b>	<b>10,940</b>	<b>114,878</b>
<b>Restricted Funds</b>						
Geary Hill Fund (1987)	1,371	39	(48)	6	87	1,455
Radcliffe Travelling Fellow(1858)	1,218	115	(38)	19	63	1,377
137 Other Funds	7,338	6,553	(5,977)	390	169	8,473
<b>Total Restricted Funds</b>	<b>9,927</b>	<b>6,707</b>	<b>(6,063)</b>	<b>415</b>	<b>319</b>	<b>11,305</b>
<b>Unrestricted Funds</b>						
General	1,762	6,400	(5,784)	5	-	2,383
Fixed Asset Designated Fund	33,824	-	-	13,195	-	47,019
Major Repair Fund	1,294	-	-	-	-	1,294
Master's Stipend Fund	1,210	50	(50)	-	-	1,210
Overbrook Foundation	1,048	50	(47)	-	-	1,051
14 Other Funds	2,035	-	(7)	(5)	-	2,023
<b>Total Unrestricted Funds</b>	<b>41,173</b>	<b>6,747</b>	<b>(6,135)</b>	<b>13,195</b>	<b>-</b>	<b>54,980</b>
<b>Total Funds</b>	<b>165,743</b>	<b>17,337</b>	<b>(13,176)</b>	<b>-</b>	<b>11,259</b>	<b>181,163</b>

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15 FUNDS OF THE COLLEGE DETAILS

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

Dr Radcliffe's Linton Estate (1714) fund established out of the legacy of Dr John Radcliffe in 1714 to support a variety of College activities.  
Oxford Radcliffe Scholarships (2013) fund established to endow graduate scholarships.  
Univ 20/20 Strategy (2007) established as part of the College's re-endowment campaign to provide support for the college's strategy.  
J G Weir (1954) fund established to provide for a fellowship for the purposes of teaching or research.  
Univ 20/20 Endowment (2007) established as part of the College's re-endowment campaign to provide a new permanent endowment fund.  
Radcliffe Travelling Fellow (1858) fund established to provide for medical research fellowships.  
John Freeston Trust (1592) fund established out of the legacy of John Freeston in 1592 to support the College and Normanton Grammar School.  
Maintenance Trust Fund (1932) provides for the income of the fund to be applied for or towards the upkeep, maintenance and repair of the College buildings and properties.  
Sir E A Wallis Budge (1935) fund established out of bequest of Sir Wallis Budge in 1935 to found a scholarship fellowship or lectureship in Egyptology.  
The Bouverie Trust (1979) fund established to support the study of English at the College.  
Sanderson Modern History Fellow (2012) fund established to endow a fellowship in Modern History.  
McConnell Laing Classics (1999) established as part of the College's 750th anniversary campaign to provide for a fellowship in Classics.  
Margaret Candfield English Fellowship established in 1997 to provide for a fellowship in English.  
Tacchi Fellowship Fund established in 2008 to provide for a fellowship at the College.  
Dunhill Foundation Trust (1988) fund established in 1988 to provide for a fellowship at the College in Physiology.  
Schrecker Slavonic Studies (2007) fund established in 2007 to provide support for Slavonic Studies at the College by endowing the Schrecker-Barbour Fellowship in Slavonic & Eastern European Studies.  
O.M. Organic Chemistry Fellow fund established in 1990 through the generosity of Old Members' of the College to provide a fellowship in Organic Chemistry.  
Harold Salvesen Junior Fellow (1964) fund established to endow a junior fellowship at the College.  
Swire Graduate History Scholarship (2012) fund for graduate scholarships.  
Scott JRF (2001) fund established to endow two junior research fellowships at the College  
Modern History Fellowship (1999) fund established to support tutorial fellowship in History.  
Beaverbrook Fund established in 1979 for the general support of the College activities.  
Robert Mynors (1922) fund exists to support a fellowship in Social Sciences.  
Goodman Fellowship (1986) fund exists to support a fellowship in Jurisprudence.  
Modern History Fellowship II (2001) fund exists to support a fellowship in Modern History

Endowment Funds - Expendable:

Univ. Capital Fund is the consolidation of gifts and donations which can be used for the general purposes of the College.  
Hoffman Law Fellowship fund established to support the costs of a fellow in Law.

Restricted Funds:

Geary Hill Fund (1987) established to provide a fund for the benefit of the undergraduates at the College.  
Radcliffe Travelling Fellow (1858) income fund established to provide for medical research fellowships.

Unrestricted Funds:

General fund represents the accumulated income from the College's activities and other sources that are available for the general purposes of the College.  
Fixed Asset Designated fund represented by the fixed assets of the College and therefore are not available for expenditure on the College's general purposes. Transfers are made from the College Capital Fund to match unfunded fixed asset purchases.  
Major Repair Fund is designated for major repairs to College Buildings.  
Master's Stipend Fund is designated for provision of the stipend of the Master of the College.  
Overbrook Foundation fund is used at the discretion of the Master to support a range of educational and research projects.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000
Tangible fixed assets	49,934	-	-	49,934
Property investments	-	1,512	60,774	62,286
Other investments	5,509	9,793	93,584	108,886
Net current assets	822	-	-	822
Long term liabilities	(1,285)	-	(39,480)	(40,765)
	<u>54,980</u>	<u>11,305</u>	<u>114,878</u>	<u>181,163</u>
	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2015 Total £'000
Tangible fixed assets	34,540	-	-	34,540
Property investments	-	1,370	50,655	52,025
Other investments	6,828	8,557	103,471	118,856
Net current assets	1,140	-	-	1,140
Long term liabilities	(1,335)	-	(39,483)	(40,818)
	<u>41,173</u>	<u>9,927</u>	<u>114,643</u>	<u>165,743</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 the 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. Tutorial fellows are paid on the College's scale according to skill and experience, with most being a joint appointment with the University of Oxford.

The College's Remuneration Committee makes authoritative recommendations on all matters involving trustees to the Finance Committee and comprises the Master, the Estates Bursar, the Senior Tutor and a Professorial Fellow and considers amendments to the College Scale and other stipends and allowances generally following national pay awards. It is appropriately reconstituted when the remuneration of member officers is considered. Trustees of the College fall into the following categories:

- Tutorial Fellows
- Professorial Fellows
- Special Supernumerary Fellows
- Senior Research Fellows
- Chaplain

There are also 5 trustees; The Master, Estates Bursar, Domestic Bursar, Senior Tutor and Development Director who work full time on management and fundraising.

Some trustees who are Tutorial Fellows are eligible for College housing schemes. 7 trustees live in the College or College owned houses or flats. 19 receive an allowance for housing which is disclosed within the salary figures below. 6 trustees live in houses owned jointly with the College.

Some trustees receive additional allowances for additional work carried out as part time college officers, e.g. Dean. These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,299k (2015:£1,344k).

The total of pension contributions is £202k (2015:£190k).

Remuneration paid to trustees

Range	Number of Trustees/Fellows	2016		2015	
		Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions £	Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions £
£1-£999	3		1,352	4	2,398
£1,000-£1,999	5		7,005	4	4,599
£2,000-£2,999	1		2,593	1	2,601
£3,000-£3,999	2		7,495	2	6,685
£4,000-£4,999	2		9,529	-	-
£5,000-£5,999	1		5,008	-	-
£6,000-£6,999	1		6,363	2	12,828
£8,000-£8,999	1		8,088	1	8,939
£9,000-£9,999	1		9,942	-	-
£11,000-£11,999	-		-	2	23,372
£12,000-£12,999	2		25,030	4	49,421
£13,000-£13,999	1		13,043	-	-
£14,000-£14,999	2		28,731	1	14,348
£17,000-£17,999	2		34,925	1	17,210
£19,000-£19,999	2		39,879	1	19,850
£20,000-£20,999	2		41,268	-	-
£21,000-£22,000	1		21,807	-	-
£22,000-£22,999	1		22,831	-	-
£23,000-£23,999	-		-	2	47,538
£24,000-£24,999	1		24,351	5	122,035
£25,000-£25,999	5		127,113	3	76,653
£26,000-£26,999	-		-	1	26,532
£27,000-£27,999	1		27,379	-	-
£28,000-£28,999	-		-	1	28,557
£29,000-£29,999	1		29,852	-	-
£34,000-£34,999	1		34,339	-	-
£35,000-£35,999	1		35,701	-	-
£36,000-£36,999	-		-	1	36,488
£37,000-£37,999	1		37,381	1	37,387
£42,000-£42,999	-		-	2	85,200
£43,000-£43,999	1		43,444	-	-
£47,000-£47,999	-		-	2	95,296
£48,000-£48,999	1		48,558	1	48,977
£49,000-£49,999	2		99,295	-	-
£53,000-£53,999	1		53,636	-	-
£54,000-£54,999	-		-	1	54,919

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£55,000-£55,999	1	55,956	3	166,898
£56,000-£56,999	1	56,182	-	-
£59,000-£59,999	1	59,287	-	-
£60,000-£60,599	1	60,962	-	-
£66,000-£66,999	-	-	1	66,331
£68,000-£68,999	1	68,626	-	-
£80,000-£80,999	1	80,712	-	-
£81,000-£81,999	-	-	1	81,656
£82,000-£82,999	-	-	1	82,538
£101,000-£101,999	-	-	1	101,693
£103,000-£103,999	-	-	1	103,327
£105,000-£105,999	1	105,773	-	-
£109,000-£109,999	-	-	1	109,208
£110,000-£110,999	1	110,171	-	-
£113,000-£113,999	1	113,077	-	-
	<b>55</b>	<b>1,556,684</b>	<b>52</b>	<b>1,533,484</b>

7 trustees are not employees of the college and do not receive remuneration.

**Other transactions with trustees**

No trustee claimed expenses for any work performed in discharge of duties as a trustee.  
See also note 24 Related Party Transactions

**Key management remuneration**

The total remuneration paid to key management was £543k (2015: £527k).

Key management are considered to be The Master, the Senior Tutor, the Estates Bursar, the Domestic Bursar and the Development Fellow.

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 of its staff. Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary). The assets of USS and OSPS are each held in separate trustee-administered funds.

Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, as required by FRS 102 the College accounts for the schemes 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 £373k (2015:£644k) in relation to the USS. This represents contributions of £385k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £12k.

USS's actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members will accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a. with the threshold applying from 1 October 2016; member contributions will be 8% of salary; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% (8% employee, 12% employer) of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is to be matched by employer contributions. Further details about the changes may be reviewed on USS' website, [www.uss.co.uk](http://www.uss.co.uk). For the period up to 1 April 2016 the employer deficit contribution was 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 2.1% p.a. of salaries. At 31 March 2016 USS reported that the funding deficit had increased to £10.0 bn (83% funded) from £8.2bn (86% funded) at 31 March 2015.

USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years. USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% p.a. thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% p.a. less an inflation risk premium) less RPI/CPI gap of 0.8% p.a. As noted above the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (DB) (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards defined contribution benefits including employer matching contributions and certain investment management costs relating to the DC section.

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A provision of £623k has been made at 31 July 2016 (2015:£635k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase by 1% in year 1, 1.5% years 2 & 3 and then 2% thereafter.

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 £234k (2015:£337k) in relation to the OSPS. This represents contributions of £272k payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £38k.

OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries with a funding deficit of £173m. The University of Oxford, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by raising the employer contribution rate in increments of 0.5% of pensionable salary to 23.5%, with this increase being implemented over the three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026. At 31 March 2015 the scheme reported a funding deficit of £213.4m (71% funded) compared to £134.8m (77% funded) as at 31 March 2014. The next triennial valuation is due with an effective date of 31 March 2016.

The OSPS employer contribution rate required for future service benefits alone at the date of the valuation was 20.1% of total pensionable salaries. It was agreed that employers increase their contribution rate by 0.5% each year to 1 August 2017 to 23.5%.

A provision of £662k has been made at 31 July 2016 (2015:£700k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase by 1% in year 1, 1.5% in years 2 & 3 and then 2% thereafter.

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

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.

20 **FINANCIAL INSTRUMENTS**

The financial statements include the following in respect of their financial instruments:

	2016 £'000	2015 £'000
Financial assets at fair value through statement of financial activities:		
Investments	<u>108,886</u>	<u>118,856</u>
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	426	629
Amounts owed by College members	403	358
Loans repayable within one year	75	67
Accrued income	848	613
Other debtors	90	79
Cash and cash equivalents	<u>2,745</u>	<u>3,548</u>
	<u>4,587</u>	<u>5,294</u>
Financial liabilities that are debt instruments measured at amortised cost:		
Trade creditors	936	1,596
Taxation and social security	149	93
College contribution	110	130
Accruals and deferred income	2,507	2,371
Other creditors	176	107
Long term creditors	<u>39,480</u>	<u>39,483</u>
	<u>43,358</u>	<u>43,780</u>

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21 Financial Instruments Risk

The College is exposed to various risks in relation to financial instruments. The College's financial assets and liabilities by category are summarised in Note 20. The main types of risk are market risk, credit risk, liquidity risk and interest rate risk.

Market Risk Analysis

The College is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk, and certain other price risks, which result both from its operating and investing activities.

Foreign Currency Sensitivity

Most of the College's operating transactions are carried out in pounds sterling. Exposure to currency exchange rates arise from the College's purchases and sales of investments denominated in foreign currencies. To mitigate the College's exposure to foreign currency risk the Investment committee monitor regularly review the currency allocations and recommend rebalancing.

Forward exchange contracts are only entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

Foreign currency denominated financial assets and liabilities which expose the College to currency risk are disclosed below. The amounts shown are those reported to the Investment Committee translated into pounds sterling at the closing rate.

At 31 July the College's investment assets had the following principal exposures

	2016 £'000	2015 £'000
Pounds sterling	69.5%	65.1%
US dollar	21.5%	21.5%
Japanese Yen	2.7%	3.1%
Euro	2.3%	2.9%
Other currencies	4.0%	7.4%
	<u>100.0%</u>	<u>100.0%</u>

	USD £'000	Yen £'000	Other £'000	Total £'000
31 July 2016				
Financial assets	36,777	4,631	10,873	52,281
Financial liabilities	-	-	-	-
Total Exposure	<u>36,777</u>	<u>4,631</u>	<u>10,873</u>	<u>52,281</u>

Impact on the net movement of funds for the year 2015/16:

10% US dollar appreciation	£'000
	3,678
10% Japanese Yen appreciation	463

31 July 2015

Financial assets	25,557	3,699	12,199	41,455
Financial liabilities	-	-	-	-
Total Exposure	<u>25,557</u>	<u>3,699</u>	<u>12,199</u>	<u>41,455</u>

Impact on the net movement of funds for the year 2014/15

	£'000
10% US dollar appreciation	2,556
10% Japanese Yen appreciation	370

Risk Management policies and procedures

Currency positions in the investment portfolio are reviewed regularly by the Estates Bursar and monitored by the investment committee. Currency exposure is managed within the asset allocation strategy.

Credit risk

Credit risk is the risk that the College would incur a financial loss if a counterparty were to fail to discharge its obligations to the College.

Credit risk exposure

The College is exposed to credit risk in respect of its financial assets held with various counterparties. The following table details the maximum exposure to credit risk at 31 July:

	2016 £'000	2015 £'000
Equity investments	53,196	44,502
Property funds	9,092	2,056
Fixed interest stocks	30,758	62,006
Alternative and other investments	4,298	4,181
Cash & Cash equivalents	14,287	9,661
Trade and other receivables	1,866	1,805
Total financial assets exposed to credit risk	<u>113,497</u>	<u>124,211</u>

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**Risk management policies and procedures**

The College aims to minimise its counterparty credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties, including setting exposure limits and maturities within its investment portfolio primarily. The creditworthiness and financial strength of trading customers e.g. new tenants, is assessed at inception. All new students have to provide a financial guarantee statement indicating the availability of funds to meet fees and living costs. Counterparties for investment assets and bank accounts are selected based on their financial ratings, regulatory environments and specific circumstances.

**Liquidity Risk**

Liquidity risk is the risk that the College will encounter difficulties raising cash to meet its obligations when they fall due. Obligations are associated with financial liabilities and capital commitments.

**Risk management policies and procedures**

The majority of the investment assets by the College are investments in quoted securities and in funds that are readily realisable. The College regularly monitors its liabilities and commitments and ensures it holds appropriate levels of liquid assets.

The following table summarise the maturity of the College's undiscounted contractual payments

	Three months or less	Between three months and a year	Between one and five years	More than five years	Total
	£'000	£'000	£'000	£'000	£'000
As at 31 July 2016					
Bond liabilities	614	614	4,909	93,996	100,133
Other creditors	-	30	-	-	30
Total at 31 July 2016	614	644	4,909	93,996	100,163
As at 31 July 2015					
Bond liabilities	614	614	4,909	95,224	101,361
Other creditors	3,168	229	74	-	3,471
Total at 31 July 2015	3,782	843	4,983	95,224	104,832

**Interest rate risk**

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in market interest rates (i.e. for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (i.e. for floating rate assets or liabilities).

**Interest rate exposure and sensitivity**

As stated in the accounting policies, the College's bond liabilities are measured at book value (the difference to being measured at amortised cost using the effective interest rate method is trivial). The College has only minimal amounts held on variable rate.

Interest rate risk is focused on the potential impact of interest rate changes on the fair value of investments in fixed interest securities.

At 31 July 2016 the College held £30.7m (2015: £62.0m) of government bonds with fixed interest.

**Risk management policies and procedures**

The College takes into account the possible effects of a change in interest rates on fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions.

**Other price risk**

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price (other than those arising from currency risk or interest rate risk), caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

This is a key risk for the College because of the significance of the endowment funds in supporting the academic activities of the College and the requirement to maintain their value in real terms into the future.

At 31 July 2016 total endowment funds were £114.8m (2015:£114.6m) - see notes 14 & 15 for further detail on the endowment funds.

**Concentration of exposure to other price risk**

As the majority of the College's investment assets are carried at fair value, all changes in market conditions will directly affect the College's net assets. The split of investment assets at the reporting date is shown in notes 9 & 10.

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Fair Value

Debtors and current liabilities are stated in the balance sheet at amortised cost which are not materially different from their fair values. The bond liabilities are measured at book value (the difference to being measured at amortised cost using the effective interest method is trivial). The amortised cost of the other financial assets and liabilities shown on the balance sheet are the same as the fair value.

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

	2016 £'000	2015 £'000
Net Income	15,420	9,898
Elimination of non-operating cash flows:		
Investment income	(5,542)	(4,778)
Gains on investments	(11,259)	(5,583)
Endowment donations	(3,883)	(3,403)
Bond Interest payable	1,227	316
Investment management costs	737	631
Depreciation	695	452
Surplus on sale of fixed assets	-	(121)
Increase in stock	(5)	(1)
Decrease in debtors	(61)	129
Decrease in creditors	(422)	(89)
(Decrease)/Increase in pension scheme liability	(50)	381
Net cash provided by (used in) operating activities	<u>(3,143)</u>	<u>(2,168)</u>

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash at bank and in hand	2,745	3,548
Other investments cash	11,542	6,111
Total cash and cash equivalents	<u>14,287</u>	<u>9,659</u>

24 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July 2016 for future capital projects totalling £nil (2015:£1.86m).

25 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.

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.

	2016 £'000	2015 £'000
Professor N Yeung	117	120
Associate Professor B Jackson	299	297
Professor A Johnston	185	189
Associate Professor J Rowbottom	243	247
Professor Y W Teh *	220	222
Associate Professor N Nikolov	237	242
Associate Professor P Jones	454	-
Total net book value of properties owned jointly with trustees	<u>1,755</u>	<u>1,317</u>

All joint equity properties are subject to sale on the departure of the trustee from the College. \* Professor Teh who resigned 31st March 2016 had not completed the process of purchasing the College's share of the property at 31 July 2016. In the meantime he is charged for occupying the house.

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26 CONTINGENT LIABILITIES

The College had no contingent liabilities at 31 July 2016 (£2015: £nil)

27 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.

28 TRANSITION TO FRS 102

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

Effect on the SOFA for the year ended 31 July 2015	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000
Total Resources Expended as previously stated	5,311	5,192	744	11,247
Pension adjustment 2014/15	383	-	-	383
Change in allocation of costs	13	-5	-8	0
Total Resources Expended restated	<u>5,707</u>	<u>5,187</u>	<u>736</u>	<u>11,630</u>

Effect on the SOFA net income and expenditure for the year ended 31 July 2015	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000
Net Movement in funds as previously stated at 31 July 2015	9,431	1,357	-725	10,063
Pension adjustment 2014/15	383	-	-	383
Change in allocation of costs	13	-5	-8	0
Net Income/(Expenditure) as previously restated	<u>9,827</u>	<u>1,352</u>	<u>-733</u>	<u>10,446</u>

	As at 1 August 2014 £'000	As at 31 July 2015 £'000
Net Funds (as previously stated)	147,125	157,406
<b>Unrestricted</b>	23,392	32,823
Recognition of pension provision 1 August 2014	(952)	-
Additional expense in SOFA for annual leave accrual	(41)	-
Fair value use for deemed cost of land in North Oxford 1 August 2014	9,713	-
Brought forward pension provision beginning 2014/15	-	(952)
Movement in the past pension service deficit liability 2014/15	-	(383)
Brought forward annual leave accrual beginning 2014/15	-	(41)
Brought forward fair value for deemed cost beginning 2014/15	-	9,713
Reallocation between funds due to governance allocation	-	13
Total unrestricted funds	<u>32,112</u>	<u>41,173</u>
<b>Restricted</b>	8,357	9,932
Reallocation between funds due to governance allocation	-	(5)
Total restricted	<u>8,357</u>	<u>9,927</u>
<b>Endowed</b>	115,376	114,651
Reallocation between funds due to governance allocation	-	(8)
Total Endowed	<u>115,376</u>	<u>114,643</u>
Net Funds (as restated)	<u>155,845</u>	<u>165,743</u>

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The College has decided to take advantage of transitional provisions within FRS 102 to elect to measure the fair value of certain items of freehold and leasehold property and for that fair value to be used as the deemed cost of the item going forward from the date of transition (1 August 2014). This has increased the value of the fixed assets.

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

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

