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UNIVERSITY COLLEGE OXFORD

Annual Report and Financial Statements

Year ended 31 July 2020

Charity No. 1141259

UNIVERSITY COLLEGE
Annual Report and Financial Statements
Contents

Contents	Pages
Governing Body, Officers and Advisers	2-5
Report of the Governing Body	6-19
Auditor's Report	20-24
Statement of Accounting Policies	25-30
Statement of Financial Activities	31
Balance Sheet	32
Statement of Cash Flows	33
Notes to the Financial Statements	34-51

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law. The members of the Governing Body who served in office as trustees during the year or subsequently are detailed below. During the year, the main operational activities of the Governing Body were carried out through five committees.

The current membership of these committees at the date of approval of these accounts is shown against each Fellow according to this reference:

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

		(1)	(2)	(3)	(4)	(5)
The Master, Sir I M Crewe	Retired 31 July 2020					
The Master, Right Honourable Baroness Valerie Amos CH PC	Appointed 1 st September 2020	•	•	•	•	•
Professor R J Nicholas			•		•	
Professor A W Roscoe			•			
Professor J F Wheater						•
Dr K L Dorrington						
Professor T W Child			•			
Dr C J Pears		•				
Professor N Woods						•
Dr S Collins				•	•	
Professor G M Henderson						•
Professor P D Howell			•			
Professor C J Holmes			•			
Professor J Hein						
Professor P Jezzard			•			
Professor A Ker			•			
Professor W Allan						
Professor T Povey						
Professor O Zimmer						

UNIVERSITY COLLEGE
Report of the Governing Body
Year ended 31 July 2020

		(1)	(2)	(3)	(4)	(5)
Revd Dr A Gregory				•	•	
Professor D Logan						
Dr L Kallet				•		
Dr B Jackson		•				•
Professor N Yeung						
Professor M Benedikt						
Professor S C Tsang						
Professor T Sharp		•				
Dr M Smith			•			•
Professor N Halmi		•				
Professor A Johnston						
Professor S Mavroeidis		•				
Professor P Jones						
Mr J Rowbottom						
Dr M Galpin				•		
Dr K Milewicz		•				
Dr N Nikolov						
Dr J Benesch						
Dr C Leaver						
Dr L Hansen	Resigned 25 th August 2019					
Mrs A Unsworth			•	•	•	•
Dr A Bell		•	•	•		•
Professor C Terquem		•				
Professor M Barnes				•		
Dr I Jacobs						
Dr S Smith						
Professor K O'Brien						
Dr P Rebeschini		•				
Dr A I Grant			•		•	•
Professor G Screaton						
Professor J E S Moshenska						

UNIVERSITY COLLEGE
Report of the Governing Body
Year ended 31 July 2020

		(1)	(2)	(3)	(4)	(5)
Professor J D Hamkins						
Professor Ruth Chang						
Mr Gordon Cox			•			•
Dr Richard Ashdowne	Appointed 1 st October 2019	•				
Professor R Rickaby	Appointed 23 rd October 2019					
Professor A Smith	Appointed 23 rd October 2019					
Professor T Y Tan	Appointed 23 rd October 2019					
Dr R Chitnis	Appointed 23 rd October 2019					
Dr M Schentuleit	Appointed 23 rd October 2019					
Dr J Bryson	Appointed 1 st January 2020					
Dr M Filip	Appointed 17 th February 2020					
Dr N Moneke	Appointed 1 st September 2020					

The College is also guided and governed by three further committees, namely: Audit Committee, Remuneration Committee and Investment Committee. As the membership of these committees correctly and additionally includes external members as well as Fellows of the College, their complement is not listed here. For the membership of these committees, see pages 7-8.

COLLEGE SENIOR STAFF

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

Valerie Amos	Master
Andrew Grant	Finance Bursar
Angela Unsworth	Domestic Bursar
Andrew Bell	Senior Tutor
Gordon Cox	Development Director

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

COLLEGE ADVISERS

Investment Managers

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

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

Allianz Global Investors GmbH
199 Bishopsgate
London, EC2M 3TY

Chartered Surveyors and Property Advisers

Cluttons LLP
Seacourt Tower, West Way
Oxford, OX2 0JJ

Carter Jonas LLP
Mayfield House, 256 Banbury Road
Oxford, OX2 7DE

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

Bidwells
Seacourt Tower, West Way
Oxford, OX2 0JJ

Auditor

Crowe U.K. LLP
Aquis House
49-51 Blagrove Street
Reading, RG1 1PL

Bankers

HSBC
65 Cornmarket Street
Oxford, OX1 3HY

Solicitors

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

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

College address

High Street,
Oxford OX1 4BH

E- Links



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

Facebook: facebook.com/universitycollegeoxford
YouTube: <http://bit.ly/univyoutube>
Instagram: www.instagram.com/univcollegeoxford/

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

REPORT OF THE GOVERNING BODY

The Members of the Governing Body present their Annual Report for the year ended 31 July 2020 under the Charities Act 2011 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

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

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

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 5.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its statutes which are made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1573, and the Universities of Oxford and Cambridge Act 1923. New statutes were approved by Her Majesty on 13 July 2016. The new regulations, which are necessary to enable the implementation of these statutes, came into effect with the new statutes on 1 February 2018, replacing and superseding in their entirety the existing ones. The new statutes and regulations formally state the College’s charitable object, identify the College’s charity trustees, establish appropriate procedures for managing conflicts of interest and introduce a Remuneration Committee to oversee employee benefits, including remuneration and other benefits provided to members of the Governing Body and Fellows of the College.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is Her Majesty the Queen. The Governing Body is self-appointing, with the decision to elect a new trustee being taken by a vote of two-thirds of those present and voting at a meeting of the Governing Body.

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

The Governing Body determines the ongoing strategic direction of the College and regulates its administration and the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by the five main operational committees.

Recruitment and training of Members of the Governing Body

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

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

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Remuneration of Members of the Governing Body and Senior College Staff

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

The remuneration of senior college staff is set by reference to nationally agreed pay scales and local conditions. The membership of Remuneration Committee is appropriately adjusted when the Committee is considering the remuneration of its College members or their peers (Note 17).

In deciding appropriate pay levels, the College aims to strike a balance between paying enough to recruit and retain people with the skills the College needs, the responsibility to the Office for Students to spend public money appropriately and the College's donors' expectations that the money they entrust to the College will be used wisely to promote academic excellence. In setting the pay of key management, the Remuneration Committee takes account of the skills and experience required for each of the roles and the remuneration in the sectors from which suitable candidates for such posts would be found. They also take account of affordability for the College. The College does not pay bonuses or other incentive payments to its senior officers. Pay increases to key management and other employees are awarded subject to excellent performance.

Organisational management

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

- The Academic Committee meets up to four times a term to discuss all aspects of academic policy and practice, including academic appointments, applications for sabbatical leave and special leave, teaching arrangements and quality assurance and undergraduate and graduate admissions and performance. The Committee also keeps abreast of academic developments in the central University and by liaison with other colleges through the Conference of Colleges. It also receives reports and recommendations from its sub-committee, the Research Committee, from time to time.
- The Finance Committee discusses the financial affairs of the College and meets three times a term. The Finance Committee reviews the financial implications of recommendations made by the other standing committees of the College as well as monitoring reports from the Remuneration Committee and the Investment Committee.
- The General Purposes Committee meets regularly to consider a range of operational issues that are not typically captured by other committees of the College.
- The Premises Committee considers and prioritises candidate capital and maintenance projects for the College's functional premises.
- The Development Committee considers the College's fundraising initiatives and its ongoing links with Old Members of the College.

In addition to the five main committees meeting frequently through the year, the College relies on a number of committees that consider particular aspects of College operation. These committees include external members. Their purpose and their current membership are:

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

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- The Remuneration Committee makes authoritative recommendations concerning main salary scales and other matters relating to the remuneration of persons who are also trustees. The external members are currently Hugh Blaza, Helen Morton and Michael Harloe.
 - The Investment Committee considers the College's investment strategy for its endowment assets, and makes recommendations for its implementation. The committee includes six expert external members. In this year, they were John Authers, Tim del Nevo, Gavin Ralston, James Anderson, Charles Mason and Johannes Fritz.
 - The Audit Committee reports directly to Governing Body and, meeting termly, its duties include monitoring the effectiveness of the College's internal management controls and risk management systems. It is free to probe at any activity, threat or opportunity with a College-level risk management perspective. It therefore supports trustees with perspectives on internal and external risks to the College achieving its objectives. The Audit Committee also performs a statutory function each year with the College's Auditors – Crowe U.K. LLP – in critically reviewing the annual report and financial statements. The Committee also reviews College management responses to the risks, and may engage in deeper enquiries into College activity in order to provide independent assurance to the Governing Body. The members of the Audit Committee are currently Bill Child (Chair), Robin Nicholas (Financial Adviser) and John Morton, and independent external members Gilly Lord and Minesh Shah.
 - The Equality, Diversity and Inclusion Committee ("EDIC") was recently created. The EDIC is tasked with overseeing equality and diversity matters in the College, the application of the College's equality policy and action plans, and ensuring that the College meets its duties under the Equality Act 2010. It provides leadership on areas where the College aims to reduce barriers, particularly for underrepresented groups, for all areas of College life. It is chaired by the Master and reports directly to the Governing Body. Committee members include the Fellow for Racism and Anti-Racism, the Fellow for Women, the College's HR Manager/Equality Officer, as well as representatives drawn from students and staff.

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

Structure and relationships

The College, though autonomous, is a member of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship. The College administers many special trusts, as detailed in Notes 14 and 15 to the financial statements.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

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

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

- Provide lectures, teaching facilities and individual or small group tuition and supervision to its students;
- Provide pastoral and academic support and library facilities; and
- To advance research by providing research fellowships to outstanding academics at the early stages of their careers and sabbatical leave to established academics to carry out research.

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Activities and objectives of the College

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

Our key objectives for the year included:

- i. To continue to develop and enhance the quality of our tutorial provision;
- ii. To enhance the performance of our students in public examinations through the quality of the teaching and the provision of pastoral support and by selecting those who will thrive most in the academic environment of the collegiate University;
- iii. To advance research through the filling of Junior Research Fellowships and by providing the other Fellows of the College with research time through the provision of sabbatical and research leave and research funding;
- iv. To strengthen our links with the secondary education sector and to increase our efforts to attract applications from academically outstanding students through our schools liaison strategy;
- v. To continue to provide bursaries and scholarships to students of limited financial means and to develop further bridging support to facilitate the transition from secondary to tertiary education and to help in particular those from educationally disadvantaged backgrounds;
- vi. To continue a targeted programme of access and recruitment activities;
- vii. To modify our existing bridging programme which provides bespoke academic support for offer-holders from the most disadvantaged backgrounds in the summer immediately prior to their beginning an undergraduate degree at the College such that it operates effectively alongside the University's new initiatives in this area;
- viii. To continue our efforts to attract the most outstanding graduate students and seek to provide fully funded studentships for as many of them as possible;
- ix. To enhance our support for the clinical part of the Medical Sciences degree.

ACHIEVEMENTS AND PERFORMANCE

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

Degrees Awarded	2019-20	2018-19
Undergraduate	112	100
1 st & Upper 2 nd Class	94%	94%
Taught Graduate	36	37
Research Graduate	34	34

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

The total of scholarships, prizes, grants, bursaries and hardship awards in 2020 was £1,261k (2019: £1,171k) including Oxford Bursary payments (Note 6). In addition, further awards totalling £112k (2019: £92k) were made by the Univ. Old Members' Trust and specific Old Members to students of the College.

The College has continued to expand its provision of graduate studentships in 2019-20 using newly endowed studentship funds leveraged by the University's Graduate Scholarship Matched Fund, and by linking College funds with Departmental and Divisional funding, to create a large number of fully funded graduate studentships.

% Receiving Awards	2019-20	2018-19
Graduates*	46%	48%
Undergraduates*	26%	24%

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

Dropout rates at the College continue to be exceptionally low compared to the national average of 8.3% in 2017-18 (Higher Education Statistics Agency ("HESA") Non-continuation following year of entry 2017-18).

	2019-20	2018-19
% of Undergraduates that do not continue their course after the first year	0%	2.61%

The College has continued its ambitious schools liaison activity though the numbers of events it was possible to run were curtailed by the COVID-19 pandemic. Between September 2019 and March 2020, the College carried out over 55 schools liaison activities and events both in College and out in schools. Visits have been made by the Schools Liaison and Access Officer ("SLAO"), by undergraduate 'Student Ambassadors', and by tutorial staff. Of the College's programme of large Year 12 academic taster days, four of the five study days planned were able to go ahead before lockdown measures in March. This gave the opportunity for 215 talented students to visit the College and engage with subjects they are considering for University. For the first time, this year's programme included a study day specifically targeted for students of Black African or Black Caribbean heritage. Alongside 'face-to-face' visits the College's digital outreach continues to encourage 'super-curricular' learning.

From mid-March 2020, work was quickly refocused on the College's digital outreach, with a concerted Twitter campaign and a refresh of the College's Staircase12 resource. In July 2020, thanks to hard work from many staff members and students, the College was able to run its first Virtual Open Day featuring inspirational videos and a live-text Q&A. On 27 July, in partnership with Magdalen College and the Humanities Division, the College ran an online event for 48 Year 12s from Black, Asian and minority ethnic backgrounds interested in the Humanities.

The College's Student Ambassador Scheme continues with over 65 students on the scheme. The team are given two training sessions and many of them go on to support inbound visits with tours, Q&As and academic tasters, and make their own independent visits to schools.

Funds from the OMT Student Support and Access Committee, in addition to specific donations supporting our work with Stoke-on-Trent, have been set aside to provide funding support for schools, students or teachers making visits to us. Schools were offered support for travel costs and/or teacher cover costs if they are from

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

deprived areas, as well as being either a) schools we want to particularly maintain links with, or b) if they have had very little contact with the University of Oxford previously. In the 2019-20 academic year, travel contributions were given to 2 schools attending a school visit, 13 individual students attending a study day, and 4 teachers attending our teachers' conference.

Research is a duty of all academic fellows. The College further supports research by granting sabbatical leave and special leave to fellows for specific research activities. The College continues to employ outstanding researchers at an early stage of their careers. In 2020 there were 9.7 FTE junior researchers employed by the College (2019: 8.9 FTE). The College also specifically allocated £106k (2019: £121k) for the purchase of books/equipment and conference attendance to support both junior and senior fellows in their research efforts.

FINANCIAL REVIEW

Sources and Uses of Funds

The most notable driver of atypical outcomes for the College's sources and uses of funds has been the COVID-19 pandemic. The College was shut from 20 March 2020 following the colleges' and the University's considered response to notification of the first confirmed COVID-19 cases at locations proximal to the College. This was somewhat ahead of the national lockdown. Since March 2020, the impact of COVID-19 on College operations has been all-encompassing with inevitable consequences for its finances.

The absent student non-fee receipts in Trinity Term, as students continued their studies from home with on-line support, and the collapse of the out-of-term time conference / summer school business caused a deterioration in College income (see Note 1: For example, College residential income showed a 36% reduction compared to 2019). The deterioration of the College's domestic operations' receipts was compounded by falling cash receipts from the investment portfolio as COVID-19 lockdown hit the economy and those tenanted College property on a commercial basis. Gross rental debtors increased to £1,232k (2019:£426k) as a consequence of COVID-19. As a result, the College has had to increase the provision against the tenanted rent debtor balance by £498k.

Despite this, COVID-19 has not challenged the College's status as a 'going concern' because it has been able to draw on its buffer of cash and liquid resources. These have ensured that the College's debt service, stipends, salaries and all other liabilities as they fell due have been paid in a timely manner. The College recognized some £0.4 million of Other Income arising from an average of about 89 staff being put on the government's furlough scheme over the period. The College topped up the furlough payments to all staff to make-up to 100% of normal pay.

Despite these operational challenges, the College has continued to invest in developing its student residences to enhance its pastoral provision and support its academic delivery. Preeminent among its functional premises investment is the proposed scheme to develop the land at 115 Banbury Road, which is conjoint with the College's existing properties at its Staverton Road Annexe. The development, called "Univ North", will add up to 150 new bed spaces and associated ancillary facilities, all set in carefully considered landscaping. The resolution to grant planning permission for the Univ North masterplan was delivered by clear majority of the West Area planning Committee of Oxford City Council in July 2020. The conditions to the planning consent were finalised and formal notice recorded on 22 October 2020.

Univ North will be the largest single increment to the College's functional estates since the 17th century. The project is preparing for the construction phase, gathering the resources and implementing the considerable project processes and structures that will provide the resilience and risk management to assure construction. This preparation is essential and means that construction is presently anticipated to begin in the second half of 2021.

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

A total of £2.1 million (2019: £2.6 million) was spent on capital projects (see Note 8).

The College continues to deploy funds in commercial property, financial and fixed income assets with the aim of building value and annual income to support College operational expenditure. In this context, the College approved the adoption of a total returns investment policy and is committed to move from an income investment policy, which has prevailed hitherto, with effect for the full year 2020-21 forward.

Investment returns were challenged and down on the prior year due to the evident turbulent markets, both globally and locally, exacerbated acutely by COVID-19. The total return on the College's investments, after fees and interest on the College's bonds, was negative 3.8% (2019: +6.4%). Gains/(Losses) on investments totalled £ million, split approximately evenly between the financial assets and property (2019: £4.5 million).

Development activity

The College is fortunate and remains deeply grateful to have such a generous community of donors and volunteers that are so vital to the College's fundraising and development activity. They are vital to the Colleges' impact. Fundraising at the College has been in support of teaching and research at the College and with a particular focus to provide the College with the wherewithal to deliver Univ North, the College's proposes major development at its Staverton Road Annexe.

The College's fundraising is performed by professionals employed by the College, often supported by College members who may act as champion volunteers under the close guidance of the Development Office professionals. All of the fundraising is with those with whom the College has a pre-existing relationship. The College continues to work to maintain the integrity of its data and to ensure that all evidence of consent, whenever it is required, is recorded. The College's compliance with EU-GDPR regulations and the Charities (Protection and Social Investment) Act 2016 are central to the governance of its development activity.

It has been a matter of concern that the College was notified in May 2020 that Blackbaud, a computer software company and service provider to many charities including the College, was subject to a ransomware attack in February 2020. The College notified the Information Commissioner's Office ("ICO") and its membership promptly on receipt of the notice from Blackbaud. It has been responding to queries and awaits the findings of the ICO. In any event, an internal review has begun on all the issues arising, including the College's relationship with Blackbaud.

The College is registered with the Fundraising Regulator and follows their guidance and best practice when working with vulnerable people. We take our relationships with all donors seriously. A Donor Charter survey of all supporters underpinned a new strategy for donor relations, improved reporting and the creation of a specialised Donor Relations position within the College. A link to the College's privacy notice is included in all of communications, along with an opt-out option. The Development Committee meets several times each year and provides advice and strategic perspectives on fundraising and Old Member engagement. The College has had no complaints about its fundraising engagement processes.

Inevitably, the COVID-19 pandemic was disruptive to development activity and there was a notable drop in the total number of donors to the College for the financial year and the participation rate of contactable alumni fell to 20.4%. There were 1,463 donors making a total of 7,379 gifts. The challenges during the latter part of the financial year include the cancellation of two student telethons, and a large number of fundraising and alumni relations events.

Notwithstanding these challenges, the donations and legacies recognised in the accounts total £9.9 million (Note 2) (2019: £3.7m), with £14.7 million raised as new pledges to be fulfilled in the year or in later years, together with in-year commitments made and paid. £0.37 million has been provided towards student support, £0.13 million towards academic positions, £0.47 million towards other objectives and a total of £13.73 million towards capital projects.

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Reserves policy

The College's reserves policy is to maintain in the event of an unexpected revenue shortfall sufficient free reserves to enable it to meet its short-term financial obligations, including the semi-annual payments of interest on the bonds and Senior Note (see Note 13). This general operational reserve is a liquidity buffer comprising 3 months of operating expenditures that allows the College to be managed efficiently and provides assurance of uninterrupted services. The College's free reserves as at 31 July 2020 were on target at £3.8m.

Total Funds

Total funds of the College at the year-end amounted to £209.1 m (see Note 14) (2019: £211.7m). This includes endowment capital of £125.5 m (2019: £134.4m) and unspent restricted income funds totalling £13.0 m (2019: £12.3m) and unrestricted funds of £70.6m (2019: £64.9m). The unrestricted funds comprise £55.3m (2019: £54.7m) representing the book value of tangible fixed assets less associated funding arrangements, designated funds amounting to £11.5m (2019: £6.5m) and the College's general reserve of £3.8m (2019: £3.7m).

Details of the funds held for educational and research purposes are set out in Note 15.

Risk management and Internal Controls

The Governing Body has ultimate accountability for managing all risks faced by the College. It has reviewed the processes in place for managing risk and the identified principal risks to which the College is exposed and has concluded that sufficiently robust systems are in place to manage these risks. While the senior officers own the risk management processes in their respective areas of accountability, the Audit Committee probes and challenges management response on a rolling basis.

Policies and procedures within the College are reviewed by the relevant College committee(s). For example, responses to risks to delivery of the College's higher education objects are reviewed and shaped by the Academic Committee; financial risks are assessed by the Finance Committee and investment risks are monitored by the Investment Committee. All College committees are subject to review by the Audit Committee from time to time. The Domestic Bursar reviews health and safety issues with other departmental heads. Training courses and other forms of career development are available to members of staff to enhance their skills in risk-related areas.

Risks fall under the headings of: Governance; Operational; Financial; External and Compliance. The approach to managing risks is as follows:

Governance – the College has formal committees for policy development and making recommendations to the Governing Body for final approval. These committees were reaffirmed in February 2018 following the ratification and formal adoption of revised Regulations to operate under the new, Privy Council approved Statutes. Their membership, however, is renewed annually by the Master. In addition, and exceptionally, the College has instituted an Investment Management Review Group to assess and recommend the future management arrangements for its endowment investment portfolio.

Operational – the College has a range of policies governing the way the higher educational objects of the College are delivered, including academic policies covering students' engagement and academic research, as well as non-academic policies governing the day to day operations of the College.

Financial – the Governing Body is regularly presented financial and investment data having been first scrutinised by the Finance Committee and, as appropriate, the Investment Committee. Appropriate liquidity is maintained within the endowment assets to address existential risks. The COVID-19 pandemic has meant that these resources were drawn upon to cover missing incoming cash receipts in the period.

External – the Governing Body is aware of the changing landscape and the challenges of delivering academic excellence during periods of uncertainty. Many of the fellowship are jointly employed with

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Oxford University. While student numbers vary year on year, the College has the flexibility and the resources to manage robustly over the short and medium term.

Compliance with law & regulation – key management receive regular training and advice on compliance issues in their areas of responsibility. The College's statutory Data Protection Officer, under EU General Data Protection Regulations, changed during the year although still with ClearComm, which is part of Moore Kingston Smith but to a new lead: Mr Shaun Beresford.

The impact of COVID-19 merits further mention as an operational risk that has straddled several of these categories above. While the COVID-19 outbreak triggered the closure of the High Street site from 20 March 2020 for the duration of the first government national lockdown, there was no material or lasting impact on the College's higher educational activities. It has had the financial resources to see through the short-term impact and, as a consequence, has not signalled a major incident to the Charity Commission in this regard. As can be seen in the tables below, the College's business continuity readiness was put into full and effective operation.

The College's insurances against the unforeseen are extensive and are reviewed annually. Indeed, the insurance regime is under further scrutiny because of the exceptional risk circumstances prevailing though 2020.

The College's management processes seek to position risk identification and assessment so that it drives management action. In this context, all risks are ranked into:

- a. existential risks
- b. risks to the College's ability to operate and
- c. performance risks.

Some risks are enduring, or ever present. In contrast, some risks are emerging or temporary and short term, arising either through some external step-change, or from a material change in College direction or initiative. This is discussed in more detail later.

First, the enduring risks are characterised by the need for constant and progressive management to enhance the College's processes. Their potential impact and how that risk is managed are set out in the table below:

Title	Enduring Risk	Potential Impact	Management
Health and Safety, including safeguarding.	Injury and harm to individuals. Failure to discharge full duty of care leads to fines and worse.	Loss of licence to operate, with close attention by regulatory authority and monitored remediation plan undertaken.	Licence to operate risk is controlled through clear H&S policy setting expectations of conduct on all activities including hazardous ones, e.g., working at height servicing buildings; welfare processes for young people in College. Fire safety and H&S reviews assessed at least annually and on any change of operation. Business continuity planning to cope with the material disruption arising from a pandemic was established previously through SARS preparedness and has underpinned a quality response to COVID-19.

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Title	Enduring Risk	Potential Impact	Management
Financial – Financial management	Loss of income from changes in student financing, research support, or returns from our endowment.	Inability to fund core activities. Inability to sustain College's endowment.	Engage with the University to sustain funds for teaching and research, and maintain performance. Regular reviews by Finance Committee to challenge College's financial performance, and guide the modification of spending in investment and expenditure plans. Prudential and operational cash reserves maintained to manage any existential risk. Drive down expenditure as COVID-19 decimated income for 2020 and 2021, although COVID-19 specific costs continue.
Operational - Students	Failure to attract, recruit and admit sufficient appropriate students.	Loss of status as an elite academic institution; loss of academics and income leading to decline.	Maintain numbers through realistic over-offering, and participation in Open Offer schemes. Adhere to the University's common admissions framework. Champion Univ's Opportunity Programme, supporting its welcome extension to "Opportunity Oxford", to deepen widening participation and thereby tap into the nation's wider talent pool. Risk management through the 2020 A-level issues has meant a record first year cohort for 2020-21.
Operational - Students	Failure to teach and supervise students to an appropriate standard.	Student under-performance. Reputational and 'licence to operate' damage.	Regular monitoring of student progress and quality of teaching provision. Annual review of quality assurance measures by reference to Oxford University guidelines. Additional and particular attention through Trinity Term was put in place in response to the COVID-19 pandemic and HMG restrictions so as to minimise the impact on our student members.
Operational - Staff	Failure to recruit and retain high quality academic staff.	Poor teaching and care of students. Adverse effect on research reputation.	Joint appointment procedures followed by the College and Oxford University. Policies to support research and research leave. Rewards Policy approved to underpin remunerative processes for efficiency and effectiveness.
Operational - Students	Substandard support for students with disabilities.	Failure of affected students to progress satisfactorily.	Provision of services for students with disabilities is supported by a dedicated Disability & Welfare Administrator. The College works closely with the University's Disability Advisory Service. A multi-year Accessibility budget has been approved for the Premises Committee. Interventions include releveling and repaving the Main Quad to enhance wheelchair access and completion of en-suite study bedroom provisioned for sight impaired or disabled occupation.
Compliance - Governance	Non-compliance with statutory requirements,	Charges and fines arising from unlawful acts, e.g., distribution	Close and regular contact with legal advisors. Proactive attention and response to changes of legislation. Data protection governance

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Title	Enduring Risk	Potential Impact	Management
	such as Charity SORP, EU-GDPR, H&S, and similar.	of sensitive personal data, rising to criminal charges for fraud.	implemented and maintained across all departments, so-called 'Operation Sunshine' for EU GDPR compliance, is now embedded as an enduring risk. Sensitive welfare and personal data are kept securely and access restricted. Retention schedules maintained. Data breach reporting appears robust and there is evidence of a culture of open reporting. GDPR compliance is subject to audit by the DPO. Main focus of risk management is on third parties who are processing College personal data.
External – Information and IT Provision	Physical damage to IT equipment and virus/malware attack.	Loss of key data and disruption to day to day operations.	Essential files stored on central servers with daily backups and continuous replication of the servers onto a dedicated disaster recovery site. Secure access to College network to computers that have been screened for virus/malware.

The risks to the College's delivery and operation that are not enduring arise from time to time as a consequence of either an external event or particular choices or changes that the Governing Body may make. These risks may therefore emerge and persist for several periods, before the material risk is managed away, the impact of the risk event may decline or the risk become permanent or enduring. This evolution reflects the dynamic nature of risk management. All external pressures, new legislation and similar, require attention and potentially deeper management action as the judgement develops on the scale of risk and its implications. Therefore, in addition to the 'Enduring' risks above, further risk management effort was delivered to manage certain 'Emerging' risks, including:

Title	Emerging Risk	Potential Impact	Management
Financial – Univ North (also see below)	The expansion of the College's north Oxford site with the material £50 million development creates the potential for financial distress.	Worst outcome includes enduring inability to fund core activities and/or sustain College's endowment.	Univ North development project 'masterplan' secured conditioned planning consent. The project is subject to its own rigorous project risk management process both for financing and project delivery. Univ North is a standing item for all Finance Committee and Governing Body meetings. Management action throughout has been to manage this risk. At year end, the project at a stage gate with approved conditions precedent to be met before embarking on the construction phase.
External – BREXIT, and transition risks 2018 – 2022	Loss of income from changes in student financing, research support, or performance returns from the endowment.	Both short and long term impact on student intake; academic staff from Europe; funding and investment portfolio performance.	Government confirmed that EU students starting in 2021/22 academic year will no longer be eligible to pay same fees as UK students so steps need to be considered in 2020 admissions process. Maintaining research funding remains challenged, although active engagement beyond Europe was progressing well until the COVID-19 disruption.

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Title	Emerging Risk	Potential Impact	Management
External - EU General Data Protection Regulation	Step change in data protection regulatory regime effected on 25 May 2018, 'Enforcement Day' and imperative to protect individual rights is increasingly demanding.	Consequences of major breach are likely to be severe. Statutory reporting requirement to inform ICO within 72 hours creates new regime.	'Operation Sunshine' 2018/19 effected a comprehensive programme of upgrading policies and notices, and promoting GDPR expectations throughout the College. Audit by the DPO suggests that the risk is being handled successfully, and can be moved to an 'enduring risk'. This will not lessen the attention given that it is evident that GDPR risks remain in our supply chain and are material, e.g., Blackbaud (see above). Incident reporting and remediation within the College was satisfactory.
Operational – Staff Pensions	Failure to retain top quality academic staff as regulatory requirement to recover Defined Benefit pension deficit risks pension benefits.	Liability arises from higher employer's contribution and potentially a need to 'make-up' the loss from reduced pension benefits. Industrial action by academics.	Strike action and staff discontent remain concerns in the light of challenges with Universities Superannuation Scheme. The College continues to contribute to employer consultations initiated by USS trustees in order to help find acceptable structural solutions. Risk has not gone away as the 2020 valuation has deepened the problem. Given College's limited influence, close monitoring remains essential.
Operational – Academic Staff Reward Package	Recent steps by HMRC remove historic income tax exemptions and erode academic staff remuneration.	Inability to recruit and retain top talent to the detriment of the College's standing.	Income tax exemptions removed since 2017/18 are set to culminate in April 2021 with removal of income tax exemption for subsidised accommodation for most academic staff. While employers should not typically intermediate between employee and HMRC, the disruption of the reward package is recognised and steps to ensure attraction and retention in the future are being considered.
COVID-19	Inability to deliver HE objects due to COVID-19 pandemic, through closure, failure to protect staff or collapse of investment income.	Inadequate COVID-19 provisioning closes College or materially constrains output.	Multiple and multi-layered management and operational responses have mitigated against the impact of COVID-19 on the College as it delivers its higher education objects. Educational activities have adapted to cope. The College has established a COVID-19 secure status through comprehensive arrangements. In addition, the College is working with each of its commercial tenants in order to underpin the rental receipts on to the College.

Investment policy, objectives and performance

The College's investment objectives are to:

- Support funding of current spending to enable a long term drawing rate of 3.5%;
- Grow the invested capital sufficiently to keep pace with inflation; and
- Make additional returns to help fund capital expenditure.

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

To meet these objectives the College's investments are managed to ensure a diverse range of asset classes. The goal is always to produce an appropriate balance between risk and return. Our investment policy is not based on exclusions of particular types of investments, but fully reflects the College's overall vigilance that its actions should be ethically sound, and that its actions reflect environmental and governance awareness.

The investment management, strategy and policy, which has been carried out by the Investment Office headed up by the Investment Bursar, Frank Marshall, with support from external advisers under the guidance of the Investment Committee, is subject to a commissioned review by an Investment Management Review Group, chaired by the Vice-Master. This strategic review will run into 2021.

Importantly, the College agreed a move to a Total Returns investment policy from its prior Income policy. The driver for this change is to afford greater flexibility over asset selection given the relative shortage of income assets in which to invest. The key is always to ensure that the College has fungible resources in readiness to support operational and strategic reserves, while crafting a portfolio of investments that will continue to generate value to service the College's objects. The College drawing rate of 3.5% remains unchanged.

At the year end, the College's long term investments, combining the securities and property investments, totalled £188.6m (2019: £200.9m). The overall total investment return was negative 3.8% (2019: +6.4%) over the year. Since the inception of the Investment Committee (31 July 2002) the annualised return to 31 July 2020 is 8.0% (to 2019:8.7% pa).

FUTURE PLANS

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

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

UNIVERSITY COLLEGE

Report of the Governing Body

Year ended 31 July 2020

TRUSTEES' RESPONSIBILITIES STATEMENT

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

Charity law requires the trustees to prepare financial statements for each financial year. Under that law the Governing Body have prepared the financial statements in accordance 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).

The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity, and of its net income or expenditure, for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in business.

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

Approved by the Governing Body on 2 December 2020 and signed on its behalf by:

Right Honourable Baroness Valerie Amos CH PC

Master

Independent auditor's report to the trustees of University College

Year ended 31 July 2020

Independent Auditor's Report to the Trustees of University College Oxford

Opinion

We have audited the financial statements of University College Oxford for the year ended 31 July 2020 which comprise the Statement of Financial Activities, Balance Sheet, 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 charity's affairs as at 31 July 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £5.4m (FY19: £5.1m), based on 2% of gross assets. In addition, we determined a lower materiality level applicable for any particular classes of transactions, account balances or disclosures.

Independent auditor's report to the trustees of University College

Year ended 31 July 2020

Specific materiality of £250k which represents approximately 2% of income is applied to account balances not related to fixed assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions.

We agreed with the audit committee to report to it all identified errors in excess of £12.5k (2019: £15k). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our audit was conducted at University College Oxford. Our audit approach was risk based and founded on a thorough understanding of the college's business, its environment and risk profile.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<i>Income recognition</i> The key risks in this area were identified as follows. <ul style="list-style-type: none">• Completeness (has all income due been appropriately recognised in the period?).• Benefit (has income been recognised in the appropriate period?).• Fund allocation (have donor restrictions on the use of the income been appropriately captured in the financial statements?).	Our audit work in this area has included the following: <ul style="list-style-type: none">• Comparing the Collegiate Funding Formula ("CFF") calculation to the amounts included in the financial statements.• Performing detailed testing on residential, conference and other trading income, tracing a sample of transactions from the source documentation through to the nominal ledger to ensure completeness of income.• Completing detailed testing on voluntary income, tracing a sample of transactions from source documentation through to the nominal ledger to ensure completeness of income. In addition ensuring that restricted and endowment income is appropriately captured, recorded and disclosed in the financial statements.

Independent auditor's report to the trustees of University College

Year ended 31 July 2020

- Valuation (where income is owed at year end, is it likely to be received or should it be provided against?).

Our testing did not identify any material misstatements in the income recognised during the year.

In addition, under International Standard on Auditing (ISA) 240 there is a presumed risk that income may be misstated due to improper recognition of income.

Investment property

The college has a significant property portfolio, with a carrying value of £73.2m, which is classified as Investment property for financial reporting purposes and carried at fair value in accordance with Financial Reporting Standard 102.

The valuation of property required significant judgement and estimates by management and the external valuer. Any input inaccuracies or unreasonable bases used in these judgements could result in a material misstatement of the Statement of Financial Activities and Balance Sheet.

There is also a risk that management may bias the significant judgements and estimates in respect of property valuations in order to influence property valuation.

Our audit work included, but was not restricted to:

- Obtained a breakdown of investment properties and reconciled to the trial balance
- We evaluated the competence of the external valuer which included consideration of their independence, qualifications and expertise.
- Evaluating the valuations performed by professional valuers and comparing movements in valuation to observable market data and wider market trends.
- Discussing and challenging the assumptions made by the valuers to understand the basis of their valuation for those properties outside of our range of expectations.

Our testing did not identify any material misstatements in the valuation of investment properties.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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.

Independent auditor's report to the trustees of University College

Year ended 31 July 2020

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 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. This description forms part of our auditor's report.

Other matters which we are required to address

Independent auditor's report to the trustees of University College

Year ended 31 July 2020

Following the recommendation of the audit committee, we were appointed by the Governing Body on 8 June 2018 to audit the college financial statements for the year ended 31 July 2018 and subsequent financial periods.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the college and we remain independent of the college in conducting our audit. We confirm that we have not provided any non-audit services to the college.

Our audit opinion is consistent with the additional report to the audit committee.

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

Reading

4 December 2020

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.

UNIVERSITY COLLEGE

Statement of Accounting Policies

Year ended 31 July 2020

STATEMENT OF ACCOUNTING POLICIES

1) Scope of the financial statements

The financial statements present the Statement of Financial Activities (“SOFA”) of the College, the College Balance Sheet and the College Statement of Cash Flows and its notes.

The accounts of the University College Old Members’ Trust (“OMT”) have not been consolidated because the College does not control its activities. The net assets of the OMT as at 31 July 2020 were £10.2m (2019: £9.9m). Its incoming resources for the year then ended were £208k (2019: £247k) and it contributed £237k (2019: £245k) to the College during the year.

2) Basis of accounting

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

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

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the measurement of investments and certain financial assets and liabilities at fair value with movements in value reported within the SOFA. The College has cash resources and has no further requirement for external funding in excess of current facilities. The Trustees have a high expectation that the College has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the Trustees have considered the impact on the business of COVID-19 including the ability of the College to continue to operate as a College of the University of Oxford. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

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

3) Accounting judgements and estimation uncertainty

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

The College participates in the Universities Superannuation Scheme and the University of Oxford Staff Pension Scheme. These schemes are hybrid pension schemes, providing defined benefits (for members), as well as defined contribution benefits. The assets of the schemes are each held in a separate trustee-administered fund. Because of the mutual nature of the schemes, the assets are not attributed to individual Colleges and scheme-wide contribution rates are set. The College is therefore exposed to actuarial risks associated with other Universities’ and Colleges’ employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 “Employee benefits”, the College therefore accounts for the schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the profit and loss account represents the contributions payable to each scheme. Since the College has entered into agreements (the Recovery Plans) that determine how each employer within the schemes will fund the overall deficit, the college recognises a liability for the contributions payable that arise from the agreements (to the extent that they relate to the deficit) and therefore an expense is recognised.

The College carries investment property at fair value in the balance sheet, with changes in fair value being recognised in the income and expenditure section of the SOFA. Independent valuations are obtained to

UNIVERSITY COLLEGE

Statement of Accounting Policies

Year ended 31 July 2020

determine fair value at the balance sheet date. Properties have been valued individually by independent valuers on the basis of fair value in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards UK, revised April 2015.

Before legacies are recognised in the financial statements, the Governing Body has to exercise judgement as to what constitutes sufficient evidence of entitlement to the bequest. Sufficient entitlement has been determined to exist once notification of payment has been received from the executor(s) of the estate or estate accounts are available which indicate there are sufficient funds in the estate after meeting liabilities for the bequest to be paid.

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

4) Income recognition

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

a) Income from fees, Office for Students ("OfS") support and other charges for services and the use of premises.

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

b) Income from donations, grants and legacies

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

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

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

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

c) Investment income

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

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.

d) Government Grants

UNIVERSITY COLLEGE

Statement of Accounting Policies

Year ended 31 July 2020

Grants provided through the Coronavirus Job Retention Scheme are government grants. Income has been recognised under the accruals model whereby income is recognised on a systematic basis over the period in which the College recognises the related payroll costs for which the grant is intended to compensate.

5) Expenditure

Expenditure is accounted for on an accruals basis. A liability and related expenditure are 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 SOFA.

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

6) Leases

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

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

7) Tangible fixed assets

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

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

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings which is directly attributable to bringing the asset to its working condition for its intended use and amounting to more than £10,000 together with expenditure on equipment costing more than £10,000 is capitalised.

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

UNIVERSITY COLLEGE

Statement of Accounting Policies

Year ended 31 July 2020

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

8) Depreciation

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

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

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

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

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 directly observable market value are initially measured at their cost and subsequently measured at their fair value at each reporting date without deduction of the estimated future selling costs. Fair value is based on the most recent valuations available from their respective fund managers. These use significant unobservable inputs in their valuation techniques.

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

Cash and cash equivalents are held within investment funds to provide liquid funds for investment opportunities and to provide adequate availability of funds in the event of major shocks to the world financial markets.

10) Other financial instruments

a) Cash and cash equivalents

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

b) Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are initially recognised at their transaction price and subsequently measured at amortised cost. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at

UNIVERSITY COLLEGE

Statement of Accounting Policies

Year ended 31 July 2020

the present value of the expected future receipts or payment discounted at a market rate of interest and subsequently measured at amortised cost.

c) Bonds liability

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

On 30 March 2017 the College issued an unsecured Senior Note of £10m with an interest rate of 2.53% repayable in March 2057. It is treated as a basic financial instrument. The Senior Note was initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition the Senior Note is measured at amortised cost (note 13).

11) Stock

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

12) Foreign currencies

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

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

Restricted funds comprise gifts, legacies and grants where the donors have specified that the funds are to be used for particular purposes of the College. They consist of either gifts where the donor has specified that both the capital and any income arising must be used for the purposes given or the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.

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

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

UNIVERSITY COLLEGE

Statement of Accounting Policies

Year ended 31 July 2020

14) Pension costs

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

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

University College
Statement of Financial Activities
For the year ended 31 July 2020

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2020 Total £'000	2019 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:						
Teaching, research and residential	1	5,764	15	-	5,779	6,984
Donations and legacies	2	7,428	1,614	888	9,930	3,733
Investments						
Investment income	3	124	5,618	-	5,742	6,376
Other income						
Coronavirus Job Retention Retention Scheme		425	-	-	425	-
Other		25	-	-	25	39
Total income		13,766	7,247	888	21,901	17,132
EXPENDITURE ON:						
4						
Charitable activities:						
Teaching, research and residential		6,093	5,602	115	11,810	13,021
Generating funds:						
Fundraising		681	150	78	909	1,255
Investment management costs		140	598	617	1,355	1,086
Interest payable on bond and senior note		1,480	-	-	1,480	1,480
Total Expenditure		8,394	6,350	810	15,554	16,842
Net Income before gains		5,372	897	78	6,347	290
Net (loss)/gains on investments	9, 10	-	(242)	(8,715)	(8,957)	4,452
Net Income/(expenditure)		5,372	655	(8,637)	(2,610)	4,742
Transfers between funds	14	270	25	(295)	-	-
Net movement in funds for the year		5,642	680	(8,932)	(2,610)	4,742
Fund balances brought forward	14	64,927	12,314	134,421	211,662	206,920
Funds carried forward at 31 July		70,569	12,994	125,489	209,052	211,662

**University College
Balance Sheet
As at 31 July 2020
Charity No. 1141259**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	8	60,930	59,765
Property investments	9	73,223	72,231
Other investments	10	115,334	128,633
Total Fixed Assets		249,487	260,629
CURRENT ASSETS			
Stocks		68	86
Debtors	11	10,309	3,331
Cash at bank and in hand		3,767	3,625
Total Current Assets		14,144	7,042
LIABILITIES			
Creditors: Amounts falling due within one year	12	2,894	3,421
NET CURRENT ASSETS		11,250	3,621
TOTAL ASSETS LESS CURRENT LIABILITIES		260,737	264,250
CREDITORS: falling due after more than one year	13	49,379	49,360
NET ASSETS BEFORE PENSION ASSET OR LIABILITY		211,358	214,890
Defined benefit pension scheme liability	18	2,306	3,228
TOTAL NET ASSETS		209,052	211,662
FUNDS OF THE COLLEGE			
Endowment funds		125,489	134,421
Restricted funds		12,994	12,314
Unrestricted funds			
Designated funds		66,802	61,246
General funds		3,767	3,681
		209,052	211,662

The financial statements were approved and authorised for issue by the Governing Body of University College on 2 December 2020.

Trustee: Right Honourable Baroness Valerie Amos CH PC

Trustee: Dr Andrew I Grant

University College
Statement of Cash Flows
For the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
Net cash used in operating activities	22	(4,658)	(2,827)
Cash flows from investing activities			
Dividends, interest and rents from investments		5,742	6,376
Investment management expenses		(1,355)	(1,086)
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(2,067)	(2,591)
Proceeds from sale of investments		29,980	37,305
Purchase of investments		(17,221)	(35,266)
Net cash provided by investing activities		15,079	4,738
Cash flows from financing activities			
Interest payable on bond and senior note		(1,480)	(1,480)
Receipt of endowment donations		888	1,750
Net cash provided by financing activities		(592)	270
Change in cash and cash equivalents in the reporting period		9,829	2,181
Cash and cash equivalents at the beginning of the reporting period		15,832	13,412
Change in cash and cash equivalents due to exchange rate		(278)	239
Cash and cash equivalents at the end of the reporting period	24	25,383	15,832

University College
Notes to the financial statements
For the year ended 31 July 2020

1 INCOME FROM CHARITABLE ACTIVITIES

	2020	2019
	£'000	£'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	1,763	1,691
Tuition fees - Overseas students	1,063	989
Other OfS support	243	245
Other academic income	45	87
College residential income	2,650	3,915
	<u>5,764</u>	<u>6,927</u>
Restricted funds		
Other academic income	15	57
Total Teaching, Research and Residential Income	<u>5,779</u>	<u>6,984</u>

The above analysis includes £2,898k received from Oxford University from publicly accountable funds under the CFF Scheme (2019: £1,734k).

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the college share of the fees waived amounted to £nil (2019: £7k). These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2020	2019
	£'000	£'000
Donations and Legacies		
Unrestricted funds	7,428	1,344
Restricted funds	1,614	639
Endowed funds	888	1,750
	<u>9,930</u>	<u>3,733</u>

3 INVESTMENT INCOME

	2020	2019
	£'000	£'000
<i>Unrestricted funds</i>		
Agricultural rent	3	2
Commercial rent	75	65
Other property income	10	10
Equity dividends	19	30
Income from fixed interest stocks	17	16
Interest on fixed term deposits and cash	-	1
	<u>124</u>	<u>124</u>
<i>Restricted funds</i>		
Agricultural rent	150	123
Commercial rent	3,382	3,290
Other property income	438	483
Equity dividends	852	1,492
Income from fixed interest stocks	779	825
Interest on fixed term deposits and cash	17	39
	<u>5,618</u>	<u>6,252</u>
Total Investment income	<u>5,742</u>	<u>6,376</u>

4 ANALYSIS OF EXPENDITURE

	2020	2019
	£'000	£'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	5,151	4,975
Other direct costs allocated to:		
Teaching, research and residential	5,318	4,395
Support and governance costs allocated to:		
Teaching, research and residential	1,342	3,651
Total charitable expenditure	<u>11,811</u>	<u>13,021</u>

University College
Notes to the financial statements
For the year ended 31 July 2020

4 ANALYSIS OF EXPENDITURE (CONTINUED)	2020 £'000	2019 £'000
Expenditure on generating funds		
Direct staff costs allocated to:		
Fundraising	547	629
Other direct costs allocated to:		
Fundraising	258	199
Investment management costs	701	202
Interest payable on bond and senior note	1,480	1,480
Support and governance costs allocated to:		
Fundraising	104	427
Investment management costs	653	884
Total expenditure on generating funds	3,743	3,821
Total expenditure	15,554	16,842

The 2019 resources expended of £16,842k represented £9,060k from unrestricted funds, £6,444k from restricted funds and £1,338k from endowed funds.

The College is liable to be assessed for Contribution under the provisions of a new replacement for Statute XV of the University of Oxford. The scheme has been approved by the Council of the University, Congregation and Her Majesty in Council. The papers agreed by Council clearly set out that the charge due for a year is payable in that year so therefore there is no further liability in respect of 2019-20 at 31 July 2020. The Contribution Fund is used to make grants and loans to colleges on the basis of need.

The teaching and research costs include College Contribution paid of £103k (2019:£98k).

5 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	2020 Total £'000
Financial administration	348	563	911
Domestic administration	35	313	348
Human resources	-	112	112
IT	8	152	160
Depreciation	-	902	902
Investment management	440	-	440
Other finance (income)/charges	(135)	(762)	(897)
Governance costs	62	61	123
	758	1,341	2,099

	Generating Funds £'000	Teaching and Research £'000	2019 Total £'000
Financial administration	323	576	899
Domestic administration	35	316	351
Human resources	-	106	106
IT	8	146	154
Depreciation	-	842	842
Investment management	603	-	603
Other finance charges/(income)	283	1,604	1,887
Governance costs	60	60	120
	1,312	3,650	4,962

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

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

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

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

	2020 £'000	2019 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	37	38
Legal and other fees on constitutional matters	6	9
Other governance costs	80	73
	123	120

University College
Notes to the financial statements
For the year ended 31 July 2020

5 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS (CONTINUED)

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

6 GRANTS AND AWARDS **2020** 2019
£'000 £'000

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

Unrestricted funds

Grants to individuals:

Scholarships, prizes and grants

61 69

Bursaries and hardship awards

21 50

Total unrestricted

82 119

Restricted funds

Grants to individuals:

Scholarships, prizes and grants

976 899

Bursaries and hardship awards

203 153

Total restricted

1,179 1,052

Total grants and awards

1,261 1,171

Within the total bursaries and hardship awards figure of £1,261k above, is the cost to the College of the Oxford Bursary scheme of £91k (2019:£93k). Students of this college received £81k (2019: £75k).None of those students received fee waivers.£2019: £1k).

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

7 STAFF COSTS

The aggregate staff costs for the year were as follows.

2020 2019
£'000 £'000

Salaries and wages

5,459 5,394

Social security costs

482 454

Pension costs:

Defined benefit schemes

941 819

(Decrease)/Increase in Pension deficit recovery plan liability

(922) 1,867

Other benefits

237 292

6,197 8,826

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

2020 2019

Tuition and research

46 48

College residential

111 110

Fundraising

11 8

Support

17 19

Total

185 185

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

University Lecturers

23 24

CUF Lecturers

9 9

Other teaching and research

4 2

Other

7 7

Total

43 42

University College
Notes to the financial statements
For the year ended 31 July 2020

7 STAFF COSTS (CONTINUED)

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

The number of employees (not covered in Note 17) during the year whose gross pay and benefits (excluding employer NI and pension contributions) fell within the following bands was:

	2020	2019
£60,001-£70,000	2	-
£70,001-£80,001	1	1

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

In defined benefits schemes	3	1
-----------------------------	----------	---

8 TANGIBLE FIXED ASSETS

	Land and Buildings: General £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or deemed cost			
At start of year	65,112	2,368	67,480
Additions	1,985	82	2,067
At end of year	67,097	2,450	69,547
Depreciation and impairment			
At start of year	5,855	1,860	7,715
Depreciation charge for the year	669	233	902
At end of year	6,524	2,093	8,617
Net book value			
At end of year	60,573	357	60,930
At start of year	59,257	508	59,765

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.

9 PROPERTY INVESTMENTS

	Agricultural £'000	Commercial £'000	2020 Total £'000	2019 Total £'000
Valuation at start of year	8,711	63,520	72,231	70,456
Additions and improvements at cost	2,261	3,082	5,343	1,875
Revaluation losses in the year	2	(4,353)	(4,351)	(100)
Valuation at end of year	10,974	62,249	73,223	72,231

Estates land and property valuations as at 31 July 2020 have been made by the College's land agents, three independent firms of Chartered Surveyors: Cluttons, Carter Jonas and Stephenson & Son. The basis of valuation being market valuation i.e. the estimated amount for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Investment property at 31 July 2020 include those with valuations reported on the basis of a material valuation uncertainty.

University College
Notes to the financial statements
For the year ended 31 July 2020

10 OTHER INVESTMENTS

All investments are held at fair value.

	2020 £'000	2019 £'000
Valuation at start of year	128,633	125,700
New money invested	11,878	33,391
Amounts withdrawn	(29,980)	(37,305)
Increase in cash held by fund manager	9,409	2,295
(Decrease)/ increase in value of investments	(4,606)	4,552
Investments at end of year	115,334	128,633

Investments comprise:	Held outside the UK £'000	Held in the UK £'000	2020 Total £'000	Held outside the UK £'000	Held in the UK £'000	2019 Total £'000
Equity investments	17,823	9,199	27,022	17,498	26,870	44,368
Global equity funds	19,500	4,581	24,081	16,547	-	16,547
Property funds	-	11,421	11,421	-	12,022	12,022
Fixed interest stocks	21,017	7,030	28,047	29,128	10,759	39,887
Alternative and other investments	2,515	632	3,147	2,929	673	3,602
Fixed term deposits and cash	-	21,616	21,616	-	12,207	12,207
Total investments	60,855	54,479	115,334	66,102	62,531	128,633

Investments held in property funds at 31 July 2020 include those with valuations reported on the basis of a material valuation uncertainty.

11 DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	832	640
Amounts owed by College members	184	185
Loans repayable within one year	85	75
Prepayments and accrued income	8,287	1,681
Other debtors	171	-
Amounts falling due after more than one year:		
Loans	750	750
	10,309	3,331

12 CREDITORS: falling due within one year

	2020 £'000	2019 £'000
Trade creditors	365	1,413
Taxation and social security	183	181
College contribution	-	98
Accruals and deferred income	2,086	1,527
Other creditors	260	202
	2,894	3,421

13 CREDITORS: falling due after more than one year

	2020 £'000	2019 £'000
Bonds and Senior Note liabilities	49,379	49,360

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

University College
Notes to the financial statements
For the year ended 31 July 2020

13 CREDITORS: falling due after more than one year (continued)

On 30 March 2017 the College issued an unsecured Senior Note of £10m with an interest rate of 2.53% and repayable on 30 March 2057 ("the note"). The note was issued at par. The proceeds of issue, less directly attributable transaction costs, amounted to £9.836m. Interest is payable on the 30 March and 30 September each year. The note is not listed. Unless previously redeemed, the note will be redeemed at its principal amount of £10m on 30 March 2057.

Both the bond and senior note were initially measured at the proceeds of issue less all transaction costs directly attributable to their issues. After initial recognition, both are measured at amortised cost.

14 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2019 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2020 £'000
Endowment Funds - Permanent						
Dr Radcliffe's Linton Estate (1714)	13,524	-	(36)	-	(569)	12,919
Oxford Radcliffe Scholarships (2013)	12,323	-	(29)	-	(463)	11,831
Univ 20/20 Strategy (2007)	6,206	-	(15)	-	(246)	5,945
J G Weir (1954)	5,024	-	(13)	-	(212)	4,799
Univ 20/20 Endowment (2007)	4,920	-	(13)	-	(204)	4,703
Radcliffe Travelling Fellow(1858)	4,751	-	(13)	-	(200)	4,538
John Freeston Trust (1592)	3,053	-	(8)	-	(129)	2,916
Maintenance Trust Fund (1932)	2,246	-	(6)	-	(95)	2,145
Sir E A Wallis Budge (1935)	2,031	-	(5)	-	(86)	1,940
Sanderson Modern History Fellow (2012)	1,951	-	(5)	-	(83)	1,863
McConnell Laing Classics (1999)	1,813	-	(5)	-	(80)	1,728
Margaret Candfield English (1997)	1,778	-	(5)	-	(75)	1,698
The Bouverie Trust (1979)	1,559	-	-	-	-	1,559
Tacchi Fellowship (2008)	1,482	-	(4)	-	(66)	1,412
Dunhill Foundation Trust (1988)	1,446	-	(4)	-	(60)	1,382
Schrecker Slavonic Studies (2007)	1,429	-	(4)	-	(60)	1,365
O.M. Organic Chemistry Fellow (1990)	1,420	-	(4)	-	(60)	1,356
Harold Salvesen Junior Fellow (1964)	1,390	-	(4)	-	(58)	1,328
Scott JRF Fund (2001)	1,347	-	(4)	-	(61)	1,282
Swire Graduate History Scholarship (2012)	1,294	-	(4)	-	(54)	1,236
Modern History Fund (1999)	1,244	-	(3)	-	(44)	1,197
Robert Mynors (1922)	1,239	-	(3)	-	(52)	1,184
Goodman Fellowship Fund (1986)	1,161	-	(3)	-	(49)	1,109
Modern History Fund II (2001)	1,205	-	(4)	-	(64)	1,137
Rayne Physics (1980)	1,111	-	(3)	-	(47)	1,061
Oxford Burma Graduate Scholarship (2016)	1,067	-	(3)	-	(40)	1,024
Pye Fellowship (1998)	1,072	-	(3)	-	(45)	1,024
Oxford Anderson History Graduate Scholarship (2014)	1,199	-	(3)	-	(57)	1,139
Levison Physics (1996)	1,059	-	(3)	-	(45)	1,011
Beaverbrook Fund (1979)	1,025	-	-	-	-	1,025
44 Other Funds	17,350	45	(39)	-	(660)	16,696
Endowment Funds - Expendable						
Univ. Capital Fund	23,240	5	(414)	(270)	(4,234)	18,327
Hoffman Law Fellowship	1,919	-	(5)	-	(85)	1,829
Oxford-Univ-Rhodes Graduate Scholarship (2017)	1,558	57	(83)	-	(84)	1,448
42 Other Funds	7,985	781	(60)	(25)	(348)	8,333
Total Endowment Funds	134,421	888	(810)	(295)	(8,715)	125,489
Restricted Funds						
Geary Hill Fund (1987)	1,650	39	(43)	-	(68)	1,578
Radcliffe Travelling Fellow (1858)	1,835	116	(9)	-	(49)	1,893
Univ 20/20 Strategy (2007)	1,163	143	(58)	-	-	1,248
Univ North Fund (2019)	186	949	-	-	-	1,135
124 Other Funds	7,480	6,000	(6,240)	25	(125)	7,140
Total Restricted Funds	12,314	7,247	(6,350)	25	(242)	12,994

University College
Notes to the financial statements
For the year ended 31 July 2020

14 ANALYSIS OF MOVEMENTS ON FUNDS (CONTINUED)

	At 1 August 2019 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2020 £'000
Unrestricted Funds						
General	3,681	13,640	(8,287)	(5,267)	-	3,767
Fixed Asset Designated Fund	54,709	-	-	564	-	55,273
Univ North Designated Fund	500	-	-	4,703	-	5,203
Major Repair Fund	1,294	-	-	-	-	1,294
Master's Stipend Fund	1,210	51	(51)	-	-	1,210
Overbrook Foundation	1,009	41	(49)	-	-	1,001
17 Other Funds	2,524	34	(7)	270	-	2,821
Total Unrestricted Funds	64,927	13,766	(8,394)	270	-	70,569
Total Funds	211,662	21,901	(15,554)	-	(8,957)	209,052

15 FUNDS OF THE COLLEGE DETAILS

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

Dr Radcliffe's Linton Estate (1714) fund established out of the legacy of Dr John Radcliffe in 1714 to support a variety of College activities.
Oxford Radcliffe Scholarships (2013) fund established to endow graduate scholarships.
Univ 20/20 Strategy (2007) established as part of the College's re-endowment campaign to provide support for the college's strategy.
J G Weir (1954) fund established to provide for a fellowship for the purposes of teaching or research.
Univ 20/20 Endowment (2007) established as part of the College's re-endowment campaign to provide a new permanent endowment fund.
Radcliffe Travelling Fellow (1858) fund established to provide for medical research fellowships.
John Freeston Trust (1592) fund established out of the legacy of John Freeston in 1592 to support the College and Normanton Grammar School.
Maintenance Trust Fund (1932) provides for the income of the fund to be applied for or towards the upkeep, maintenance and repair of the College buildings and properties.
Sir E A Wallis Budge (1935) fund established out of bequest of Sir Wallis Budge in 1935 to found a scholarship fellowship or lectureship in Egyptology.
The Bouverie Trust (1979) fund established to support the study of English at the College.
Sanderson Modern History Fellow (2012) fund established to endow a fellowship in Modern History.
McConnell Laing Classics (1999) established as part of the College's 750th anniversary campaign to provide for a fellowship in Classics.
Margaret Candfield English Fellowship established in 1997 to provide for a fellowship in English.
Tacchi Fellowship Fund established in 2008 to provide for a fellowship at the College.
Dunhill Foundation Trust (1988) fund established in 1988 to provide for a fellowship at the College in Physiology.
Schrecker Slavonic Studies (2007) fund established in 2007 to provide support for Slavonic Studies at the College by endowing the Schrecker-Barbour Fellowship in Slavonic & Eastern European Studies.
O.M. Organic Chemistry Fellow fund established in 1990 through the generosity of Old Members' of the College to provide a fellowship in Organic Chemistry.
Harold Salvesen Junior Fellow (1964) fund established to endow a junior fellowship at the College.
Swire Graduate History Scholarship (2012) fund for graduate scholarships.
Scott JRF (2001) fund established to endow two junior research fellowships at the College.
Modern History Fellowship (1999) fund established to support tutorial fellowship in History.
Beaverbrook Fund established in 1979 for the general support of the College activities.
Robert Mynors (1922) fund exists to support a fellowship in Social Sciences.
Goodman Fellowship (1986) fund exists to support a fellowship in Jurisprudence.
Rayne Physics (1980) fund exists to support physics.
Modern History Fellowship II (2001) fund exists to support a fellowship in Modern History.
Oxford Burma Graduate Scholarship (2016) fund for graduate scholarships.
Pye Fellowship (1998) fund exists to support a fellowship in Mathematics.
Oxford Anderson History Graduate Scholarship (2014) fund for graduate scholarships.
Levison Physics (1996) fund for the support of physics.

Endowment Funds - Expendable:

Univ. Capital Fund is the consolidation of gifts and donations which can be used for the general purposes of the College.
Oxford-Univ-Rhodes Graduate Scholarship (2017) fund for graduate scholarships.
Hoffman Law Fellowship fund established to support the costs of a fellow in Law.

Restricted Funds:

Geary Hill Fund (1987) established to provide a fund for the benefit of the undergraduates at the College.
Radcliffe Travelling Fellow (1858) income fund established to provide for medical research fellowships.
Univ North (2019) established to provide for the development of the North Oxford site.

Unrestricted Funds:

General fund represents the accumulated income from the College's activities and other sources that are available for the general purposes of the College. £4.1m has been earmarked to date for the redevelopment & expansion of the North Oxford College site.
Fixed Asset Designated fund represented by the fixed assets of the College and therefore are not available for expenditure on the College's general purposes. Transfers are made from the College Capital Fund to match unfunded fixed asset purchases.
Univ North Designated Fund is designated for the costs of the North Oxford project.
Major Repair Fund is designated for major repairs to College Buildings.
Master's Stipend Fund is designated for provision of the stipend of the Master of the College.
Overbrook Foundation fund is used at the discretion of the Master to support a range of educational and research projects.

University College
Notes to the financial statements
For the year ended 31 July 2020

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000
Tangible fixed assets	60,930	-	-	60,930
Property investments	-	1,536	71,687	73,223
Other investments	695	11,458	103,181	115,334
Net current assets	11,250	-	-	11,250
Long term liabilities	(2,306)	-	(49,379)	(51,685)
	<u>70,569</u>	<u>12,994</u>	<u>125,489</u>	<u>209,052</u>

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2019 Total £'000
Tangible fixed assets	59,765	-	-	59,765
Property investments	-	1,479	70,752	72,231
Other investments	4,769	10,835	113,029	128,633
Net current assets	3,621	-	-	3,621
Long term liabilities	(3,228)	-	(49,360)	(52,588)
	<u>64,927</u>	<u>12,314</u>	<u>134,421</u>	<u>211,662</u>

17 TRUSTEES' REMUNERATION

The trustees of the College comprise the Governing Body. The Governing Body is constituted from employees of the College who also fulfil teaching and research obligations or management duties.

No trustee receives any remuneration for acting as a trustee.

The remunerations listed below arise solely from their employed duties as tutorial fellows or managers of executive or pastoral activity for the benefit of the College and its members. The disclosures below should be read in this context.

Tutorial fellows are paid on the College's scale according to skill and experience, with most also being a joint appointment with the University of Oxford.

The College's Remuneration Committee makes authoritative recommendations on all matters involving trustees and comprises the Master, the Finance Bursar, the Senior Tutor, a Professorial Fellow and three external members and considers amendments to the College Scale and other stipends and allowances generally following national pay awards. It is appropriately reconstituted when the remuneration of member officers is considered from time to time, informed by competitive benchmarks and University salary scales.

Trustees of the College fall into the following categories:

- Tutorial Fellows
- Professorial Fellows
- Supernumerary Fellows
- Senior Research Fellows
- Chaplain
- Key Management

The key management comprise 5 employees who are also trustees; The Master, Finance Bursar, Domestic Bursar, Senior Tutor and the Development Director who work full time on management or fundraising.

Some trustees who are Tutorial Fellows are eligible for College housing schemes. 9 trustees live in the College or College owned houses or flats. 22 receive an allowance for housing which is disclosed within the salary figures below. 6 trustees live in houses owned jointly with the College. Some trustees receive additional allowances for additional work carried out as part time college officers, e.g. Dean. These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,552k (2019:£1,457k).

The total of pension contributions is £256k (2019:£215k).

The following table sets out the remuneration received as employees of the College (and for the avoidance of doubt, not for acting as trustees):

University College
Notes to the financial statements
For the year ended 31 July 2020

17 TRUSTEES' REMUNERATION (CONTINUED)

Remuneration Received as Employees Trustee Name & Position	Remuneration £	Taxable Benefits £	Pension Contributions £	2020	2019
				Total £	Total £
Dr W Allan - Tutorial Fellow	46,790	1,890	10,454	59,134	55,652
Dr R Ashdowne - Assistant Senior Tutor	40,546	-	8,132	48,678	-
Dr M Barnes - Tutorial Fellow	21,667	1,890	4,514	28,071	27,143
Dr A Bell - Senior Tutor	79,512	-	16,565	96,077	92,791
Professor M Benedikt - Supernumerary Fellow	-	756	-	756	675
Professor J Benesch - Tutorial Fellow	22,488	1,512	4,514	28,514	27,152
Dr J Bryson - Tutorial Fellow *	10,651	-	2,247	12,898	-
Professor R Chang - Professorial Fellow	-	2,187	-	2,187	675
Professor T W Child - Tutorial Fellow	22,723	-	4,514	27,237	25,457
Dr R Chitnis - Tutorial Fellow	2,445	-	516	2,961	-
Dr S Collins - Tutorial Fellow	32,083	1,512	6,549	40,144	28,585
Mr G J Cox - Development Director	83,779	1,512	17,497	102,788	24,647
Sir I M Crewe - The Master	116,450	14,941	-	131,391	117,751
Dr K L Dorrington - Tutorial Fellow	18,484	3,629	3,611	25,724	21,955
Dr M R Filip - Tutorial Fellow *	13,342	-	2,815	16,157	-
Dr M Galpin - Supernumerary Fellow	8,284	756	1,612	10,652	10,685
Dr A I Grant - Finance Bursar	93,456	1,512	-	94,968	91,804
Revd Dr A Gregory - Chaplain	58,031	1,890	12,090	72,011	67,309
Professor Barend ter Haar - Professorial Fellow **	-	-	-	-	675
Professor N Halmi - Tutorial Fellow	16,477	756	3,137	20,370	18,062
Professor J D Hamkins - Tutorial Fellow	39,703	11,246	8,261	59,210	57,139
Dr L Hansen - Tutorial Fellow	2,277	1,890	444	4,611	27,532
Dr S Hansen - Tutorial Fellow **	-	-	-	-	25,004
Professor J Hein - Professorial Fellow	-	756	-	756	675
Professor G M Henderson - Senior Research Fellow	2,754	1,890	-	4,644	4,440
Dr C J Holmes - Tutorial Fellow	50,177	1,890	10,454	62,521	60,331
Professor P D Howell - Tutorial Fellow	22,336	1,512	4,514	28,362	26,806
Dr B Jackson - Tutorial Fellow	46,181	1,890	9,621	57,692	55,595
Dr I Jacobs - Supernumerary Fellow	-	756	-	756	675
Professor P Jezzard - Professorial Fellow	4,635	-	966	5,601	5,493
Professor A Johnston - Tutorial Fellow	50,934	756	10,611	62,301	60,216
Dr P Jones - Tutorial Fellow	13,832	1,134	2,867	17,833	17,226
Dr L Kallet - Tutorial Fellow	38,931	1,512	8,111	48,554	46,667
Professor A Ker - Tutorial Fellow	21,667	756	4,514	26,937	26,132
Dr C Leaver - Supernumerary Fellow	-	756	-	756	675
Professor D Logan - Professorial Fellow	-	1,890	-	1,890	1,686
Professor S Mavroeidis - Tutorial Fellow	5,254	1,890	1,086	8,230	7,918
Dr K Milewicz - Tutorial Fellow	21,667	756	4,514	26,937	14,694
Dr N Moneke - Tutorial Fellow *	-	-	-	-	-
Dr J E S Moshenska - Tutorial Fellow	50,177	1,890	10,454	62,521	68,857
Professor R J Nicholas - Tutorial Fellow	18,190	1,815	3,644	23,649	21,735
Dr N Nikolov - Tutorial Fellow	16,536	1,512	3,238	21,286	20,807
Professor K O'Brien - Professorial Fellow	-	-	-	-	-
Dr C J Pears - Tutorial Fellow	23,314	1,890	4,514	29,718	28,449
Professor T Povey - Tutorial Fellow	21,818	1,512	4,514	27,844	27,507
Dr P Rebeschini - Tutorial Fellow	8,591	13,136	2,171	23,898	24,832
Professor R Rickaby - Professorial Fellow	-	-	-	-	-
Professor A W Roscoe - Senior Research Fellow	2,678	1,512	558	4,748	4,522
Mr W A Roth - Development Director **	-	-	-	-	65,346
Professor J Rowbottom - Tutorial Fellow	43,026	1,890	9,274	54,190	52,133
Dr M Schentuleit - Supernumerary Fellow	2,690	-	564	3,254	-
Professor G Screation - Professorial Fellow	-	-	-	-	-
Professor T Sharp - Tutorial Fellow	21,667	1,890	4,514	28,071	27,143
Professor A Smith - Professorial Fellow *	-	-	-	-	-
Professor M J Smith - Senior Research Fellow **	-	-	-	-	3,411
Dr M D Smith - Tutorial Fellow	24,421	756	5,088	30,265	29,396
Dr S Smith - Tutorial Fellow	10,916	756	2,171	13,843	12,748
Professor TY Tan - Professorial Fellow	-	-	-	-	-
Professor C Terquem - Tutorial Fellow	33,623	1,890	6,925	42,438	40,859
Professor S C Tsang - Tutorial Fellow	12,893	-	2,171	15,064	14,243
Mrs A Unsworth - Domestic Bursar	75,749	1,890	16,112	93,751	90,732
Professor J F Wheeler - Senior Research Fellow	-	1,512	-	1,512	1,349
Professor N Woods - Senior Research Fellow	2,754	1,134	574	4,462	4,275
Professor N Yeung - Tutorial Fellow	21,532	1,890	4,493	27,915	24,336
Professor O Zimmer - Tutorial Fellow	50,177	756	10,454	61,387	59,319
	1,448,308	103,654	256,163	1,808,125	1,671,921

* - joiner during the year and/or before approval of the financial statements - see pages 2-4

** - leaver during the year or prior year and before approval of the financial statements - see pages 2-4

Other transactions with trustees

No trustee claimed expenses for any work performed in discharge of duties as a trustee.
See also note 26 Related Party Transactions.

University College
Notes to the financial statements
For the year ended 31 July 2020

17 TRUSTEES' REMUNERATION (CONTINUED)

Key management remuneration

The total remuneration paid to key management was £575k (2019: £536k).

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

18 PENSION SCHEMES

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf of its staff. Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary) and until April 2016 were contracted out of the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. The College has made available the National Employment Savings Trust for non-employees who are eligible under automatic enrolment regulations to pension benefits.

Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

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 - see below.

Actuarial Valuations

Qualified actuaries periodically value USS and OSPS defined benefits using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results were:

	USS	OSPS
Date of valuation:	31/03/2018	31/03/2019
Date valuation results published:	16/09/2019	19/06/2020
Value of liabilities:	£67.3bn	£848m
Value of assets:	£63.7bn	£735m
Funding surplus / (deficit):	(£3.6bn)	(£113m)
Principal assumptions:		
· Discount rate	CPI - 0.73% to	Gilts +0.5%-
· Rate of increase in salaries	CPI +2.52% a	2.25% b
	n/a	RPI
· Rate of increase in pensions	CPI c	Average RPI/CPI
		d
Assumed life expectancies on retirement at age 65:		
· Males currently aged 65	24.4 yrs	21.7 yrs
· Females currently aged 65	25.9 yrs	24.4 yrs
· Males currently aged 45	26.3 yrs	23.0 yrs
· Females currently aged 45	27.7 yrs	25.8 yrs
Funding Ratios:		
· Technical provisions basis	95%	87%
· Statutory Pension Protection Fund basis	76%	74%
· 'Buy-out' basis	56%	60%
	21.1%	
	increasing to	
	23.7% on	
Employer contribution rate (as % of pensionable salaries):	01/10/21	19%
Effective date of next valuation:	31/03/2020	31/03/2022

a. The discount rate (forward rates) for the USS valuation was:

Years 1-10:	CPI + 0.14% reducing linearly to CPI - 0.73%
Years 11-20:	CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
Years 21 +:	CPI + 1.55%

b. The discount rate for the OSPS valuation was:

Pre-retirement:	Equal to the UK nominal gilt curve at the valuation date plus 2.25% p.a. at each term.
Post-retirement:	Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

c. Pensions increases (CPI) for the USS valuation were:

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

18 PENSION SCHEMES (CONTINUED)

d. Increases to pensions in payment for the OSPS valuation were:

University College
Notes to the financial statements
For the year ended 31 July 2020

RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. at each term. CPI inflation is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019).

For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time.

- e. The USS and OSPS employer contribution rates include provisions for the cost of future accrual of defined benefits, deficit contributions, administrative expenses and defined contributions.

Universities Superannuation Scheme

The pension charge for the year includes a credit of £233k (2019: £1,924k) in relation to the USS. This represents contributions of £576k (2019: £481k) payable to the USS as adjusted by the decrease in the deficit funding liability between the opening and closing balance sheet dates of £809k (2019: £1,443k increase).

A provision of £1,307k has been made at 31 July 2020 (2019: £2,116k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will have an increase in membership of 1% in year 1 and 1% thereafter. It has been assumed that relevant earnings of these employees will increase by 0% in year 1, 4% in year 2, and 2% thereafter. An average discount rate of 0.73% over the period to 31 March 2028 has been used.

Oxford Staff Pension Scheme

The pension charge for the year includes £252k (2019: £762k) in relation to the OSPS. This represents contributions of £365k (2019: £339k) payable to the OSPS as adjusted by the decrease in the deficit funding liability between the opening and closing balance sheet dates of £113k (2019: £424k increase).

A provision of £999k has been made at 31 July 2020 (2019: £1,112k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the membership in the scheme will increase by 1% in year 1, 2% in years 2 & 3, 5% in year 4, 1% in year 5 and 6 and no growth after that. It has been assumed that relevant earnings of these employees will increase by 3% in year 1, and by 3% thereafter. An average discount rate of 0.73% over the period to 30 June 2027 has been used.

University College
Notes to the financial statements
For the year ended 31 July 2020

19 TAXATION

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

20 FINANCIAL INSTRUMENTS

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

	2020 £'000	2019 £'000
Financial assets at fair value through statement of financial activities:		
Investments	<u>115,334</u>	<u>128,633</u>
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	832	640
Amounts owed by College members	184	185
Loans repayable within one year	85	75
Accrued income	6,943	988
Other debtors	750	750
Cash and cash equivalents	<u>3,767</u>	<u>3,625</u>
	<u>12,561</u>	<u>6,263</u>
Financial liabilities that are debt instruments measured at amortised cost:		
Trade creditors	365	1,413
Taxation and social security	183	181
College contribution	-	98
Accruals	1,371	812
Other creditors	260	202
Long term creditors	<u>49,379</u>	<u>49,360</u>
	<u>51,558</u>	<u>52,066</u>

21 FINANCIAL INSTRUMENTS RISK

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

Market Risk Analysis

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

Foreign Currency Sensitivity

Most of the College's operating transactions are carried out in pounds sterling. Exposure to currency exchange rates arise from the College's purchases and sales of investments denominated in foreign currencies. To mitigate the College's exposure to foreign currency risk the Investment committee monitor regularly and review the currency allocations and recommend rebalancing. Forward exchange contracts are only entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions. There were no forward exchange contracts at 31 July 2020 or 31 July 2019.

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

University College
Notes to the financial statements
For the year ended 31 July 2020

21 FINANCIAL INSTRUMENTS RISK (CONTINUED)

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

	2020	2019
Pounds sterling	57.7%	56.7%
US dollar	29.0%	30.1%
Japanese Yen	6.5%	6.0%
Other currencies	6.8%	7.2%
	100.0%	100.0%

	USD £'000	Yen £'000	Other £'000	Total £'000
31 July 2020				
Financial assets	34,502	7,781	8,059	50,342
Financial liabilities	-	-	-	-
Total Exposure	34,502	7,781	8,059	50,342

	£'000
Impact on the net movement of funds for the year 2019/20	
10% US dollar appreciation	3,450
10% Yen appreciation	778

	USD £'000	Yen £'000	Other £'000	Total £'000
31 July 2019				
Financial assets	38,644	7,703	9,325	55,672
Financial liabilities	-	-	-	-
Total Exposure	38,644	7,703	9,325	55,672

	£'000
Impact on the net movement of funds for the year 2018/19	
10% US dollar appreciation	3,864
10% Euro appreciation	770

Risk Management policies and procedures

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

Credit risk

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

Credit risk exposure

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

	2020 £'000	2019 £'000
Equity investments	51,103	60,915
Property funds	11,421	12,022
Fixed interest stocks	28,047	39,887
Alternative and other investments	3,147	3,602
Cash & Cash equivalents	25,383	15,832
Trade and other receivables	10,309	3,331
Total financial assets exposed to credit risk	129,410	135,589

Risk management policies and procedures

The College aims to minimise its counterparty credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties, including setting exposure limits and maturities within its investment portfolio primarily. The creditworthiness and financial strength of trading customers e.g. new tenants, is assessed at inception. These considerations are acute in the context of the Covid-19 pandemic. All new students have to provide a financial guarantee statement indicating the availability of funds to meet fees and living costs. Counterparties for investment assets and bank accounts are selected based on their financial ratings, regulatory environments and specific circumstances.

Liquidity Risk

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

University College
Notes to the financial statements
For the year ended 31 July 2020

21 FINANCIAL INSTRUMENTS RISK (CONTINUED)

Risk management policies and procedures

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

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

	Three months or less	Between three months and a year	Between one and five years	More than five years	Total
	£'000	£'000	£'000	£'000	£'000
As at 31 July 2020					
Bonds and Senior Note liabilities	740	740	5,921	107,184	114,585
Other creditors	823	-	-	-	823
Total at 31 July 2020	1,563	740	5,921	107,184	115,408
As at 31 July 2019					
Bonds and Senior Note liabilities	740	740	5,921	108,664	116,065
Other creditors	1,413	-	-	-	1,413
Total at 31 July 2019	2,153	740	5,921	108,664	117,478

Interest rate risk

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

Interest rate exposure and sensitivity

As stated in the accounting policies, the College's bond liabilities are measured at amortised cost. The College has only minimal amounts held on variable rate.

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

At 31 July 2020 the College held £28.0m (2019: £39.9m) of government bonds with fixed interest.

Risk management policies and procedures

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

Other price risk

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

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

At 31 July 2020 total endowment funds were £125.5m (2019: £134.4m) - see notes 15 & 16 for further detail on the endowment funds.

Concentration of exposure to other price risk

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

Fair Value

Debtors and current liabilities are stated in the balance sheet at amortised cost which are not materially different from their fair values. The bond liabilities are measured at amortised cost. The amortised cost of the other financial assets and liabilities shown on the balance sheet are the same as the fair value.

University College
Notes to the financial statements
For the year ended 31 July 2020

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

	2020	2019
	£'000	£'000
Net Income	(2,610)	4,742
Elimination of non-operating cash flows:		
Investment income	(5,742)	(6,376)
Loss/(Gains) on investments	8,957	(4,452)
Endowment donations	(888)	(1,750)
Bonds & Senior Note Interest payable	1,480	1,480
Investment management costs	1,355	1,086
Other exchange Loss/(Gains)	278	(239)
Depreciation	902	842
Decrease/(Increase) in stock	18	(8)
Increase in debtors	(6,978)	(493)
(Decrease)/Increase in creditors	(508)	474
(Decrease)Increase in pension scheme liability	(922)	1,867
Net cash used in operating activities	(4,658)	(2,827)

23 ANALYSIS OF CHANGES IN NET DEBT

	At start of year	Cash flows	Foreign Exchange Movements	Other non-cash changes	At end of year
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	3,625	420	(278)	-	3,767
Other investments cash	12,207	9,409	-	-	21,616
Loans Falling due after more than one year	(49,360)	-	-	(19)	(49,379)
Total	(33,528)	9,829	(278)	(19)	(23,996)

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020	2019
	£'000	£'000
Cash at bank and in hand	3,767	3,625
Other investments cash	21,616	12,207
Total cash and cash equivalents	25,383	15,832

25 CAPITAL COMMITMENTS

There are no capital commitments that require disclosure.

26 COMMITMENTS UNDER OPERATING LEASES

The College earns rental income by leasing its properties to tenants under non-cancellable operating leases. Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straightline basis over the period of the lease.

At the balance sheet date the College had contracted with tenants to receive the following future minimum lease payments:

	2020	2019
	£'000	£'000
Not later than 1 year	3,594	3,445
Later than 1 year and not later than 5 years	9,755	9,438
later than 5 years	56,923	57,980
	70,272	70,863

University College
Notes to the financial statements
For the year ended 31 July 2020

27 RELATED PARTY TRANSACTIONS

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

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

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

	2020	2019
	£'000	£'000
Professor N Yeung	107	109
Associate Professor B Jackson	273	279
Professor A Johnston	169	172
Professor J Rowbottom	223	229
Associate Professor N Nikolov	217	222
Associate Professor P Jones	325	332
Total net book value of properties owned jointly with trustees	1,314	1,343

All joint equity properties are subject to sale on the departure of the trustee from the College.

During the year a total of £3,014 (2019: £3,351) was paid to 5 children of Trustees for work done as casual workers. All were paid at the standard rate for similar casual workers undertaking similar duties. No amount remains outstanding at the year end.

During the 2018-19 year, the College entered into a tenancy-at-will with The Blockhouse Technology Limited ("TBTL") to permit its occupation of 2 Staverton Road, a property in North Oxford that is owned by the College. TBTL's rescindable tenancy in the property may also afford space for the College's newly established research activities into Blockchain technology to operate alongside the commercial activities of TBTL. Professor A W Roscoe, a trustee of the College, is a co-founder of, and a significant shareholder in, TBTL. The tenancy-at-will was established at arm's length, and Professor Roscoe was recused from the College's decision making in this matter. The College is also a shareholder in TBTL.

28 CONTINGENT LIABILITIES

The College had no contingent liabilities at 31 July 2020 (2019: £nil).

29 POST BALANCE SHEET EVENTS

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus, Covid-19, was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020 and resulted in a UK lockdown from March 2020. With the pandemic ongoing the extent to which the coronavirus may impact the activity of the College or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including, among others, new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact.

University College
Notes to the financial statements
For the year ended 31 July 2020

30 ADDITIONAL PRIOR YEAR COMPARATIVES

a) Statement of Financial Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2019 Total £'000
INCOME AND ENDOWMENTS FROM:				
Charitable activities:				
Teaching, research and residential	6,927	57	-	6,984
Donations and legacies	1,344	639	1,750	3,733
Investments				
Investment income	124	6,252	-	6,376
Other income	39	-	-	39
Total income	8,434	6,948	1,750	17,132
EXPENDITURE ON:				
Charitable activities:				
Teaching, research and residential	6,802	6,055	164	13,021
Generating funds:				
Fundraising	584	235	436	1,255
Investment management costs	194	154	738	1,086
Interest payable on bond and senior note	1,480	-	-	1,480
Total Expenditure	9,060	6,444	1,338	16,842
Net Income before gains	(626)	504	412	290
Net gains on investments	-	150	4,302	4,452
Net Income	(626)	654	4,714	4,742
Transfers between funds	3,027	(74)	(2,953)	-
Net movement in funds for the year	2,401	580	1,761	4,742
Fund balances brought forward	62,526	11,734	132,660	206,920
Funds carried forward at 31 July	64,927	12,314	134,421	211,662

b) Property Investments

	Agricultural £'000	Commercial £'000	2019 Total £'000
Valuation at start of year	6,653	63,803	70,456
Additions and improvements at cost	1,826	49	1,875
Revaluation losses in the year	231	(331)	(100)
Valuation at end of year	8,710	63,521	72,231

University College
Notes to the financial statements
For the year ended 31 July 2020

30 ADDITIONAL PRIOR YEAR COMPARATIVES (CONTINUED)

c) Analysis of Movement on Funds

	At 1 August 2018 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2019 £'000
Endowment Funds - Permanent						
Dr Radcliffe's Linton Estate (1714)	13,207	-	(38)	-	355	13,524
Oxford Radcliffe Scholarships (2013)	12,065	-	(31)	-	289	12,323
Univ 20/20 Strategy (2007)	6,069	-	(16)	-	153	6,206
J G Weir (1954)	4,906	-	(14)	-	132	5,024
Univ 20/20 Endowment (2007)	4,806	-	(13)	-	127	4,920
Radcliffe Travelling Fellow(1858)	4,639	-	(13)	-	125	4,751
John Freeston Trust (1592)	2,982	-	(9)	-	80	3,053
Maintenance Trust Fund (1932)	2,193	-	(6)	-	59	2,246
Sir E A Wallis Budge (1935)	1,984	-	(6)	-	53	2,031
Sanderson Modern History Fellow (2012)	1,905	-	(6)	-	52	1,951
McConnell Laing Classics (1999)	1,768	-	(5)	-	50	1,813
Margaret Candfield English (1997)	1,736	-	(5)	-	47	1,778
The Bouverie Trust (1979)	1,559	-	-	-	-	1,559
Tacchi Fellowship (2008)	1,445	-	(4)	-	41	1,482
Dunhill Foundation Trust (1988)	1,412	-	(4)	-	38	1,446
Schrecker Slavonic Studies (2007)	1,395	-	(4)	-	38	1,429
O.M. Organic Chemistry Fellow (1990)	1,387	-	(4)	-	37	1,420
Harold Salvesen Junior Fellow (1964)	1,358	-	(4)	-	36	1,390
Scott JRF Fund (2001)	1,313	-	(4)	-	38	1,347
Swire Graduate History Scholarship (2012)	1,264	-	(4)	-	34	1,294
Modern History Fund (1999)	1,218	1	(3)	-	28	1,244
Robert Mynors (1922)	1,210	-	(3)	-	32	1,239
Goodman Fellowship Fund (1986)	1,133	-	(3)	-	31	1,161
Modern History Fund II (2001)	1,169	-	(4)	-	40	1,205
Rayne Physics (1980)	1,085	-	(3)	-	29	1,111
Oxford Burma Graduate Scholarship (2016)	1,050	-	(3)	-	20	1,067
Pye Fellowship (1998)	1,047	-	(3)	-	28	1,072
Oxford Anderson History Graduate Scholarship (2014)	1,042	125	(4)	-	36	1,199
Levison Physics (1996)	1,034	-	(3)	-	28	1,059
Beaverbrook Fund (1979)	1,025	-	-	-	-	1,025
44 Other Funds	16,786	198	(44)	-	410	17,350
Endowment Funds - Expendable						
Univ. Capital Fund	25,394	296	(962)	(2,953)	1,465	23,240
Hoffman Law Fellowship	1,870	2	(6)	-	53	1,919
Oxford-Univ-Rhodes Graduate Scholarship (2017)	1,446	95	(31)	-	48	1,558
41 Other Funds	6,758	1,033	(76)	-	270	7,985
Total Endowment Funds	132,660	1,750	(1,338)	(2,953)	4,302	134,421
Analysis of Movement on Funds(Continued)						
	At 1 August 2018 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2019 £'000
Restricted Funds						
Geary Hill Fund (1987)	1,613	44	(49)	-	42	1,650
Radcliffe Travelling Fellow (1858)	1,684	129	(9)	-	31	1,835
Univ 20/20 Strategy (2007)	1,058	159	(54)	-	-	1,163
125 Other Funds	7,379	6,616	(6,332)	(74)	77	7,666
Total Restricted Funds	11,734	6,948	(6,444)	(74)	150	12,314
Unrestricted Funds						
General	4,316	6,971	(7,588)	(18)	-	3,681
Revaluation reserve	-	-	-	-	-	-
Pension reserve	-	-	-	-	-	-
Fixed Asset Designated Fund	52,345	-	-	2,364	-	54,709
Univ North redevelopment Fund	-	-	-	-	-	-
Major Repair Fund	1,294	-	-	-	-	1,294
Master's Stipend Fund	1,210	50	(50)	-	-	1,210
Overbrook Foundation	1,026	42	(59)	-	-	1,009
17 Other Funds	2,335	1,371	(1,363)	681	-	3,024
Total Unrestricted Funds	62,526	8,434	(9,060)	3,027	-	64,927
Total Funds	206,920	17,132	(16,842)	-	4,452	211,662