

# Hertford College

Annual Report and Financial Statements

Year ended 31st July 2018

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**Hertford College**  
**Governing Body, Officers and Advisers**  
**Year ended 31st July 2018**

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**MEMBERS OF THE GOVERNING BODY**

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

| <b>Governing Body Fellow</b> | <b>College Officers</b> | <b>In year change</b> | <b>(1)</b> | <b>(2)</b> | <b>(3)</b> | <b>(4)</b> | <b>(5)</b> |
|------------------------------|-------------------------|-----------------------|------------|------------|------------|------------|------------|
| Professor L F Alday          |                         |                       |            | •          |            |            |            |
| Professor H Bailey           |                         |                       |            |            |            |            |            |
| Professor E Baldwin          |                         |                       |            |            |            |            |            |
| Professor R N E Barton       |                         |                       |            |            |            |            |            |
| Professor C D Brewer         |                         |                       |            |            |            |            |            |
| Dr E Chatzis                 |                         |                       | •          |            |            |            |            |
| Mr J K Clark                 | Bursar                  |                       |            | •          | •          | •          | •          |
| Dr B F Coxon                 |                         |                       |            |            |            |            |            |
| Professor Z F Cui            |                         |                       |            |            |            |            |            |
| Professor A Doucet           |                         |                       |            |            |            |            |            |
| Dr D Dwan                    |                         |                       |            |            |            | •          | •          |
| Professor B M Frellesvig     |                         |                       | •          |            |            |            |            |
| Professor D Greaves          |                         |                       |            | •          |            |            |            |
| Dr D M Hopkin                | Senior Tutor            |                       | •          |            | •          | •          |            |
| Mr W N Hutton                | Principal               |                       | •          | •          | •          | •          | •          |
| Dr J Kiaer                   |                         |                       |            |            |            |            |            |
| Dr A G Lauder                | Dean of Degrees         |                       |            |            |            |            |            |
| Dr J Lorimer                 |                         |                       |            |            |            | •          |            |
| Dr K Lunn-Rockcliffe         |                         |                       |            |            |            |            |            |
| Professor I McBride          |                         |                       |            |            |            |            |            |
| Professor M Maiden           | Tutor for Graduates     |                       | •          |            | •          |            |            |
| Professor S Parameswaran     |                         |                       |            |            |            |            |            |
| Professor P J R Millican     |                         |                       | •          |            | •          |            |            |
| Dr S J New                   | Student Conduct Officer |                       |            | •          |            |            |            |
| Dr O J Noble Wood            |                         |                       |            |            |            |            |            |
| Dr C Redford                 |                         |                       |            |            |            |            |            |
| Professor P F Roche          | Investment Bursar       |                       |            | •          | •          | •          |            |
| Professor R Sitsapesan       |                         |                       |            |            |            |            | •          |

**Hertford College**  
**Governing Body, Officers and Advisers**  
**Year ended 31st July 2018**

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| Governing Body Fellow  | College Officers                   | In year change | (1) | (2) | (3) | (4) | (5) |
|------------------------|------------------------------------|----------------|-----|-----|-----|-----|-----|
| Professor E Smith      | Tutor for Women & Fellow Librarian |                |     |     | •   | •   | •   |
| Professor G Sternberg  |                                    |                | •   |     |     |     |     |
| Ms J Thaxton           | Director of Development            |                |     |     | •   |     |     |
| Professor D Thomas     |                                    |                |     |     |     |     |     |
| Professor C Tyerman    | Fellow Archivist                   |                |     |     | •   |     |     |
| Professor C Vallance   |                                    |                |     |     |     | •   |     |
| Professor T Wilson     |                                    |                |     |     |     |     |     |
| Professor M Wooldridge | SCR Steward                        |                |     |     |     |     |     |
| Dr A C S Woollard      | Dean                               |                |     |     |     | •   | •   |
| Professor A Young      |                                    | Until 31/12/18 | •   |     |     |     |     |
| Dr R G Zubek           |                                    |                | •   |     |     |     |     |

During the year the activities of the Governing Body were carried out through six committees. The membership of these committees during the academic year 2017/18 is shown above for each Fellow.

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

**COLLEGE SENIOR STAFF**

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

|                                      |                             |
|--------------------------------------|-----------------------------|
| Deputy Bursar                        | <i>Graham May</i>           |
| Home Bursar                          | <i>Dr Andrew Beaumont</i>   |
| Registrar and Director of Admissions | <i>Ms Lynn Featherstone</i> |

## **COLLEGE ADVISERS**

### **Investment managers**

Rathbones Investment Management Ltd  
1 Curzon Street  
London  
W1J 5FB

Oxford University Endowment Management  
King Charles House  
Park End Street  
Oxford  
OX1 1JD

### **Auditor**

Crowe U.K. LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

### **Bankers**

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

### **Solicitors**

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

### **College address**

Hertford College  
Catte street  
Oxford OX1 3BW

### **Website**

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

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2018**

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## **REPORT OF THE GOVERNING BODY**

The Members of the Governing Body present their Annual Report for the year ended 31st July 2018 under the Charities Act 2011 together with the audited financial statements for the year.

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

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

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

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

#### **Governing documents**

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

#### **Governing Body**

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

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

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

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

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

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

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

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2018**

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

#### **Organisational management**

The members of the Governing Body meet at least six times a year (ten meetings in the financial year under review). The main work of developing their policies and monitoring their implementation is carried out by various committees:

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

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

#### **Group structure and relationships**

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

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

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

## **OBJECTIVES AND ACTIVITIES**

### **Charitable Objects and Aims**

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

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

- Promote excellence in undergraduate education, including pastoral and academic support,
- Make that excellence accessible to all who can benefit from it regardless of their social or economic background,

## HERTFORD COLLEGE

### Report of the Governing Body

Year ended 31 July 2018

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- Provide pastoral and academic support to graduate students, and
- Promote excellence in research on the part of its Fellows and Stipendiary Lecturers.

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

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

The College advances public learning by providing higher education to undergraduate and postgraduate students within Oxford University and by supporting the pursuit of publicly disseminated research. The College currently has approximately 423 undergraduates, 265 postgraduates, and 43 fellows who have contractual obligations to teach and to research. The College provides public benefit by offering higher education to its undergraduates, much of it via the tutorial system which provides the opportunity to meet with a tutor on a weekly basis during term time. In addition, the College provides classes, seminars and other forms of teaching as appropriate, in conjunction with the University's departments. To support student learning, the College also provides the use of the College's library and accommodation and actively promotes the wider cultural and social education of its students through the provision of computer, sports, careers advice and other facilities.

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

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

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

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

- **Oxford Bursaries** are available to UK undergraduates from households assessed as having a sufficiently low income. In the 2017/18 academic year, 93 of the College's undergraduates received an Oxford Opportunity Bursary funded jointly by the University and the College.
- In 2011/12 the College introduced a **Hertford Undergraduate Bursary** of £1,000, payable to most undergraduates eligible for an Oxford Opportunity Bursary. This bursary was extended to EU students in 2012/13. In 2017/18, 103 Hertford students were awarded the Hertford Undergraduate Bursary.
- The College has a **Student Support Fund** which makes grants to both undergraduate and graduate students who experience unexpected financial hardship. In 2017/18 the College distributed £10k to support students in this way.
- The College supports the cost of accommodation in Oxford for undergraduates studying for their course where necessary or beneficial during the vacation.



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### Report of the Governing Body

Year ended 31 July 2018

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- Graduate funding is available for some studies and for the most able there are a limited number of scholarship funds available for which graduates may apply, which are administered by the University, the College or other sources. The College awards Senior Scholarships each year which are open to any student reading for a higher degree in Oxford. In 2017/18 Senior Scholarships totalled £228k. In addition, there were other awards totalling £45k. Academic prizes totalling £26k were awarded to undergraduates and graduates at the College. Prizes are awarded on the basis of academic excellence and they serve to encourage academic endeavour at the College. The College also advances education for its graduates and undergraduates by providing travel and academic grants totalling £22k to meet costs involved in undertaking research and presenting papers at conferences.

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

### ACHIEVEMENTS AND PERFORMANCE

The College set two key objectives in 2011/12. The objectives and the College's progress in achieving them in 2017/18 are summarised below:

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

The College revisited its academic strategy in the summer of 2016, with a few to expand the number of undergraduate students slightly but significantly increase the number of tutorial fellows in line with the principle that undergraduates should be primarily taught by research-led academics. Over 2016-17 we recruited replacement fellows in Physics and Economics, over 2017-18 we recruited replacement fellows in Law and Geography, but also recruited new, additional fellows in Computing Science, Zoology, Biochemistry, Economics and Chemistry.

Outreach remains a core activity for the College. In addition to our Outreach Officer we have recruited a part-time specialist STEM outreach officer funded by an alumna. The majority of our outreach work is focused on widening access to Oxford from under-represented groups, and the major priority over the last five years has been to develop partnerships with schools and colleges in our link areas of Essex, Medway, Southend-on-Sea, and Camden. In 2017-18 we delivered or participated in 91 activities involving 53 schools and roughly 2000 participants. We recruited and trained 76 of our current undergraduates as Student Ambassadors. We continue to collaborate with other college schemes (such as the Pathways Programme), and support a large number of departmental and university initiatives (including UNIQ, the University's flagship summer school: for 2018-19 we are quadrupling the number of places we offer to UNIQ participants from 50 to 200). We maintain a strong relationship with Into University (the organisation the University is working with to meet the new OFFA target relating to younger students). In September 2017 we hosted a 'Pop-Up School' for Kensington Aldridge Academy 6<sup>th</sup> form, after their premises were affected by the Grenfell fire disaster. In 2017-18 69% of our British fresher undergraduates were from state schools and colleges, and around 10% of our current student body can be traced back to our outreach work.

We continue to raise the standard of academic provision for undergraduates and graduates, and to improve the overall student experience. We take student feedback very seriously, and have worked with the undergraduates to revitalise the student-led academic feedback survey. For example, in 2017 we introduced a welcome day for offer-holders in September, to help orientate freshers and ease the transition from home/school to university. In 2018 as part of this event we ran study skills sessions on time management. We have also introduced study skills sessions into the timetable for Freshers' Week in October focusing on note-taking and citation skills. Over the course of the year we intend to run further study skills sessions on exam preparation and technique, research skills and academic writing. These are designed to complement and support the formal tuition delivered by our Tutorial Fellows and Lecturers. They run parallel to our substantial programme of events and courses concentrating on the wellbeing, mental and physical, of our students.

In Hilary Term 2018 the College launched a new website, focused around enhanced information for

## HERTFORD COLLEGE

### Report of the Governing Body

Year ended 31 July 2018

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prospective students, and has appointed a Communications Officer to further develop content in this and other channels. The first fruits of this appointment are rapidly populating Instagram (the most frequently consulted social media source of information about colleges) as well as other social media sites.

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

In 2017-18 the college received its largest ever donation, US\$2m – a gift from a former student. This donation has been divided into two parts: the first forms an endowed fund in support of undergraduate and graduates student bursaries and scholarships; the second part will form a matched fund to encourage other donors to contribute to the college, and as the funds are released by these matching schemes they will form a starter fund for the renovation and proposed expansion of the library.

880 friends and alumni made donations to the college over the course of the year, our largest participation to date. We established new funds for the teaching of academic subjects at the college, particularly focusing of areas of strength and alumni enthusiasm: our starter subjects have been Computer Science, Geography, Law, Physics and English.

We ran our first weekend-long “Hertford Festival” in the summer: over 100 friends and alumni were able to enjoy family-friendly activities in the college quad, alongside academic talks and discussions about a range of subjects. Other events included our annual drinks reception for donors and an event to thank legacy donors, as well as year-group reunions, regional and overseas events.

Figures in the Consolidated Statement of Financial Activities refer to expenditure including staff costs associated with Fundraising. Fundraising costs includes all activities undertaken by the Development Office, such as alumni events and reunions, publications and communications, alumni enquiries and accommodation bookings. Of that overall Development Office expenditure and staff costs, £219k was expenditure on alumni relations activities and staff costs not directly connected with Fundraising.

## **FINANCIAL REVIEW**

The Financial Statements for 2017/18 follow the requirements of FRS102.

The College’s incoming resources were £13.7m, £2,190k higher than the previous year. Major differences from the prior year were - Teaching, Research and Tuition (-£30k); Residential (+£32k); Donation income benefitted from a \$2m (£1.4m) anonymous donation split equally between the Endowment and Restricted Funds. Investment income was +£513k above the prior year, and Trading income was the best yet at +£352k over the previous year.

Expenditure rose by £1m to £12m. Of this figure, £364k related to increased costs of academic delivery and support and development and £410k related to the impact of revised assumptions concerning our long-term pension provisions. Costs of Student Facilities and Central Administration fell by £160k, and the remainder of the cost increase related to the costs of arranging and servicing a Private Placement long-term loan facility to fund infrastructure development (see below).

Overall profits from the trading business were £841k for the year (£638k 2016/17).

Net income for the year before investment gains was £1,684k, against £519k in 2016/17. Combined with a strong Investment performance (gains of £3.17m), the College’s consolidated total funds increased by £4.8m in the year to £84.4m at 31st July 2018. Unrestricted Funds rose by £124k to £16.7m. Restricted Funds increased by £1.2m to £2.9m and Endowed Funds grew by £3.5m to £64.9m.

Cash grew by £3m to £6m following a planned £2m encashment of investments (to fund future capital projects and for portfolio balance purposes), and the re-investment of almost all investment income. Capital investment totalled £460k.

A key financial transaction for the year was the placement of a private bond totalling £20m. The bond has a fixed term of 30 years, with a fixed coupon of 2.52%. The funds will be used to support the College’s Estates Strategy, where significant investment is envisaged over the next few years. A portion of the proceeds has been designated for long-term investment to cover eventual repayment of the capital.

## HERTFORD COLLEGE

### Report of the Governing Body

Year ended 31 July 2018

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#### Reserves policy

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

The College's free reserves at the year-end amounted to £4.07m (2017: £3.82m), representing retained unrestricted income reserves, excluding an amount of £10,797k for the book value of fixed assets, the reserve against future Pension Deficits required by the implementation of FRS102, £500k reserves for the Undergraduate Bursary Fund (which guarantees a minimum of five years' funding for the scheme), and £7k for graduate scholarships.

Total funds of the College and its subsidiary at the year-end amounted to £84.4m (2017: £79.6m). This includes endowment capital of £65m and unspent restricted income funds totalling £2.8m.

#### Risk management

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

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

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

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

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

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2018**

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

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

#### **Fundraising**

Hertford College is committed to best practice in relation to all fundraising activities. The in-house Development team co-ordinate fundraising activities, and are subject to the scrutiny of the Development Committee and college Governing Body. Hertford College is registered with the Fundraising Regulator. The college has protocols and procedures to ensure that all college fundraising is open, honest and respectful, and that it adheres to legal and fundraising guidelines. Hertford does not engage any professional third parties to carry out fundraising activities on its behalf. No formal complaints have been received during the financial year 1 August 2017 to 31 July 2018.

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

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

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

During the year the College invested £5m with Oxford University's Endowment Management company, representing an allocation of the Bond proceeds (£20m) for eventual capital repayment. The balance of the proceeds (£15m) were invested in low risk assets with the College's main investment managers, pending allocation to specific projects.

The investment strategy and performance is monitored by the Investment Advisory Committee which in turn reports to the College's Treasury Committee. At the year end, the value of the College's investments was £90.6m, inclusive of the £883k value of a property (28 Weston Road) held as an investment (of which £65m represents endowed funds), an increase of £3.7m on the previous year, after the re-investment of £2.1m of income, and the transfer of £2m to cash reserves. The total investment income was c.2.8% over the year.

Total investment income was £2.4m, an increase of £513k on the previous year.

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

#### **FUTURE PLANS**

The College plans to continue to refine and implement its academic strategy, and further enhance its Development Strategy. In addition, it aims to develop a multi-year Estates Strategy, extending the provision of core academic and other facilities.

## **HERTFORD COLLEGE**

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

**Year ended 31 July 2018**

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

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

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

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

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

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

Approved by the Governing Body on 21st November 2018 and signed on its behalf by:

Mr W Hutton

Principal

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

### **Opinion**

We have audited the financial statements of Hertford College for the year ended 31 July 2018 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 July 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

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

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

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

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

### **Other information**

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

**HERTFORD COLLEGE**  
**Report of the Auditors**  
**Year ended 31 July 2018**

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

We have nothing to report in this regard.

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

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

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

**Responsibilities of trustees**

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

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

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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

**HERTFORD COLLEGE**  
**Report of the Auditors**  
**Year ended 31 July 2018**

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**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Crowe U.K. LLP**  
Statutory Auditor  
**London**

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.



**Statement of Accounting Policies**

**1. Scope of the financial statements**

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

**Basis of accounting**

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

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

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

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

**2. Accounting judgements and estimation uncertainty**

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

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

The College calculates its liability for USS pension deficit based on the current agreed schedule of deficit contributions. Following the 2017 valuation of the scheme, it is expected that there may be significant changes to the contribution schedule in the future. Consultations are ongoing and no formal agreement on future rates has been reached, so the College has concluded that the current schedule of deficit contributions is the correct basis for calculation of the liability as at 31 July 2018.

**3. Income recognition**

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

## **HERTFORD COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2018**

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

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

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

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

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

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

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

#### **Investment income**

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

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

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

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

#### **4. Expenditure**

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

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

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

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

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

## **5. Leases**

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

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

## **6. Tangible fixed assets**

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

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

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

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

## **7. Heritage Assets**

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

## **8. Depreciation**

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

- Freehold properties                      30 years
- Equipment                                      5 years

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

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

## **9. Investments**

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

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

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

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

## **10. Other financial instruments**

### **Cash and cash equivalents**

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

### **Debtors and creditors**

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

## **11. Stocks**

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

## **12. Foreign currencies**

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

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

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

## **13. Fund accounting**

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

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

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

## **HERTFORD COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2018**

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

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

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

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

The costs of retirement benefits provided to employees of the College through two multi-employer defined benefit pension schemes are accounted for as if these were defined contribution schemes in accordance with the requirements of FRS 102. The College's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

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

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

**Hertford College**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2018**

|  | Notes | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowed<br>Funds<br>£'000 | 2018<br>Total<br>£'000 | 2017<br>Total<br>£'000 |
|--|-------|--------------------------------|------------------------------|---------------------------|------------------------|------------------------|
| <b>INCOME AND ENDOWMENTS FROM:</b>           |       |                                |                              |                           |                        |                        |
| <b>Charitable activities:</b>                | 1     |                                |                              |                           |                        |                        |
| Teaching, research and residential           |       | 6,038                          | -                            | -                         | <b>6,038</b>           | 6,036                  |
| <b>Other Trading Income</b>                  | 3     | 3,199                          | -                            | -                         | <b>3,199</b>           | 2,847                  |
| <b>Donations and legacies</b>                | 2     | 157                            | 1,103                        | 718                       | <b>1,978</b>           | 658                    |
| <b>Investments</b>                           |       |                                |                              |                           |                        |                        |
| Investment income                            | 4     | 2,140                          | 273                          | -                         | <b>2,413</b>           | 1,900                  |
| Other income                                 |       | 22                             | -                            | -                         | <b>22</b>              | 19                     |
| <b>Total income</b>                          |       | <b>11,556</b>                  | <b>1,376</b>                 | <b>718</b>                | <b>13,650</b>          | 11,460                 |
| <b>EXPENDITURE ON:</b>                       |       |                                |                              |                           |                        |                        |
| <b>Charitable activities:</b>                | 5     |                                |                              |                           |                        |                        |
| Teaching, research and residential           |       | 8,315                          | 310                          | -                         | <b>8,625</b>           | 8,070                  |
| <b>Generating funds:</b>                     |       |                                |                              |                           |                        |                        |
| Fundraising                                  |       | 560                            | -                            | -                         | <b>560</b>             | 509                    |
| Trading expenditure                          |       | 2,314                          | -                            | -                         | <b>2,314</b>           | 2,195                  |
| Investment management costs                  |       | 467                            | 4                            | -                         | <b>471</b>             | 167                    |
| <b>Total Expenditure</b>                     |       | <b>11,656</b>                  | <b>314</b>                   | <b>-</b>                  | <b>11,970</b>          | 10,941                 |
| <b>Net Income/(Expenditure) before gains</b> |       | <b>(100)</b>                   | <b>1,062</b>                 | <b>718</b>                | <b>1,680</b>           | 519                    |
| Net gains/(losses) on investments            | 11    | 292                            | 78                           | 2,800                     | 3,170                  | 5,986                  |
| <b>Net Income/(Expenditure)</b>              |       | <b>192</b>                     | <b>1,140</b>                 | <b>3,518</b>              | <b>4,850</b>           | 6,505                  |
| <b>Transfers between funds</b>               | 16    | (72)                           | 50                           | 22                        | -                      | -                      |
| <b>Net</b>                                   |       | <b>120</b>                     | <b>1,190</b>                 | <b>3,540</b>              | <b>4,850</b>           | 6,505                  |
| Fund balances brought forward                | 16    | <b>16,572</b>                  | <b>1,642</b>                 | <b>61,345</b>             | <b>79,559</b>          | 73,054                 |
| <b>Funds carried forward at 31 July</b>      |       | <b>16,692</b>                  | <b>2,832</b>                 | <b>64,885</b>             | <b>84,409</b>          | 79,559                 |

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

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

**Hertford College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2018**

|   | Notes | 2018<br>Group<br>£'000 | 2017<br>Group<br>£'000 | 2018<br>College<br>£'000 | 2017<br>College<br>£'000 |
|---|-------|------------------------|------------------------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>   |       |                        |                        |                          |                          |
| Tangible assets   | 9     | 10,797                 | 10,996                 | 10,797                   | 10,996                   |
| Property investments  | 10    | 883                    | -                      | 883                      | -                        |
| Other Investments   | 11    | 89,747                 | 66,944                 | 89,747                   | 66,944                   |
| <b>Total Fixed Assets</b>   |       | <b>101,427</b>         | <b>77,940</b>          | <b>101,427</b>           | <b>77,940</b>            |
| <b>CURRENT ASSETS</b>   |       |                        |                        |                          |                          |
| Stocks  |       | 35                     | 29                     | 35                       | 29                       |
| Debtors   | 13    | 1,310                  | 1,367                  | 1,078                    | 2,307                    |
| Cash at bank and in hand  |       | 5,999                  | 4,253                  | 4,970                    | 1,971                    |
| <b>Total Current Assets</b>                                       |       | <b>7,344</b>           | <b>5,649</b>           | <b>6,083</b>             | <b>4,307</b>             |
| <b>LIABILITIES</b>  |       |                        |                        |                          |                          |
| Creditors: Amounts falling due within one year                    | 14    | 3,040                  | 2,808                  | 1,779                    | 1,466                    |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                           |       | <b>4,304</b>           | <b>2,841</b>           | <b>4,304</b>             | <b>2,841</b>             |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                      |       | <b>105,731</b>         | <b>80,781</b>          | <b>105,731</b>           | <b>80,781</b>            |
| <b>CREDITORS: falling due after more than one year</b>            | 15    | <b>20,000</b>          | -                      | <b>20,000</b>            | -                        |
| <b>Provisions for liabilities and charges</b>                     | 16    | -                      | -                      | -                        | -                        |
| <b>NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY</b> |       | <b>85,731</b>          | <b>80,781</b>          | <b>85,731</b>            | <b>80,781</b>            |
| <b>Defined benefit pension scheme liability</b>                   | 20    | <b>1,322</b>           | <b>1,222</b>           | <b>1,322</b>             | <b>1,222</b>             |
| <b>TOTAL NET ASSETS/(LIABILITIES)</b>                             |       | <b>84,409</b>          | <b>79,559</b>          | <b>84,409</b>            | <b>79,559</b>            |
| <b>FUNDS OF THE COLLEGE</b>                                       |       |                        |                        |                          |                          |
| <b>Endowment funds</b>  |       | <b>64,885</b>          | <b>61,345</b>          | <b>64,885</b>            | <b>61,345</b>            |
| <b>Restricted funds</b>   |       | <b>2,832</b>           | <b>1,642</b>           | <b>2,832</b>             | <b>1,642</b>             |
| <b>Unrestricted funds</b>   |       |                        |                        |                          |                          |
| Designated funds  |       | 11,304                 | 11,530                 | 11,304                   | 11,530                   |
| General funds   |       | 4,066                  | 3,820                  | 4,066                    | 3,820                    |
| Pension reserve   | 20    | 1,322                  | 1,222                  | 1,322                    | 1,222                    |
|   |       | <b>84,409</b>          | <b>79,559</b>          | <b>84,409</b>            | <b>79,559</b>            |

The financial statements were approved and authorised for issue by the Governing Body of Hertford College on 21st November 2018

Trustee:

Trustee:



**Hertford College**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 July 2018**

|   | Notes | 2018<br>£'000   | 2017<br>£'000  |
|---|-------|-----------------|----------------|
| <b>Net cash provided by (used in) operating activities</b>                | 22    | <u>(157)</u>    | <u>(1,820)</u> |
| <b>Cash flows from investing activities</b>                               |       |                 |                |
| Dividends, interest and rents from investments                            |       | 2,413           | 1,900          |
| Proceeds from the sale of property, plant and equipment                   |       | -               | -              |
| Purchase of property, plant and equipment                                 |       | (460)           | (155)          |
| Proceeds from sale of investments   |       | 15,236          | 7,226          |
| Purchase of investments   |       | (35,752)        | (4,931)        |
| <b>Net cash provided by (used in) investing activities</b>                |       | <u>(18,563)</u> | <u>4,040</u>   |
| <b>Cash flows from financing activities</b>                               |       |                 |                |
| Coupon on Private Placement Paid  |       | (252)           | -              |
| Cash inflows from new borrowing   |       | 20,000          | -              |
| Receipt of endowment  |       | 718             | 42             |
| <b>Net cash provided by (used in) financing activities</b>                |       | <u>20,466</u>   | <u>42</u>      |
| <br>  |       |                 |                |
| <b>Change in cash and cash equivalents in the reporting period</b>        |       | <u>1,746</u>    | <u>2,262</u>   |
| <br>  |       |                 |                |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |       | 4,253           | 1,991          |
| <br>  |       |                 |                |
| <b>Change in cash and cash equivalents in the reporting period</b>        |       | 1,746           | 2,262          |
| <br>  |       |                 |                |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | 23    | <u>5,999</u>    | <u>4,253</u>   |

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2018**

**1 INCOME FROM CHARITABLE ACTIVITIES**

|   | <b>2018</b>  | 2017         |
|---|--------------|--------------|
|   | <b>£'000</b> | £'000        |
| <b>Teaching, Research and Residential</b>       |              |              |
| Unrestricted funds                              |              |              |
| Tuition fees - UK and EU students               | 1,648        | 1,608        |
| Tuition fees - Overseas students                | 868          | 844          |
| Other fees                                      | 580          | 615          |
| Other HEFCE support                             | 206          | 205          |
| Other academic income                           | 50           | 110          |
| College residential income                      | 2,686        | 2,654        |
|   | <u>6,038</u> | <u>6,036</u> |
| <b>Total Teaching, Research and Residential</b> | <u>6,038</u> | <u>6,036</u> |

The above analysis includes £1,693k received from Oxford University from publicly accountable funds under the CFF Scheme, net of College fees received directly (2017: £1,667k).

**2 DONATIONS AND LEGACIES**

|                               | <b>2018</b>  | 2017       |
|-------------------------------|--------------|------------|
|                               | <b>£'000</b> | £'000      |
| <b>Donations and Legacies</b> |              |            |
| Unrestricted funds            | 157          | 259        |
| Restricted funds              | 1,103        | 357        |
| Endowed funds                 | 718          | 42         |
|                               | <u>1,978</u> | <u>658</u> |

**3 INCOME FROM OTHER TRADING ACTIVITIES**

|                                   | <b>2018</b>  | 2017         |
|-----------------------------------|--------------|--------------|
|                                   | <b>£'000</b> | £'000        |
| Subsidiary company trading income | 3,198        | 2,833        |
| Other trading income              | 1            | 14           |
|                                   | <u>3,199</u> | <u>2,847</u> |

Note 12

**4 INVESTMENT INCOME**

|                                   | <b>2018</b>  | 2017         |
|-----------------------------------|--------------|--------------|
|                                   | <b>£'000</b> | £'000        |
| <i>Unrestricted funds</i>         |              |              |
| Commercial rent                   | 22           | 27           |
| Equity dividends                  | 1,185        | 1,273        |
| Income from fixed interest stocks | 922          | 357          |
| Bank interest                     | 11           | 10           |
|                                   | <u>2,140</u> | <u>1,667</u> |
| <i>Restricted funds</i>           |              |              |
| Equity dividends                  | 175          | 182          |
| Income from fixed interest stocks | 98           | 51           |
|                                   | <u>273</u>   | <u>233</u>   |
| <b>Total Investment income</b>    | <u>2,413</u> | <u>1,900</u> |

**Hertford College**  
**Notes to the financial statements**  
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**5 ANALYSIS OF EXPENDITURE**

|  | <b>2018</b>   | 2017          |
|--|---------------|---------------|
|  | <b>£'000</b>  | £'000         |
| <b>Charitable expenditure</b>              |               |               |
| Direct staff costs allocated to:           |               |               |
| Teaching, research and residential         | 3,740         | 3,488         |
| Other direct costs allocated to:           |               |               |
| Teaching, research and residential         | 2,901         | 3,141         |
| Support and governance costs allocated to: |               |               |
| Teaching, research and residential         | 1,985         | 1,441         |
| <b>Total charitable expenditure</b>        | <u>8,626</u>  | <u>8,070</u>  |
| <b>Expenditure on raising funds</b>        |               |               |
| Direct staff costs allocated to:           |               |               |
| Fundraising                                | 335           | 315           |
| Trading expenditure                        | 441           | 399           |
| Other direct costs allocated to:           |               |               |
| Fundraising                                | 195           | 164           |
| Trading expenditure                        | 664           | 592           |
| Support and governance costs allocated to: |               |               |
| Fundraising                                | 30            | 30            |
| Trading expenditure                        | 1,209         | 1,204         |
| Investment management costs                | 471           | 167           |
| <b>Total expenditure on raising funds</b>  | <u>3,344</u>  | <u>2,871</u>  |
| <b>Total expenditure</b>                   | <u>11,970</u> | <u>10,941</u> |

Until this year (2017-18), the College was liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund was used to make grants and loans to colleges on the basis of need. Contributions were calculated annually in accordance with regulations made by the Council of the University of Oxford. This year no such charge need be accrued as the scheme has ceased.

The teaching and research costs include a credit of £90k, being the full release College Contribution previously accrued (2017 - a charge of £122k).

**6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS**

|                        | Generating<br>Funds<br>£'000 | Teaching<br>and<br>Research<br>£'000 | <b>2018</b><br><b>Total</b><br><b>£'000</b> |
|------------------------|------------------------------|--------------------------------------|---|
| General administration | 1,494                        | 945                                  | <b>2,439</b>                                |
| Human resources        | -                            | 55                                   | <b>55</b>                                   |
| IT                     | 42                           | 272                                  | <b>314</b>                                  |
| Depreciation           | 144                          | 515                                  | <b>659</b>                                  |
| Other finance charges  | -                            | 100                                  | <b>100</b>                                  |
| Governance costs       | 30                           | 98                                   | <b>128</b>                                  |
|                        | <u>1,710</u>                 | <u>1,985</u>                         | <u>3,695</u>                                |
|                        |                              |                                      |   |
|                        | Generating<br>Funds<br>£'000 | Teaching<br>and<br>Research<br>£'000 | <b>2017</b><br><b>Total</b><br><b>£'000</b> |
| General administration | 1,215                        | 880                                  | <b>2,095</b>                                |
| IT                     | 44                           | 291                                  | <b>335</b>                                  |
| Depreciation           | 136                          | 487                                  | <b>623</b>                                  |
| Other finance charges  | -                            | (310)                                | <b>(310)</b>                                |
| Governance costs       | 6                            | 93                                   | <b>99</b>                                   |
|                        | <u>1,401</u>                 | <u>1,441</u>                         | <u>2,842</u>                                |

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

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2018**

|  | <b>2018</b>  | 2017      |
|--|--------------|-----------|
|  | <b>£'000</b> | £'000     |
| <b>Governance costs comprise:</b>              |              |           |
| Auditor's remuneration - audit services        | 24           | 22        |
| Auditor's remuneration - tax advisory services | 11           | 15        |
| Legal and other fees on constitutional matters | 93           | 62        |
|  | <b>128</b>   | <b>99</b> |

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

| <b>7 GRANTS AND AWARDS</b> | <b>2018</b>  | 2017  |
|----------------------------|--------------|-------|
|                            | <b>£'000</b> | £'000 |

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

**Unrestricted funds**

Grants to individuals:

Scholarships, prizes and grants

Bursaries and hardship awards

**Total unrestricted**

|            |            |
|------------|------------|
| 75         | 74         |
| <b>102</b> | <b>101</b> |
| <b>177</b> | <b>175</b> |

**Restricted funds**

Grants to individuals:

Scholarships, prizes and grants

Bursaries and hardship awards

**Total restricted**

|            |            |
|------------|------------|
| 299        | 268        |
| <b>106</b> | <b>112</b> |
| <b>405</b> | <b>380</b> |

**Total grants and awards**

|            |            |
|------------|------------|
| <b>582</b> | <b>555</b> |
|------------|------------|

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

**8 STAFF COSTS**

The aggregate staff costs for the year were as follows.

|                         | <b>2018</b>  | 2017         |
|-------------------------|--------------|--------------|
|                         | <b>£'000</b> | £'000        |
| Salaries and wages      | 4,863        | 4,530        |
| Social security costs   | 348          | 364          |
| Pension costs:          |              |              |
| Defined benefit schemes | 745          | 338          |
|                         | <b>5,956</b> | <b>5,232</b> |

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

|                      | <b>2018</b> | 2017       |
|----------------------|-------------|------------|
| Tuition and research | 30          | 26         |
| College residential  | 76          | 74         |
| Fundraising          | 4           | 4          |
| Support              | 33          | 32         |
| Total                | <b>143</b>  | <b>136</b> |

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2018**

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

|                             |           |           |
|-----------------------------|-----------|-----------|
| University Lecturers        | 18        | 18        |
| CUF Lecturers               | 8         | 8         |
| Other teaching and research | 3         | 4         |
| Other                       | 3         | 3         |
| Total                       | <u>32</u> | <u>33</u> |

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

Redundancy payments are accounted for in the period in which the employee was informed of the decision. Where redundancy costs are uncertain, the figure in the accounts represents a best estimate. These costs will be met through unrestricted funds. Redundancy costs totalled £0k in 2017/18 (£71k in 2016/17).

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

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

|                  |          |          |
|------------------|----------|----------|
| £60,001-£70,000  | 1        | -        |
| £70,001-£80,001  | -        | 1        |
| £90,001-£100,001 | -        | -        |
|                  | <u>1</u> | <u>1</u> |

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

|                             |          |          |
|-----------------------------|----------|----------|
| In defined benefits schemes | 1        | 1        |
|                             | <u>1</u> | <u>1</u> |

The College contributions to defined contribution pension schemes totalled

|            |            |
|------------|------------|
| <u>745</u> | <u>338</u> |
|------------|------------|

**9 TANGIBLE FIXED ASSETS**

| Group                              | Freehold<br>land and<br>buildings<br>£'000 | Plant and<br>machinery<br>£'000 | Total<br>£'000 |
|------------------------------------|--|---------------------------------|----------------|
| <b>Cost</b>                        |  |                                 |                |
| At start of year                   | 21,585                                     | 218                             | 21,803         |
| Additions                          | 415  | 45                              | 460            |
| <b>At end of year</b>              | <u>22,000</u>                              | <u>263</u>                      | <u>22,263</u>  |
| <b>Depreciation and impairment</b> |  |                                 |                |
| At start of year                   | 10,695                                     | 112                             | 10,807         |
| Depreciation charge for the year   | 611  | 48                              | 659            |
| <b>At end of year</b>              | <u>11,306</u>                              | <u>160</u>                      | <u>11,466</u>  |
| <b>Net book value</b>              |  |                                 |                |
| At end of year                     | <u>10,694</u>                              | <u>103</u>                      | <u>10,797</u>  |
| At start of year                   | <u>10,890</u>                              | <u>106</u>                      | <u>10,996</u>  |

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2018**

| College                            | Freehold land and buildings<br>£'000 | Plant and machinery<br>£'000 | Total<br>£'000 |
|------------------------------------|--------------------------------------|------------------------------|----------------|
| <b>Cost</b>                        |                                      |                              |                |
| At start of year                   | 21,585                               | 218                          | <b>21,803</b>  |
| Additions                          | 415                                  | 45                           | <b>460</b>     |
| <b>At end of year</b>              | <b>22,000</b>                        | <b>263</b>                   | <b>22,263</b>  |
| <b>Depreciation and impairment</b> |                                      |                              |                |
| At start of year                   | 10,695                               | 112                          | <b>10,807</b>  |
| Charge for the year                | 611                                  | 48                           | <b>659</b>     |
| <b>At end of year</b>              | <b>11,306</b>                        | <b>160</b>                   | <b>11,466</b>  |
| <b>Net book value</b>              |                                      |                              |                |
| <b>At end of year</b>              | <b>10,694</b>                        | <b>103</b>                   | <b>10,797</b>  |
| At start of year                   | 10,890                               | 106                          | <b>10,996</b>  |

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

**10 PROPERTY INVESTMENTS**

| Group                                  | Other<br>£'000 | 2018<br>Total<br>£'000 | 2017<br>Total<br>£'000 |
|--|----------------|------------------------|------------------------|
| Valuation at start of year             | -              | -                      | -                      |
| Additions and improvements at cost     | 883            | <b>883</b>             | -                      |
| Disposals                              | -              | -                      | -                      |
| Revaluation gains/(losses) in the year | -              | -                      | -                      |
| <b>Valuation at end of year</b>        | <b>883</b>     | <b>883</b>             | -                      |
| <b>College</b>                         |                |                        |                        |
| Valuation at start of year             | -              | -                      | -                      |
| Additions and improvements at cost     | 883            | <b>883</b>             | -                      |
| Disposals                              | -              | -                      | -                      |
| Revaluation gains/(losses) in the year | -              | -                      | -                      |
| <b>Valuation at end of year</b>        | <b>883</b>     | <b>883</b>             | -                      |

During the year the College acquired a property at 28 Western Road for investment purposes, which is used to provide student accommodation.

**11 SECURITIES AND OTHER INVESTMENTS**

All investments are held at fair value.

|   | 2018<br>£'000  | 2017<br>£'000 |
|---|----------------|---------------|
| <b>Group investments</b>                    |                |               |
| Valuation at start of year                  | <b>66,944</b>  | 63,252        |
| New money invested                          | <b>19,595</b>  | -             |
| Amounts withdrawn                           | <b>(2,003)</b> | (4,000)       |
| Reinvested income                           | <b>2,219</b>   | 1,863         |
| Investment management fees                  | <b>(178)</b>   | (157)         |
| (Decrease)/increase in value of investments | <b>3,170</b>   | 5,986         |
| <b>Group investments at end of year</b>     | <b>89,747</b>  | 66,944        |
| Investment in subsidiaries                  | -              | -             |
| <b>College investments at end of year</b>   | <b>89,747</b>  | 66,944        |

**Hertford College**  
**Notes to the financial statements**  
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| <b>Group investments comprise:</b>       | Held in<br>the UK<br>£'000 | <b>2018<br/>Total<br/>£'000</b> | Held in<br>the UK<br>£'000 | 2017<br>Total<br>£'000 |
|--|----------------------------|---------------------------------|----------------------------|------------------------|
| Equity investments                       | 979                        | <b>979</b>                      | 1,001                      | 1,001                  |
| Global multi-asset funds                 | 46,491                     | <b>46,491</b>                   | 47,876                     | 47,876                 |
| Property funds                           | 5,448                      | <b>5,448</b>                    | 5,381                      | 5,381                  |
| Fixed interest stocks                    | 30,294                     | <b>30,294</b>                   | 11,543                     | 11,543                 |
| Alternative and other investments (OUEM) | 5,326                      | <b>5,326</b>                    | -                          | -                      |
| Fixed term deposits and cash             | 1,209                      | <b>1,209</b>                    | 1,143                      | 1,143                  |
| <b>Total group investments</b>           | <b>89,747</b>              | <b>89,747</b>                   | <b>66,944</b>              | <b>66,944</b>          |

**12 PARENT AND SUBSIDIARY UNDERTAKINGS**

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

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

|                                    | Hertford<br>College<br>Programmes<br>£'000 |
|------------------------------------|--|
| Income                             | 3,198                                      |
| Expenditure                        | (2,320)                                    |
| Donation to College under gift aid | (878)                                      |
| Result for the year                | <u>-</u>                                   |
| Total assets                       | 1,632                                      |
| Total liabilities                  | (1,632)                                    |
| Net funds at the end of year       | <u>-</u>                                   |

During the year a Gift Aided management charge of £638k (2017: £769k) was paid by Hertford College Programmes to the College. At the year end, a balance of £371k was owed by Hertford College to Hertford College Programmes (2017: £1,030k was owed by Hertford College Programmes to the College).

**13 DEBTORS**

|   | <b>2018<br/>Group<br/>£'000</b> | 2017<br>Group<br>£'000 | <b>2018<br/>College<br/>£'000</b> | 2017<br>College<br>£'000 |
|---|---------------------------------|------------------------|-----------------------------------|--------------------------|
| <b>Amounts falling due within one year:</b> |                                 |                        |                                   |                          |
| Trade debtors                               | <b>305</b>                      | 144                    | <b>74</b>                         | 54                       |
| Amounts owed by College members             | <b>126</b>                      | 93                     | <b>126</b>                        | 93                       |
| Amounts owed by Group undertakings          | -                               | -                      | -                                 | 1,030                    |
| Loans repayable within one year             | <b>25</b>                       | 19                     | <b>25</b>                         | 19                       |
| Prepayments and accrued income              | <b>854</b>                      | 228                    | <b>853</b>                        | 228                      |
| Other debtors                               | -                               | 883                    | -                                 | 883                      |
|   | <b>1,310</b>                    | 1,367                  | <b>1,078</b>                      | 2,307                    |

**Hertford College**  
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**14 CREDITORS: falling due within one year**

|                                    | <b>2018</b>  | 2017         | <b>2018</b>    | 2017         |
|------------------------------------|--------------|--------------|----------------|--------------|
|                                    | <b>Group</b> | Group        | <b>College</b> | College      |
|                                    | <b>£'000</b> | £'000        | <b>£'000</b>   | £'000        |
| Trade creditors                    | 429          | 473          | 429            | 472          |
| Amounts owed to College Members    | 33           | 100          | 32             | 101          |
| Amounts owed to Group undertakings | -            | -            | 371            | -            |
| Taxation and social security       | 150          | 130          | 150            | 130          |
| College contribution               | -            | 122          | -              | 122          |
| Accruals and deferred income       | 1,694        | 1,474        | 62             | 131          |
| Other creditors                    | 734          | 509          | 735            | 510          |
|                                    | <b>3,040</b> | <b>2,808</b> | <b>1,779</b>   | <b>1,466</b> |

Accruals and deferred income include £1,829k (2016/17: £1,339k) relating to Conferences and other International Programmes where delivery of the Programmes will take place in the following Financial Year. All of the balance brought forward from 2016/17 was released during 2017/18.

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

|                 | <b>2018</b>   | 2017     | <b>2018</b>    | 2017     |
|-----------------|---------------|----------|----------------|----------|
|                 | <b>Group</b>  | Group    | <b>College</b> | College  |
|                 | <b>£'000</b>  | £'000    | <b>£'000</b>   | £'000    |
| Other creditors | 20,000        | -        | 20,000         | -        |
|                 | <b>20,000</b> | <b>-</b> | <b>20,000</b>  | <b>-</b> |

A key financial transaction for the year was the placement of a private bond totalling £20m. The bond has a fixed term of 30 years, with a fixed coupon of 2.52%. The funds will be used to support the College's Estates Strategy, where significant investment is envisaged over the next few years. A portion of the proceeds has been designated for long-term investment to cover eventual repayment of the capital.



**Hertford College**  
**Notes to the financial statements**  
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**16 ANALYSIS OF MOVEMENTS ON FUNDS**

|   | At 1 August<br>2017<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Transfers<br>£'000 | Gains/<br>(losses)<br>£'000 | At 31 July<br>2018<br>£'000 |
|---|------------------------------|--------------------------------|--------------------------------|--------------------|-----------------------------|-----------------------------|
| <b>Endowment Funds - Permanent</b>        |                              |                                |                                |                    |                             |                             |
| College Endowment Fund                    | 46,346                       | -                              | -                              | -                  | 2,116                       | 48,462                      |
| Carreras Endowment                        | 1,607                        | -                              | -                              | -                  | 73                          | 1,680                       |
| Carreras General                          | 3,734                        | -                              | -                              | 22                 | 171                         | 3,927                       |
| Baring Trust Fund                         | 2,046                        | -                              | -                              | -                  | 93                          | 2,139                       |
| Drapers                                   | 1,144                        | -                              | -                              | -                  | 52                          | 1,196                       |
| Mortimer May                              | 923                          | -                              | -                              | -                  | 42                          | 965                         |
| E. M. Vaughan-Williams Trust              | 572                          | -                              | -                              | -                  | 26                          | 598                         |
| Five Fellowship                           | 551                          | -                              | -                              | -                  | 25                          | 576                         |
| Michael Baring Travel Fund                | 86                           | -                              | -                              | -                  | 4                           | 90                          |
| Roger Van Noorden Economics Fund          | 572                          | -                              | -                              | -                  | 26                          | 598                         |
| Ellis-Barnard History Fellowship          | 1,443                        | -                              | -                              | -                  | 66                          | 1,509                       |
| Other Scholarship Funds                   | 1,004                        | -                              | -                              | -                  | 46                          | 1,050                       |
| Student Support                           | -                            | 718                            | -                              | -                  | -                           | 718                         |
| Other Funds                               | 189                          | -                              | -                              | -                  | 9                           | 198                         |
| <b>Endowment Funds - Expendable</b>       |                              |                                |                                |                    |                             |                             |
| Carreras Fellowship                       | 558                          | -                              | -                              | -                  | 25                          | 583                         |
| Starun Fund                               | 212                          | -                              | -                              | -                  | 10                          | 222                         |
| Japan Appeal                              | 6                            | -                              | -                              | -                  | -                           | 6                           |
| Armstrong-Macintyre-Markham               | 327                          | -                              | -                              | -                  | 15                          | 342                         |
| BCL Fund                                  | 25                           | -                              | -                              | -                  | 1                           | 26                          |
| <b>Total Endowment Funds - College</b>    | <b>61,345</b>                | <b>718</b>                     | <b>-</b>                       | <b>22</b>          | <b>2,800</b>                | <b>64,885</b>               |
| <b>Restricted Funds</b>                   |                              |                                |                                |                    |                             |                             |
| Undergraduate Bursaries                   | (3)                          | 18                             | (15)                           | -                  | -                           | -                           |
| <i>Unspent income funds</i>               | -                            | -                              | -                              | -                  | -                           | -                           |
| Carreras Endowment                        | (1)                          | 48                             | (3)                            | (39)               | -                           | 5                           |
| Carreras Fellowship                       | 151                          | 21                             | (17)                           | 19                 | 7                           | 181                         |
| Drapers                                   | 109                          | 67                             | (42)                           | -                  | 5                           | 139                         |
| Mortimer May                              | 230                          | 34                             | (3)                            | -                  | 11                          | 272                         |
| E. M. Vaughan-Williams Trust              | 111                          | 21                             | (8)                            | -                  | 5                           | 129                         |
| Janeway Restricted Fund                   | 26                           | 1                              | (12)                           | -                  | 1                           | 16                          |
| Unspent income of other Funds above       | 323                          | 103                            | (114)                          | 42                 | 15                          | 369                         |
| Other Funds                               | 696                          | 345                            | (100)                          | 28                 | 34                          | 1,003                       |
| Matched Library                           | -                            | 718                            | -                              | -                  | -                           | 718                         |
|   |                              |                                |                                |                    |                             | -                           |
| <b>Total Restricted Funds - College</b>   | <b>1,642</b>                 | <b>1,376</b>                   | <b>(314)</b>                   | <b>50</b>          | <b>78</b>                   | <b>2,832</b>                |
| <b>Unrestricted Funds</b>                 |                              |                                |                                |                    |                             |                             |
| General                                   | 3,820                        | 11,556                         | (11,552)                       | -50                | 292                         | 4,066                       |
| Fixed asset designated                    | 10,996                       | -                              | -                              | (199)              | -                           | 10,797                      |
| Graduate Scholarship                      | 34                           | -                              | (27)                           | -                  | -                           | 7                           |
| Undergraduate Bursaries                   | 500                          | -                              | (77)                           | 77                 | -                           | 500                         |
| Pension Reserve                           | 1,222                        | -                              | -                              | 100                | -                           | 1,322                       |
| <b>Total Unrestricted Funds - College</b> | <b>16,572</b>                | <b>11,556</b>                  | <b>(11,656)</b>                | <b>(72)</b>        | <b>292</b>                  | <b>16,692</b>               |
| Unrestricted funds held by subsidiaries   | -                            | -                              | -                              | -                  | -                           | -                           |
| <b>Total Unrestricted Funds - Group</b>   | <b>16,572</b>                | <b>11,556</b>                  | <b>(11,656)</b>                | <b>(72)</b>        | <b>292</b>                  | <b>16,692</b>               |
| <b>Total Funds</b>                        | <b>79,559</b>                | <b>13,650</b>                  | <b>(11,970)</b>                | <b>-</b>           | <b>3,170</b>                | <b>84,409</b>               |

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|   | At 1 August<br>2016<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Transfers<br>£'000 | Gains/<br>(losses)<br>£'000 | At 31 July<br>2017<br>£'000 |
|---|------------------------------|--------------------------------|--------------------------------|--------------------|-----------------------------|-----------------------------|
| <b>Endowment Funds - Permanent</b>        |                              |                                |                                |                    |                             |                             |
| College Endowment Fund                    | 42,338                       | -                              | -                              | -                  | 4,006                       | 46,346                      |
| Carreras Endowment                        | 1,468                        | -                              | -                              | -                  | 139                         | 1,607                       |
| Carreras General                          | 3,393                        | -                              | -                              | 20                 | 321                         | 3,734                       |
| Baring Trust Fund                         | 1,869                        | -                              | -                              | -                  | 177                         | 2,046                       |
| Drapers                                   | 1,018                        | 30                             | -                              | -                  | 96                          | 1,144                       |
| Mortimer May                              | 843                          | -                              | -                              | -                  | 80                          | 923                         |
| E. M. Vaughan-Williams Trust              | 520                          | 3                              | -                              | -                  | 49                          | 572                         |
| Five Fellowship                           | 503                          | -                              | -                              | -                  | 48                          | 551                         |
| Michael Baring Travel Fund                | 79                           | -                              | -                              | -                  | 7                           | 86                          |
| Roger Van Noorden Economics Fund          | 517                          | 6                              | -                              | -                  | 49                          | 572                         |
| Ellis-Barnard History Fellowship          | 1,316                        | 3                              | -                              | -                  | 124                         | 1,443                       |
| Other Scholarship Funds                   | 917                          | -                              | -                              | -                  | 87                          | 1,004                       |
| Other Funds                               | 173                          | -                              | -                              | -                  | 16                          | 189                         |
|   | -                            | -                              | -                              | -                  | -                           | -                           |
| <b>Endowment Funds - Expendable</b>       |                              |                                |                                |                    |                             |                             |
| Carreras Fellowship                       | 510                          | -                              | -                              | -                  | 48                          | 558                         |
| Starun Fund                               | 194                          | -                              | -                              | -                  | 18                          | 212                         |
| Japan Appeal                              | 5                            | -                              | -                              | -                  | 1                           | 6                           |
| Armstrong-Macintyre-Markham               | 299                          | -                              | -                              | -                  | 28                          | 327                         |
| BCL Fund                                  | 23                           | -                              | -                              | -                  | 2                           | 25                          |
|   | -                            | -                              | -                              | -                  | -                           | -                           |
| <b>Total Endowment Funds - College</b>    | <b>55,985</b>                | <b>42</b>                      | <b>-</b>                       | <b>20</b>          | <b>5,298</b>                | <b>61,345</b>               |
| <b>Restricted Funds</b>                   |                              |                                |                                |                    |                             |                             |
| Undergraduate Bursaries                   | -                            | 19                             | (21)                           | -                  | (1)                         | (3)                         |
| <i>Unspent income funds</i>               | -                            | -                              | -                              | -                  | -                           | -                           |
| Carreras Endowment                        | -                            | 43                             | (4)                            | (40)               | -                           | (1)                         |
| Carreras Fellowship                       | 119                          | 18                             | (17)                           | 20                 | 11                          | 151                         |
| Drapers                                   | 73                           | 32                             | (3)                            | -                  | 7                           | 109                         |
| Mortimer May                              | 210                          | 31                             | (30)                           | -                  | 20                          | 230                         |
| E. M. Vaughan-Williams Trust              | 96                           | 18                             | (12)                           | -                  | 9                           | 111                         |
| Janeway Restricted Fund                   | 34                           | 1                              | (12)                           | -                  | 3                           | 26                          |
| Unspent income of other Funds above       | 229                          | 82                             | (38)                           | 28                 | 22                          | 323                         |
| Other Funds                               | 356                          | 346                            | (41)                           | -                  | 35                          | 696                         |
|   | -                            | -                              | -                              | -                  | -                           | -                           |
| <b>Total Restricted Funds - College</b>   | <b>1,117</b>                 | <b>590</b>                     | <b>(178)</b>                   | <b>8</b>           | <b>106</b>                  | <b>1,642</b>                |
| <b>Unrestricted Funds</b>                 |                              |                                |                                |                    |                             |                             |
| General                                   | 2,402                        | 10,828                         | (10,673)                       | 681                | 582                         | 3,820                       |
| Fixed asset designated                    | 11,464                       | -                              | -                              | (468)              | -                           | 10,996                      |
| Graduate Scholarship                      | 54                           | -                              | (20)                           | -                  | -                           | 34                          |
| Undergraduate Bursaries                   | 500                          | -                              | (70)                           | 70                 | -                           | 500                         |
| Pension Reserve                           | 1,533                        | -                              | -                              | (311)              | -                           | 1,222                       |
|   | -                            | -                              | -                              | -                  | -                           | -                           |
| <b>Total Unrestricted Funds - College</b> | <b>15,953</b>                | <b>10,828</b>                  | <b>(10,763)</b>                | <b>(28)</b>        | <b>582</b>                  | <b>16,572</b>               |
| Unrestricted funds held by subsidiaries   | -                            | -                              | -                              | -                  | -                           | -                           |
|   | -                            | -                              | -                              | -                  | -                           | -                           |
| <b>Total Unrestricted Funds - Group</b>   | <b>15,953</b>                | <b>10,828</b>                  | <b>(10,763)</b>                | <b>(28)</b>        | <b>582</b>                  | <b>16,572</b>               |
|   | -                            | -                              | -                              | -                  | -                           | -                           |
| <b>Total Funds</b>                        | <b>73,055</b>                | <b>11,460</b>                  | <b>(10,941)</b>                | <b>-</b>           | <b>5,985</b>                | <b>79,559</b>               |

**Transfers between funds :-**

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

**17 FUNDS OF THE COLLEGE DETAILS**

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

**Endowment Funds - Permanent:**

|                                  |   |
|----------------------------------|---|
| College Endowment Fund           | Funds received from the University, in the 1960s, to establish a permanent endowment plus subsequent legacies and donations for endowment purposes.   |
| Carreras Endowment               | A gift from Carreras International whose income is split between the Carreras General and Fellowship Funds  |
| Carreras General                 | Income from Carreras Endowment Fund is reinvested and the income generated is used the general purposes of the College  |
| Baring Trust Fund                | Dates back to the re-foundation of the College in the 19th century. Income used for scholarships / general purposes.  |
| Drapers                          | A gift from The Drapers' Company for Scholarships and in support of a Fellow.   |
| Mortimer May                     | A gift from Bruce and Julia May in memory of their son Mortimer to support a student in "Geography or a related subject".   |
| E. M. Vaughan-Williams Trust     | A gift from Miles Vaughan-Williams to support Medical Students.   |
| Five Fellowship                  | A gift in 1874 of which £1500 p.a. is to support Fellowships and the balance for general purposes.  |
| Michael Baring Travel Fund       | Gifts since 2001 in memory of Michael Baring to assist History Students with their research expenses.   |
| Roger Van Noorden Economics Fund | Gifts since 2007 for the Economics Fund, which was renamed in 2010 in memory of Roger Van Noorden, in support of a Fellow in Economics.   |
| Ellis-Barnard History Fellowship | Established in 2011 to fund the teaching of History.  |
| Other Scholarship Funds          | Comprise the Lucy,Lusby,McBride,Meeke, Scholarship Augumentation and War Memorial Funds which represent gifts, received between 1665 and 1919, to support scholars with surplus for general purposes. |
| Student Support                  | A permanent endowment for graduate and undergraduate student support initiatives or scholarships.   |
| Other Funds                      | Comprise the Boyd Memorial,White,Brunsell and Old Hertford College Funds which are for Student Loans/Chapel/Library and general purposes.   |

**Endowment Funds - Expendable:**

|  |  |
|--|--|
| Carreras Fellowship                            | Income from Carreras Endowment Fund to support Fellowship and Scholars.  |
| Starun Fund                                    | Gifts from Mr L. Starun 1974-78 for research into Polish History, Language or Literature   |
| Japan Appeal                                   | Gifts in 1991/2 from Tokyo Electric Power and the Kajima Fund to support a Fellowship in Japanese and academic visits to/from Japan.   |
| Armstrong-Macintyre-Markham History Fellowship | Gifts in the 1990s in memory of Angus Macintyre, Felix Markham and John Armstrong to support teaching and research by a History Fellow |
| BCL Fund                                       | Gifts since 2007, some in memory of Roy Stuart to support Law students particularly those on the B.C.L. course.                        |

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**Restricted Funds**

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

Philosophy and Computing.

**Designated Funds**

|                            |   |
|----------------------------|---|
| Fixed asset designated     | Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes |
| Graduate Scholarship       | Unrestricted Funds allocated by the Fellows for future costs of providing enhanced scholarships.  |
| History Teaching           | Unrestricted Funds allocated by the Fellows for future costs of funding a titular post. The fund has been removed as the post is now fully funded.        |
| Bursaries Fund             | Unrestricted Funds allocated by the Fellows for future costs of the Undergraduate Bursary Scheme which commenced in October 2011.                         |
| General Unrestricted Funds | Represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.                  |
| Pension Reserve            | This Fund sets aside funds for the Deferred Benefit Pension Scheme Liability as required by FRS 102.  |

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                       | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | <b>2018<br/>Total<br/>£'000</b> |
|-----------------------|--------------------------------|------------------------------|-----------------------------|---------------------------------|
| Tangible fixed assets | 10,797                         | -                            | -                           | <b>10,797</b>                   |
| Property investments  | 883                            | -                            | -                           | <b>883</b>                      |
| Other investments     | 20,708                         | 2,832                        | 64,885                      | <b>88,425</b>                   |
| Net current assets    | 4,304                          | -                            | -                           | <b>4,304</b>                    |
| Long term liabilities | (20,000)                       | -                            | -                           | <b>(20,000)</b>                 |
|                       | <b>16,692</b>                  | <b>2,832</b>                 | <b>64,885</b>               | <b>84,409</b>                   |
|                       | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | <b>2017<br/>Total<br/>£'000</b> |
| Tangible fixed assets | 10,996                         | -                            | -                           | <b>10,996</b>                   |
| Other investments     | 3,957                          | 1,642                        | 61,345                      | <b>66,944</b>                   |
| Net current assets    | 1,619                          | -                            | -                           | <b>1,619</b>                    |
|                       | <b>16,572</b>                  | <b>1,642</b>                 | <b>61,345</b>               | <b>79,559</b>                   |

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**19 TRUSTEES' REMUNERATION**

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

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

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

Trustees of the college fall into the following categories:

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

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

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

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

For example, the Senior Tutor, Dean, Tutor for Admissions, Tutor for Graduates and the Investment Bursar. These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,217,361 (2016-17 £1,306,740).

The total of pension contributions is £160,036 (2016-17 £176,827).

**Remuneration paid to trustees**

| Range             | 2018               |   | 2017               |   |
|-------------------|--------------------|---|--------------------|---|
|                   | Number of trustees | Gross remuneration, taxable benefits and pension contributions<br>£ | Number of trustees | Gross remuneration, taxable benefits and pension contributions<br>£ |
| £1,001-£2,000     |                    |   | 1                  | 1,780   |
| £3,001-£4,000     | 1                  | 3,829   |                    |   |
| £9,001-£10,000    |                    |   | 1                  | 9,955   |
| £11,001-£12,000   | 1                  | 11,136  |                    |   |
| £19,001-£20,000   |                    |   | 1                  | 19,568  |
| £20,001-£21,000   | 1                  | 20,436  | 1                  | 20,913  |
| £21,001-£22,000   | 2                  | 43,749  | 11                 | 237,129   |
| £22,001-£23,000   | 11                 | 251,591   | 1                  | 22,001  |
| £23,001-£24,000   | 3                  | 69,879  | 1                  | 23,018  |
| £25,001-£26,000   |                    |   | 1                  | 25,215  |
| £26,001-£27,000   | 1                  | 26,798  | 1                  | 26,727  |
| £28,001-£29,000   |                    |   | 1                  | 28,411  |
| £29,001-£30,000   | 1                  | 29,905  |                    |   |
| £30,001-£31,000   |                    |   | 1                  | 30,646  |
| £31,001-£32,000   | 1                  | 31,397  | 1                  | 31,860  |
| £32,001-£33,000   | 1                  | 32,178  |                    |   |
| £35,001-£36,000   |                    |   | 1                  | 35,752  |
| £42,001-£43,000   | 1                  | 42,607  | 1                  | 42,835  |
| £44,001-£45,000   | 1                  | 44,120  |                    |   |
| £46,001-£47,000   |                    |   | 2                  | 92,506  |
| £47,001-£48,000   | 1                  | 47,838  | 1                  | 47,494  |
| £52,001-£53,000   | 1                  | 52,155  |                    |   |
| £53,001-£54,000   |                    |   | 2                  | 107,119   |
| £54,001-£55,000   |                    |   | 1                  | 54,360  |
| £55,001-£56,000   | 1                  | 55,372  |                    |   |
| £57,001-£58,000   | 1                  | 57,044  |                    |   |
| £58,001-£59,000   |                    |   | 1                  | 58,611  |
| £61,001-£62,000   | 1                  | 61,563  |                    |   |
| £66,002-£67,000   |                    |   | 1                  | 66,037  |
| £68,001-£69,000   | 1                  | 68,252  |                    |   |
| £74,000-£75,000   | 1                  | 74,213  |                    |   |
| £86,000-£87,000   | 1                  | 86,863  |                    |   |
| £102,001-£103,000 |                    |   | 1                  | 102,088   |
| £106,001-£107,000 | 1                  | 106,436   |                    |   |
| £107,001-£108,000 |                    |   | 1                  | 107,941   |
| £114,001-£115,000 |                    |   | 1                  | 114,774   |
|                   | 34                 | 1,217,361   | 35                 | 1,306,740   |

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

#### **Trustee expenses**

No Fellow claimed any expenses for work as a Trustee (2016/17: £0).  
See also note 26 Related Party Transactions

#### **Key management remuneration**

The total remuneration paid to key management was £223k (2017: £213k).  
Key management are considered to be the Deputy Bursar, the Domestic Bursar and the Registrar and Director of Admissions.

## **20 PENSION SCHEMES**

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

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

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

#### **Universities Superannuation Scheme**

The pension charge for the year includes £224k (2017 - £215k) in relation to the USS. This represents contributions of £297k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £73k.

The USS employer contribution rate has been 18% of salaries from 1 April 2016. 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.

The latest formal actuarial valuation of the USS is being carried out as at 31 March 2017 to meet the requirements of the Pensions Act 2004. The final publication of this valuation has been delayed beyond the statutory deadline of 30 June 2018 so that the completion of the valuation can run in parallel to the Joint Expert Panel ("JEP") which is reviewing the valuation to provide assurances that the trustee is, ultimately, in a position to address its statutory obligations. Currently, based on a future average annual returns forecast of CPI + 0.71%, the draft valuation shows that the scheme assets are sufficient to cover 89% of the liabilities with a funding deficit of £7.5bn as at 31 March 2017. The valuation also shows that maintaining the current level of benefits would, in turn, require a combined contribution rate of 37.4% of pay, including increasing deficit recovery contributions from 2.1% of pay as currently to 6% of pay.

The USS has subsequently reported that the estimated funding deficit increased to £8.4 bn (88% funded) as at 31 March 2018.

The JEP is tasked with agreeing key principles to underpin the future approach of the University and College Union (UCU) and Universities UK (UUK) to the USS valuation. The JEP published their first report on 13 September 2018 and has recommended four areas where adjustments to the valuation should be considered. It is the JEP belief, based on independent actuarial analysis, that the full implementation of these adjustments could mean total required contributions estimated at 29.2% to fund current benefits (minus the 1% match). This compares to the current rate of 26% (18% of salary paid by employers as above, 8% by employees) and the rate of 36.6% from April 2020 which has been proposed by USS based on the valuation as it stands.

In the judgement of the College, as the 2017 valuation has not formally completed and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation. Accordingly a provision of £512k has been included in the financial statements as at 31 July 2018 (2017 - £485k) for the present value of the estimated future deficit funding element of the employer contributions payable based on the current agreement for the payment of contributions. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

However, there is a significant risk that the year-end provision for the costs of the deficit funding as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The college expects to have greater clarity in this respect during the next financial year.

Details on the 2017 actuarial valuation of the scheme and the implications to the employers and employees 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 £521k (2017 - £123k) in relation to the OSPS. This represents contributions of £348k payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £173k.

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

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

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The trustee and University have agreed a recovery plan under which the employers are paying 19% from August 2017 for both defined benefits members and defined contributions members who join on or after 1 October 2017. Part of the contributions for defined contribution members is paid to the defined benefit section to cover the deficit recovery plan, the provision of ill-health and death-in service benefits and the expenses of administering the defined contribution section. In addition, the employers will continue to reimburse the scheme in respect of Pension Protection Fund (PPF) and other levies collected by the Pensions Regulator. These contributions, together with an allowance for the Scheme's assets to return 2.5% per annum above gilt yields, are expected to eliminate the technical provision deficit by 30 June 2027.

A provision of £811k has been included in the financial statements as at 31 July 2018 (2017 - £737k) for the present value of the estimated future deficit funding element of the contributions payable under this recovery plan agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

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

**Hertford College**  
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**21 TAXATION**

The College is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to exclusively charitable purposes. No liability to corporation tax arises in the College's subsidiary company because the directors of this company have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

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

|  | <b>2018</b>  | 2017           |
|--|--------------|----------------|
|  | <b>Group</b> | Group          |
|  | <b>£'000</b> | £'000          |
| <b>Net income/(expenditure)</b>                            | 4,850        | 6,505          |
| Elimination of non-operating cash flows:                   |              |                |
| Investment income  | (2,413)      | (1,900)        |
| (Gains)/losses in investments                              | (3,170)      | (5,986)        |
| Endowment donations  | (718)        | (42)           |
| Depreciation   | 659          | 623            |
| Decrease/(Increase) in stock                               | (6)          | (3)            |
| Decrease/(Increase) in debtors                             | 57           | (863)          |
| (Decrease)/Increase in creditors                           | 232          | 157            |
| (Decrease)/Increase in pension scheme liability            | 100          | (311)          |
| Coupon on Private Placement paid                           | 252          |                |
| <b>Net cash provided by (used in) operating activities</b> | <b>(157)</b> | <b>(1,820)</b> |

**23 ANALYSIS OF CASH AND CASH EQUIVALENTS**

|  | <b>2018</b>  | 2017  |
|--|--------------|-------|
|  | <b>£'000</b> | £'000 |
| Cash at bank and in hand               | <b>5,999</b> | 4,253 |
| <b>Total cash and cash equivalents</b> | <b>5,999</b> | 4,253 |

**24 FINANCIAL COMMITMENTS**

| The totals of future minimum lease payments under non-cancellable operating leases for each of the following periods were: | <b>2018</b>  | 2017  |
|--|--------------|-------|
|  | <b>£'000</b> | £'000 |
| <b>Land and buildings</b>  |              |       |
| Not later than one year  | <b>295</b>   | 121   |
| Later than one year and not later than five years  | <b>341</b>   | 245   |
| Later than five years  | <b>128</b>   | 245   |
|  | <b>764</b>   | 611   |
| <b>Other</b>   |              |       |
| Not later than one year  | <b>20</b>    | -     |
| Later than one year and not later than five years  | <b>27</b>    | -     |
|  | <b>47</b>    | -     |



**Hertford College**  
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**25 CAPITAL COMMITMENTS**

The College had no contracted commitments at 31 July 2018 for future capital projects totalling (2017: £883k, being the purchase of 28 Weston Road)

**26 RELATED PARTY TRANSACTIONS**

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

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

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

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

|              | <b>2018</b>  | 2017  |
|--------------|--------------|-------|
|              | <b>£'000</b> | £'000 |
| B Frellesvig | <b>20</b>    | 23    |
| D Dwan       | <b>180</b>   | 187   |
| R Zubek      | <b>184</b>   | 190   |
|              | <hr/>        | <hr/> |

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

**27 CONTINGENT LIABILITIES**

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

**28 POST BALANCE SHEET EVENTS**

There are no post balance sheet events that require disclosure.