

Charity Registration No. 1143479

Worcester College

Annual Report and Financial Statements

Year ended 31 July 2020

WORCESTER COLLEGE
Annual Report and Financial Statements
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WORCESTER COLLEGE

Governing Body, Officers and Advisers

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 financial year, or subsequently during the period until September 30th 2020, are listed below together with details for those who also held College Officerships:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Dr Simon Cowan			•	•					
Dr Peter Darrah	•	•	•	•	•	•			•
Prof Susan Gillingham				•					
Prof Kate Tunstall	•		•	•	•	•	•		•
Prof Robert Saxton				•		•			
Prof Donal Nolan			•	•					
Dr Nir Vulkan		•		•					
Prof Andrew Carr								•	
Dr Ben Morgan				•					
Dr John Parrington				•					
Dr Richard Earl				•				•	
Dr Scott Scullion	•		•	•		•	•		•
Prof Deborah Cameron								•	
Prof Josephine Quinn		•		•					
Prof Andreas Willi									
Dr Rory Bowden					•				
Prof Julian Roberts									
Prof Endre Süli	•			•					
Prof Robert Gildea									
Prof Grant Ritchie							•		•
Prof Bob Harris		•		•					
Dr Paul Azzopardi				•	•				•
Dr Mark Howarth				•					
Dr David Steinsaltz	•	•		•	•				
Dr Conrad Leyser				•					
Prof Laura Ashe				•			•		
Prof Gabriel Stylianides									
Prof Kim Dora				•					
Dr Antonis Papachristodoulou	•			•					
Dr Michail Peramatzis				•					
Dr Zofia Stemplowska			•	•	•		•		
Prof Felix Parra Diaz	•			•			•		
Dr Afifi al-Akiti				•					
Prof Sadie Creese									
Dr Josephine van Zeben									
Dr James Edwards				•		•			
Prof Andrew Stephen	•								
Dr Steven Methven				•					
Mrs Coleen Day	•				•	•			•
Mr Mark Bainbridge	•								•
Rev Dr Tess Kuin Lawton				•					•
Dr Alexander Sturgis									
Dr Peta Fowler				•	•				
Dr Alice Violet				•					
Dr Andrzej Murawski				•					
Dr Ton van den Bremer	•			•					
Dr Robert Smith	•			•					

WORCESTER COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2020

MEMBERS OF THE GOVERNING BODY (continued)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Dr Hauk Marquardt				•	•				
Dr Merve Emre				•	•				
Mr Gareth Prior		•	•		•	•			•
Dr Marchella Ward				•		•			•
Dr Lisa Wedding				•					
Mr Michael Mayo				•					
Dr Laura Quick				•					
Dr Leah Trueblood				•					
Dr Natalia Waights-Hickman				•					
Prof Tsilly Dagan	•								
Ms Kate Foley	•					•			
Prof Iain McCulloch				•					

During the year the activities of the Governing Body were carried out through nine principal committees. Membership of these committees of governance during the year is shown above for each Fellow.

- (1) Finance Committee, which also includes 2 senior members of staff and 1 external member
- (2) Investment, which is a sub-committee of Finance Committee, and also includes 1 senior member of staff and 3 external members
- (3) Academic Strategy Committee, which also includes 1 member of staff
- (4) Tutors' Committee, which also includes Director of Visiting Student Programme, Chaplain, Career Development teaching JRFs, lecturers with tutorial responsibilities during Fellows' sabbatical leave
- (5) Domus Committee, which also includes 3 senior members of staff
- (6) External Relations Committee, which also includes 2 external members
- (7) Nominating Committee
- (8) Audit and Risk Committee, which has an external chair and a further 3 external members
- (9) Human Resources Committee, which also includes 1 external member

Other business is conducted through further committees:

Remuneration Committee has 2 internal and 3 external members.

Further committees are primarily concerned with managing or administering a service; Chapel Committee, Gardens & Grounds Committee, Library Committee, IT Committee, Housing & Accommodation Committee, Buildings Committee and Travel Grants Committee.

The Joint Consultative Committee comprising membership from Governing Body, senior staff and Officers of the Middle and Junior Common Rooms discusses matters affecting Middle and Junior Common Room members. Such matters include (but are not limited to) the domestic management of the College, food service provision, and sports and recreational facilities.

Membership details for all committees are available on request.

COLLEGE SENIOR STAFF

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

Mr Mark Bainbridge	Librarian
Mrs Coleen Day	Development Strategy Fellow (retired 30-9-20)
Jaine Fitzpatrick	Home Bursar
Ms Kate Foley	Development Director (from 4-5-20)
Mr Richard Noonan	Head of Works (from 1-8-19)
Ms Patricia Pease	College Accountant
Mr Gareth Prior	Finance and Estates Bursar

WORCESTER COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2020

COLLEGE ADVISERS

Investment managers

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

Auditor

Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

The Royal Bank of Scotland
Customer Service Centre
Drummond House
1 Redheughs Avenue
Edinburgh
EH12 9JN

Surveyor

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

College address

Worcester College
Oxford
OX1 2HB

College website

www.worc.ox.ac.uk

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

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 Provost, Fellows & Scholars of Worcester College in the University of Oxford, which is known as Worcester College, (“the College”) is an eleemosynary chartered charitable corporation aggregate. It was founded through a legacy of Sir Thomas Cookes Bt. under a Royal Charter of Queen Anne dated 1714. The corporation comprises the Provost and Fellows. The College is registered under the Charity Commission (registered number 1143479).

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 4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

Until 13 December 2011, the College was governed by its Statutes dated 21 December 1966. Notice of new Statutes to alter and amend the Statutes of the College, passed at meetings of the Governing Body and approved by the University, were submitted for the approval of Her Majesty in Council. Her Majesty, having taken the Statute into consideration by and with the advice of Her Privy Council approved the revisions to the existing Statutes on 14 December 2011.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Master of the Rolls on behalf of the Crown. New Governing Body fellows are appointed by the existing trustees, for specified periods of time or until retirement. New members of the Governing Body are elected on the basis of expertise in their particular field.

The Governing Body devises and approves the College’s strategy and oversees its administration and also the management of its finances and assets. It meets regularly under the chairmanship of the Provost.

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are normally recruited by open application and interview and are inducted into the workings of the College, including Governing Body policy and procedures, by means of being provided with a copy of the College Statutes, the Fellows’ Handbook, Charity Commission Guidance Notes and informal discussions with colleagues.

Training courses and information to keep members of the Governing Body informed about current issues in the sector and on regulatory requirements are kept under review and offered, as appropriate.

Remuneration of Members of the Governing Body and Senior College Staff

Members of the Governing Body, who are primarily Fellows, are teaching and research employees of the College and receive no remuneration or benefits from their trusteeship of the College. Those trustees that are also employees of the College receive remuneration for their work as employees of the College. This is set based on the advice of the College’s Remuneration Committee, which has a majority of external members. Where possible, remuneration is set in line with that awarded to the University’s academic staff.

The remuneration of senior college staff is approved by Governing Body on the recommendation of the Remuneration Committee.

Organisational management

The members of the Governing Body normally meet six times a year, with the provision for an additional 3 extraordinary meetings, if required. Governing Body has established a series of committees to attend to and advise upon the wide range of matters for which Trustees are accountable:

- **Finance Committee (meets twice per term or more frequently if needed)**
The Finance Committee is responsible for business related to the financial management of the College, including financial strategy, monitoring of financial performance and consideration of requests for expenditure. The Committee meets twice per term and more frequently if needed. A sub-committee of the Finance Committee, the Investment Sub-Committee, meets once each term to consider the College's investment strategy.
- **Audit and Risk Committee (meets once per term)**
This committee oversees audit and risk management across the College, recommends the appointment of auditors, scrutinises the College's risk register and risk management activities, and scrutinises the financial statements and audit report for recommendation to Governing Body.
- **Academic Strategy Committee (meets as needed)**
This committee has responsibility for monitoring and developing the medium and long-term academic strategies of the College including the subject balance and decisions about associations with new posts.
- **Tutors' Committee (meets twice per term)**
This committee considers business related to the academic and teaching aspects of the College including admissions, changes of course, student progress, requests for student suspensions, graduate matters etc.
- **Domus Committee (meets once per term)**
This committee is responsible for the general management of the College, including accommodation, housekeeping, catering and security.
- **Human Resources Committee (meets once per term)**
This committee is responsible for human resources, data protection, health & safety and equality and diversity across the College.
- **External Relations Committee (usually meets once per term)**
The External Relations Committee is responsible for business related to fund-raising and alumni relations.
- **Nominating Committee (usually meets once per year)**
The Nominating Committee proposes membership of committees and appointments of College Officers.

Further committees meet regularly to discuss specific areas of the College (including Chapel, Library, Computing, Gardens and Grounds, Buildings, Student Matters, Housing and Accommodation).

The day-to-day running of the College is delegated to the Provost, supported by the following College Officers and senior staff: Vice-Provost, Senior Tutor, Tutor for Graduates, Dean, Director of Development and Alumni Relations, Librarian, IT Manager, Human Resources Manager, Finance and Estates Bursar, Home Bursar, Head of Works, College Accountant, Academic Administrator and Tutor for Admissions. All meetings of the committees listed above are attended by one or more of these individuals.

Group structure and relationships

The College has a wholly owned trading subsidiary, Worcester College Enterprises Limited whose accounts are consolidated into the accounts of the College.

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

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

A proportion of the College's endowed funds are held at arm's length in the Worcester College Oxford Endowment Trust, which is not controlled by the College but which has the support of the College as its principal charitable objective. The Trust has agreed under a memorandum of understanding to make the College an annual grant (currently at 4.25% of the value of the Trust's assets at year end).

The College also administers many special trusts, as detailed in Notes 17 and 18 to the financial statements.

OBJECTIVES AND ACTIVITIES

Worcester College promotes freedom of thought and expression, academic integrity and a willingness (indeed an expectation) to challenge ideas and in turn to be challenged. The College is an academic community providing a stimulating and supportive teaching and learning environment for students (of all levels), with modern facilities and a range of opportunities for extra-curricular activity. The College's educational provision complements the educational opportunities available to our students within the departments and faculties of the University of Oxford. In particular, the College operates a tutorial system where each student's education is steered by research-active academics whom the students meet (usually either individually or in pairs) on a weekly basis. In this way the College provides an informing, inspiring and also challenging learning environment.

For centuries Worcester College has prepared students of outstanding talent and potential for graduation in a wide range of academic disciplines. Alumni have gone on to lead fulfilling professional lives and, individually and collectively, have made major contributions in their chosen fields including in commerce, the professions, in the arts, science and engineering, in medicine, faith communities, the military and in public service.

Charitable Objects and Aims

The College's Objects are the advancement of education, religion, learning and research, by the provision of a college in the University of Oxford, for the benefit of the public.

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

- To advance education, including extending access

Working with the University of Oxford's departments and faculties, the College educated 656 students (undergraduate and graduate) during the year in a wide range of subject areas, plus 45 visiting students who attended for subsets of the year. Students are admitted from diverse backgrounds solely on the basis of their academic ability and potential.

Opportunities are provided to develop students' academic knowledge and potential, and the transferable skills needed by them to contribute in the workplace and more widely. To support these activities, the College provides tutorial (small-group) and class teaching to undergraduates, maintains a range of teaching and learning facilities (including three libraries and a number of lecture/seminar rooms) and organises events for all students to advance their education. A range of welfare, pastoral and administrative systems and social, cultural, and extra-curricular activities are also provided by the College.

The College employs an Admissions and Access Officer and has an Outreach Fellow to undertake outreach and widening-participation work and to work with the Tutor for Admissions to develop and implement policies associated with access and the selection of undergraduate students. The Tutor for Graduates, supported by a Graduate Officer, is responsible for work associated with the admission of graduate students.

- To provide bursaries

The College recognises academic achievement through the award of scholarships, exhibitions and prizes for strong performance. Funds are provided to assist students with the purchase of academic books, to help with vacation residence and field trip costs, and for travel associated with attendance at conferences and in furtherance of their academic work.

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Year ended 31 July 2020

- To support impecunious students through targeted financial aid

The College advises and assists students who are in financial hardship. A Student Financial Aid Committee considers applications for assistance from the College's hardship funds and is able to provide help by means of grants, loans or a combination of the two.

- To support college-funded and independent research

The College funds a number of career development Junior Research Fellowships and Tutorial Fellowships, whose responsibilities include research. Associates are also offered, by means of Senior Research Fellowships and Supernumerary Fellowships, to individuals in University departments and faculties who are undertaking research. Through the standard University scheme for sabbatical leave, and in considering requests for special leave, it also provides replacement teaching to enable Fellows to dedicate between 1 and 3 terms to specific research projects. All Tutorial Fellows and career development Junior Research Fellows are eligible to receive a Teaching and Research Allowance and may apply for assistance towards expenses incurred in attending academic conferences.

Students and academic staff are able to make use of the College's three libraries, and researchers can also apply to access material in the College's special collections of prints, manuscripts and material in the archive.

- To promote religion

The College employs a full-time Chaplain who conducts services in the Chapel, is a member of the welfare team and can be approached by students of any faith, or none. The Chapel acts as a centre of Christian worship but its use by anyone as a space for quiet reflection is also encouraged.

The Chapel is open every day and supports two flourishing choirs; a mixed-voice choir and a choir incorporating boy trebles from Christ Church Cathedral School. Services are also sometimes sung by 'Frideswide Voices', a new choir for girl choristers, aged 7-14, co-founded by the Chaplain in 2014.

Interfaith services are offered on a regular basis and all services are promoted, internally and externally, by means of notice boards and websites. Information about the variety of faith societies, belief groups and religious centres within the University is provided in the Undergraduate and Graduate Handbooks. The College also opened its new multi-faith prayer room during the financial year.

There are various events outside of the Chapel, to discuss religion, ethics and morality, organised by the Chaplain, usually including a weekly discussion group and a termly dinner with guest speaker.

With the closure of the Chapel and much of the College site at the end of Hilary Term during the initial Covid lockdown, Chapel services for Trinity Term were delivered remotely. Online services included music from the choir, and were well-attended and well-received by both current students and our wider community, including old members.

ACHIEVEMENTS AND PERFORMANCE

Covid-19

The Covid-19 pandemic affected all College activities during the second half of the financial year. The majority of the College site was closed during the Easter Vacation and Trinity Term and teaching was delivered remotely, although a significant minority of students remained in residence. Final year students took their public examinations remotely, and support operations across the College had to be redesigned to operate in lockdown conditions. The impact on the College's finances was substantial (see below) but was mitigated by significant cost savings and by a series of extremely generous exceptional donations from old members, the majority of which are pledged for financial year 2020-21. As we move into the new financial year, the College is working to ensure that we can continue to deliver against our charitable objects to our usual high standards in spite of the ongoing financial and operational disruption. We are also conscious of the sustained burden that the pandemic is taking on our students and staff, and of the ongoing importance of our welfare operation.

Access and Admissions

Our access work continued to expand and increase its impact over the course of 2019-20. Although in-person visits to schools and colleges had to be suspended for the second half of the financial year due to the Covid-19 lockdown, the College's outreach team managed to sustain all of our existing visits and programmes, meeting with over 2,000 students (in person and virtually) and launching a number of new sustained engagement programmes aimed at particular groups that are under-represented in higher education. New programmes this year have included a programme for 300 Black and Minority Ethnic students studying in years 11 and 12 at UK state schools; Being Human, a humanities programme for 60 year 12s studying at state schools in the North West and Yorkshire and Humber who have little or no access to the study of the ancient world in their schools; and 'Thinking About Oxford', a programme for students within our link area studying at state schools with very little history of application to highly selective universities like Oxford or Cambridge. With support from educational charity The Brilliant Club we have been able to add another cohort of 60 year 8 pupils to our sustained engagement programme 'Think Big', which aims to raise attainment among disadvantaged students at state schools in Bradford, working with cohorts of students from year 8 to year 11. We have continued our work with the Social Mobility Foundation (working in particular with students from low income backgrounds) and with Target Oxbridge (a specialist outreach programme for Black applicants), as well as working locally in our link area with the Bradford Opportunity Area.

The closure of schools this year presented new challenges for educational equality, and our outreach team has responded by setting up a number of projects to equip young people with the support and enrichment work that they might otherwise have missed out on this year. The College sent out 80 books to state schools across the UK as part of our book-reviewing project 'The Worcester Bookshelf', and our outreach team also built a hub of online resources for school-level study and beyond (both subject-specific and university admissions focussed) with support from academic staff. We will be continuing all of our projects this coming year in their new virtual formats, but will also set our sights on reducing the new educational inequalities created by the Covid-19 pandemic, including through the provision of a tutoring programme in English Literature for GCSE students at state schools who have missed out on teaching time during school closures.

In 2019, Worcester College received 1,253 direct applications. Within this, the proportion of UK applications from the state sector grew to 72% (compared with 66% in 2018).

Despite these high numbers, Worcester applicants continued to have one of the highest success rate across the University. The overall proportion of candidates who applied to Worcester College (or were allocated through the open application scheme) and were made offers by the University was 20.2% (compared to the university-wide figure of 15%).

The composition of offers made in 2019 for 2020 entry was: 58.5% female, 41.5% male; 87% UK and 13% overseas (in 2018 for 2019 entry the composition of offers was 57% female, 43% male; 89% UK and 11% EU/overseas).

In 2019 the College set a number of targets for undergraduate admissions with the aim of increasing the diversity of our student body, with particular attention to groups currently underrepresented at Oxford. Of the UK students receiving offers, 83% applied from the State sector (67% in 2018), and 17% applied from the Independent sector (33% in 2018). Of our UK offers, 23% were made to students from areas with the lowest rates of progression to higher education (15.4% in 2018); and 25% to students from the most socio-economically deprived areas (13.7% in 2018).

When A level exams were cancelled after the end of the financial year, a high degree of uncertainty surrounded the results released in August 2020 and the consequent impact on the offers we had already made in December. The College carefully considered every applicant whose awarded grades did not meet the terms of their offer in light of this uncertainty, and ultimately we confirmed the places of all of our UK offer-holders.

WORCESTER COLLEGE

Report of the Governing Body

Year ended 31 July 2020

Fellowship and Staff

The Governing Body comprised the Provost, 37 Official Tutorial Fellows, 2 Fellow-Lecturers, 6 Official Non-Tutorial Fellows, 6 Professorial Fellows and 8 Supernumerary Fellows. In addition, there were 15 Senior Research Fellows and 11 Junior Research Fellows.

Teaching was further supported by a number of College Lecturers, including 30 Stipendiary appointments and external tuition was provided by tutors from across the collegiate university. Sixteen terms of sabbatical or special leave for research purposes were granted to a total of eight Fellows. A total of 142 non-academic staff (by headcount, not FTE) supported the College's activities.

Student Numbers and Progress

During the 2019-20 academic year there were 413 undergraduates, 202 graduates and 28 visiting students in College, a total of 643 students. In Finals, Worcester's undergraduates obtained 53 Firsts, 58 Upper Seconds, 2 Lower Seconds and 1 Unclassified degree. Due to changes in the timing of the production of the Norrington Table showing the relative performance in Finals by each of the Oxford colleges, we do not yet know how these results compare with the wider University. Students also achieved excellent results in their First Public Examinations (normally taken in the first year). The graduate community continued to thrive and a very wide range of postgraduate taught and research degrees were completed successfully.

Student Financial Support

The College has continued to offer financial support to its students, including for academic provision, hardship, bursaries, study grants and extra-curricular activities. Funds were also provided to support other activities including field trips, medical electives, undergraduate research / conference travel, book bursaries, sports bursaries and language tuition. A total of £433k was disbursed during the year (2019: £438k).

Development

Following the closure of the Tercentenary Campaign in financial year 2018-19, the College had expected to enter a period of consolidation and planning in its development operations, coinciding with the recruitment of a new Development Director and the retirement of the outgoing Development Strategy Fellow.

The Covid-19 pandemic meant that the new Development Director joined during lockdown, and that the Development Office had to delay its planned consolidation and strategy work to run a Covid relief campaign with many of our major donors. The level of support we saw in this was extraordinary, and meant that College was able to navigate the financial and operational disruption of Covid without having to resort to actions that might damage our longer-term ability to deliver against our charitable objects. To-date, £4.8 million has been pledged to the Covid appeal, with the majority of it due to be received in financial year 2020-21.

During the year we received a total of £3,021k in donations. This was less than the prior year total of £10,502k because of the non-recurrence of several material one-off donations in the final year of the Tercentenary Campaign (most notably, £5 million for the endowment of two Tutorial Fellowships), but it nonetheless materially exceeded original expectations for the year.

The College is deeply grateful to all its generous donors.

FINANCIAL REVIEW

The principal funding sources of the College continued to be fees, accommodation charges, conference income, donations and endowment income. Fee income is received via the University from the Office for Students (OfS), various funding bodies and students.

The College also receives financial support from many benefactors to whom it is extremely grateful.

Total income and endowments for the year were £11,157k (compared with £20,112k in 2018-19). As noted above, this included £3,021k from donations and legacies (compared with £10,502k in 2018-19).

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The College's charitable objects continue to be met with resources expended on charitable activities for the year of £12,264k (2019: £13,921k). The decrease in expenditure vs prior year was primarily driven by cost savings during the Covid lockdown, most of which resulted from the necessary suspension of certain on-site activities.

Incoming resources from charitable activities in the year, principally fees and residential income were £5,679k compared with £7,489k in 2018-19, with the reduction primarily due to the material decrease in residential income while the majority of activities were conducted remotely during Trinity Term and to the loss of the conference business in the second half of the academic year.

As planned, the spending gap caused by the excess of expenditure on charitable activities over incoming resources from those same activities was met principally from resources from generated funds including investment income, trading income, legacies and donations. The operating cash deficit increased from £1,581k in 2018-19 to £4,061k in 2019-20, reflecting Covid operating losses plus the ongoing programme of major maintenance works on our historic fabric. During 2019-20, this work was focused on the Terrace buildings in the Main Quad.

All of the College's securities and other investments are managed by Oxford University Endowment Management Limited (OUEM) and total £39,592k (2018-19: £41,512k).

The trustees have given particular attention to the College's ability to continue as a going concern in the light of the financial impact of Covid. In addition to the financial impact during the year from lost student rents, catering and conference income, it is likely that the conference business will take some time to recover from the disruption caused by Covid, and that pressure on commercial revenue will therefore continue into at least the medium term. The College's ongoing programme of essential maintenance puts additional pressure on funding, and existing concerns about the economic environment have been exacerbated by the likely ongoing impact of Covid on the world economy. Having reviewed the current cash position and forecast income and expenditure, and in the light of the Covid appeal donations received and pledged to support the College, plus material savings in operating costs, the trustees are satisfied that the College is a going concern. However, the operating budget for the coming years remains challenging, and additional income will need to be generated and/or cost reductions delivered to ensure that the College's finances remain healthy into the medium term and beyond.

Reserves policy

The College's reserves policy is to maintain sufficient free reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall, to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted delivery of services. In 2018-19, having reviewed current risks and uncertainties in the external environment, the Trustees set a new target range for free reserves equal to 3-6 months of operating costs to allow operations to continue in the event of short-term economic disruption or other revenue shocks, and committed to developing financial strategies to achieve this over the next 2-3 years. In setting this target, the Trustees were also mindful that the College's Expendable Endowment provides a degree of protection in the event of short-term revenue pressure, although taking the view that it is preferable and prudent also to increase the level of free reserves given the long-term purpose of Endowed funding.

The Group's unrestricted reserves (excluding Pension reserve) at the year-end amounted to £38,889k (2018-19: £39,943k), represented by £34,803k of fixed assets, £4,683k of long term property investments and free reserves (net of subsidiary trading profit) of £(597)k. Although negative free reserves are unsustainable beyond the short term, and in any case materially short of the target 3-6 months of operating costs, the Trustees are conscious that this situation is a consequence of the immediate impact of the Covid pandemic; that pledges to the Covid appeal are credibly set to bring reserves back to a healthier positive value during 2020-21; and that an exceptional distribution has already been agreed by the trustees of the Worcester College Endowment Trust which will restore positive free reserves in the near future. Taking all of this into account, the Trustees consider the negative free reserves to be a temporary function of the global pandemic, and not in themselves a cause for material concern.

The Pension reserve of £(1,581)k represents a commitment to pay additional pension contributions over a 20 year period. The College is confident that it can meet these contributions from projected future cash flows without significant impact on planned levels of charitable activity, and therefore in line with Charity Commission guidance, this commitment does not impact free reserves.

Investment policy, objectives and performance

The College's investment objectives are to balance current and future beneficiary needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

To meet these objectives the College's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the College Statutes allow the College to invest permanent endowments to maximise the related total return and to make available for expenditure each year an appropriate proportion of the unapplied total return.

The investment strategy, policy and performance are monitored by the Investment Sub-Committee. At the year end, the College's long term securities totalled £39,592k, which during the year generated income of £1,555k and saw the recognition of an unrealised loss of (£1,920k) due to the impact of Covid on global markets.

Under the total return accounting basis, it is the Governing Body's policy to extract as income up to 4.5% of the value of the relevant invested funds. The Governing Body will keep the level of drawdown under review to balance the needs and interests of current and future beneficiaries of the College's activities.

Risk management

The College has on-going processes which operated through-out the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College and its subsidiaries in undertaking their activities.

The Governing Body has ultimate responsibility for managing any risks faced by the College, and the Audit and Risk Committee helps it monitor the major risks to which the College is exposed. A risk register has been established and responsibility for the management of the key risks resides with the College officers and their relevant committees, with the Audit and Risk Committee receiving periodic reports on the effectiveness of this.

The principal risks and uncertainties faced by the College and its subsidiaries that have been identified are categorised as follows:

- Failure to attract admit and retain sufficiently high quality students from diverse backgrounds. Principal mitigation is via the College's access and outreach activities detailed above, and by the provision of a range of welfare support throughout students' time at the College.
- Failure to attract and retain high quality staff. On the academic side this is mitigated by ensuring appropriate remuneration and by a range of additional measures including flexibility of funded leave to support research, and assistance securing housing in Oxford's competitive market. More broadly, the College mitigates this risk by working to attract a wide-range of qualified applicants for positions, including from backgrounds or previous career-paths that might not traditionally apply for roles in an Oxford College.
- Governance and financial control risks inherent in any charity of the College's size and complexity. These risks are mitigated by robust financial and governance controls including strong budgetary and purchasing controls, independent membership of key Committees and clear protocols for managing potential conflicts of interest.
- Risks relating to the management and operations of the College, including health and safety, risk of damage to the historic fabric of the estate, and potential interruption to the College's activities. Mitigation involves a range of preventative and control measures, alongside thorough reporting and oversight,

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

contingency planning and insurance. Other risks relating to the operational activities of the college such as employment of staff and use of IT are managed through clear procedures and monitoring.

- Other risks of harm to the beneficiaries of the charity. This is mitigated through appropriate safeguarding procedures, continued investment in student welfare provision, and the active risk-assessment of events and activities on the College site.
- Financial risk to the College's endowment, including loss of real value through inappropriate investment, and failure to attract sufficient additional endowment funds. The College's endowment is invested with Oxford University Endowment Management to ensure direct oversight and management by investment professionals, with an Investment Subcommittee monitoring performance and reviewing future strategy, including potential concentration risk. Risk of insufficient future donations is mitigated by the activities of the Development Office and the Provost, overseen by both the External Relations Committee and the Finance Committee.

In the second half of the year, the College's Audit and Risk Committee held a dedicated meeting on risks relating to the Covid pandemic, including where Covid factors were putting pressure on pre-identified risk areas. The Committee satisfied itself that the College's immediate risk management and mitigations were appropriate and that the short-term risks relating to Covid were adequately managed and mitigated to the extent that this was reasonably possible.

FUTURE PLANS

The College does not have plans significantly to adjust either the size of its student body or the range of subjects offered for study. It will continue to deliver teaching and learning through the tutorial system, to support research, fund scholarships and scholarly activity and to recognise scholarly achievement, support students in financial hardship and provide for the spiritual welfare of its students through its chapel provision.

During the year, the College appointed David Isaac CBE as its new Provost. He will take office in July 2021. The College will also shortly begin recruitment of a full-time Senior Tutor, moving away from the historic model where this role was undertaken part-time by an Official Tutorial Fellow.

All of these senior recruitments are against the backdrop of an increasing focus on expanding access and working toward equality of opportunity and diversity within our academic community, both of which are anticipated to continue to grow in importance over the coming year.

Following the success of the Covid appeal, the College's Development office will revert to the planned period of consolidation and strategic planning, alongside strengthening relations with our alumni community and introducing the new Development Director to our donors and old members. Although the ongoing Covid pandemic will restrict our scope for old member events in the immediate future, the College expects to continue to explain our activities and plans to alumni and prospective donors in a series of events, through publications and through the College website.

The extraordinary generosity of our donors to the Covid appeal has allowed College to balance its operating budget without having to take action that might harm our ability to deliver against our charitable objects in future. However, the impact of the Covid pandemic on our conference business is significant and expected to continue into the medium term. During 2020-21 we face the twin operational challenges of continuing to drive efficiencies in our cost base, especially support costs, and laying the foundations to rebuild our commercial revenue in future.

The College's ongoing essential maintenance programme is planned to continue for the next two financial years and represents a significant expenditure commitment. Alongside this, the free reserves depleted by Covid need to be rebuilt and then increased to the target level that the trustees have set in the light of uncertainties in the external environment. These factors further increase the importance of the cost reduction and commercial revenue work noted above.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

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

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

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

Approved by the Governing Body on 25 November 2020 and signed on its behalf by:

Prof Kate Tunstall
Interim Provost

WORCESTER COLLEGE

Report of the Auditor to the Members of the Governing Body

Year ended 31 July 2020

Independent auditor's report to the trustees of Worcester College

Opinion

We have audited the financial statements of Worcester College (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and College's affairs as at 31 July 2020 and of the group's incoming resources and application of resources, including the group's and the College's income and expenditure for the 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 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 group or the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out on pages 5 to 14 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

WORCESTER COLLEGE

Report of the Auditor to the Members of the Governing Body

Year ended 31 July 2020

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity's 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 for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and College'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 group or parent 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 regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and the parent charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

WORCESTER COLLEGE

Report of the Auditor to the Members of the Governing Body

Year ended 31 July 2020

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Date: 27 November 2020

WORCESTER COLLEGE
Statement of Accounting Policies
Year ended 31 July 2020

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Statement of Cash Flows for the College and its wholly owned subsidiary, Worcester College Enterprises Limited.

No separate SOFA has been presented for the College alone as currently permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements. A summary of the results and financial position of the charity and its subsidiary for the reporting year are in note 13.

The accounts of the affiliated student bodies, Worcester College Clubs, Middle Common Room and Junior Common Room have not been consolidated because the College does not control these activities.

2. Basis of accounting

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

The College is a public benefit entity for the purposes of FRS 102 and a registered charity. The College has therefore also prepared its individual and consolidated financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' (The Charities SORP (FRS102)).

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the measurement of investments and certain financial assets and liabilities at fair value with movements in value reported within the Statement of Financial Activities (SOFA).

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

3. Going concern

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the College to continue as a going concern, including the impact of the current COVID-19 emergency. The College has prepared cash flow and other forecasts, taking into account the potential pressures on income, which confirm the College will have sufficient liquidity to operate for at least the next twelve months from the date of approval of these financial statements. The College therefore continues to adopt the going concern basis in preparing its financial statements.

4. Accounting judgements and estimation uncertainty

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

The College participates in two multi-employer defined benefit pension plans. In the judgement of the Governing Body, there is insufficient information about the plan assets and liabilities to be able to account reliably for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 21).

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

4 Accounting judgements and estimation uncertainty (continued)

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 exists 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 uncertainty that affect the carrying value of assets held by the College and its subsidiaries are the level of investment return and the performance of investment markets.

5. 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, OfS support and other charges for services

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

Conference income in relation to conferences that span the year end is accrued for in accordance with the proportion of completion.

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 charity has entitlement to the resource, the amount can be reliably measured and the economic benefit to the College of the donation or grant is probable. Donations and grants subject to performance-related conditions are recognised as and when those conditions are met. Donations and grants subject to other specific conditions are recognised as those conditions are met or their fulfilment is wholly within the control of the College and it is probable that the specified conditions will be met.

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

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

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

c) Investment income

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

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.

6. Expenditure

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

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

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

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

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

7. Tangible fixed assets

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

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings which is directly attributable to bringing the asset to its working condition for its intended use, together with expenditure on equipment costing more than £2,000, is capitalised.

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

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

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
Building improvements	50 years
Equipment, Fixtures and Fittings	4 - 10 years

Freehold land is not depreciated. The cost of maintenance is charged in the SOFA in the period in which it is 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 changes 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.

9. Investments (continued)

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

10. Stocks

Stocks are valued at the lower of cost and net realisable value, cost being the purchase price on a first in, first out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

11. Foreign currencies

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

Transactions denominated in foreign currencies during the year are translated into pounds sterling using the prevailing rates of exchange 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 balance sheet date. The resulting exchange differences are taken to the SOFA.

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 balance sheet date are recognised in the income and expenditure section of the SOFA.

12. Total return investment accounting

The College statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of standard trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a component of the endowment known as the unapplied total return that can be either be retained for investment or released to income at the discretion of the Governing Body.

13. Fund accounting

The total funds of the College and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the origins of the funds and 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 objects of the College at the discretion of the Governing Body. The Governing Body may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds.

Restricted funds comprise gifts, legacies and grants where the donors have specified that the funds are to be used for particular earmarked funds for specific 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 or permitted the capital to be maintained and with the intention that the income will be used for specific purposes within the College's objects.

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

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

14. Pension costs

The costs of retirement benefits provided to employees of the College through two multi-employer defined benefit pension schemes are accounted for as if these were defined contribution schemes 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.

The College also operates a defined contribution pension scheme. Contributions to these arrangements are charged to the SOFA in the period in which they are payable.

WORCESTER COLLEGE
Consolidated 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	1					
Teaching, research and residential		5,679	0	0	5,679	7,489
Other trading income	3	371	0	0	371	497
Donations and legacies	2	1,712	534	775	3,021	10,502
Investment income	4	56	0	1,555	1,611	1,521
Other income	5	475	0	0	475	103
Total income		<u>8,293</u>	<u>534</u>	<u>2,330</u>	<u>11,157</u>	<u>20,112</u>
EXPENDITURE ON:						
Charitable activities	6					
Teaching, research and residential		8,609	3,655	0	12,264	13,912
Generating funds:	6					
Fundraising		481	4	0	485	575
Trading expenditure		79	0	0	79	139
Investment management costs		43	0	0	43	49
Total expenditure		<u>9,212</u>	<u>3,659</u>	<u>0</u>	<u>12,871</u>	<u>14,675</u>
Net (expenditure)/income before gains		(919)	(3,125)	2,330	(1,714)	5,437
Net gains/(losses) on investments		87	0	(1,920)	(1,833)	2,149
Net (expenditure)/income		<u>(832)</u>	<u>(3,125)</u>	<u>410</u>	<u>(3,547)</u>	<u>7,586</u>
Transfers between funds		550	2,972	(3,522)	0	0
Net movement in funds for the year	17	<u>(282)</u>	<u>(153)</u>	<u>(3,112)</u>	<u>(3,547)</u>	<u>7,586</u>
Fund balances brought forward	17	37,590	1,739	51,436	90,765	83,179
Funds carried forward at 31 July	17	<u>37,308</u>	<u>1,586</u>	<u>48,324</u>	<u>87,218</u>	<u>90,765</u>

WORCESTER COLLEGE
Consolidated and College Balance Sheets
As at 31 July 2020

	Notes	2020 Group £'000	2019 Group £'000	2020 College £'000	2019 College £'000
FIXED ASSETS					
Tangible assets	10	34,888	35,793	34,888	35,793
Property investments	11	4,683	3,018	4,683	3,018
Securities and other investments	12	39,592	41,512	39,592	41,512
		79,163	80,323	79,163	80,323
CURRENT ASSETS					
Stocks		133	139	133	139
Debtors	15	1,416	1,602	1,565	2,049
Cash at bank and in hand		9,534	12,989	9,131	12,396
		11,083	14,730	10,829	14,584
CREDITORS: falling due within one year	16	(1,447)	(1,935)	(1,404)	(1,789)
NET CURRENT ASSETS		9,636	12,795	9,425	12,795
TOTAL ASSETS LESS CURRENT LIABILITIES		88,799	93,118	88,588	93,118
CREDITORS: falling due after more than one year		0	0	0	0
NET ASSETS BEFORE PENSION LIABILITY		88,799	93,118	88,588	93,118
Defined benefit pension scheme liability		(1,581)	(2,353)	(1,581)	(2,353)
NET ASSETS		87,218	90,765	87,007	90,765
FUNDS OF THE COLLEGE					
	17				
Endowment funds		48,324	51,436	48,324	51,436
Restricted funds		1,586	1,739	1,586	1,739
Unrestricted funds					
Designated fixed assets fund		34,803	35,709	34,803	35,709
General funds (excluding pension reserve)		4,086	4,234	3,875	4,234
Pension reserve		(1,581)	(2,353)	(1,581)	(2,353)
		87,218	90,765	87,007	90,765

The financial statements were approved and authorised for issue by the Governing Body of Worcester College on 25 November 2020.

Prof Kate Tunstall, Interim Provost

Gareth Prior, Finance and Estates Bursar

WORCESTER COLLEGE
Consolidated Statement of Cash Flows
For the year ended 31 July 2020

	Notes	2020 Group £'000	2019 Group £'000
Net cash used in operating activities	24	<u>(4,061)</u>	<u>(1,583)</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		1,611	1,521
Purchase of property, plant and equipment		(202)	(283)
Proceeds from sale of investments		0	995
Purchase of investments	13	(1,578)	(0)
Net cash provided by / (used in) investing activities		<u>(169)</u>	<u>2,233</u>
Cash flows from financing activities			
Receipt of endowment		775	8,579
Net cash provided by financing activities		<u>775</u>	<u>8,579</u>
Change in cash and cash equivalents in the reporting period		<u>(3,455)</u>	<u>9,229</u>
Cash and cash equivalents at the beginning of the reporting period		12,989	3,760
Cash and cash equivalents at the end of the reporting period		<u>9,534</u>	<u>12,989</u>

WORCESTER 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	2,042	2,059
Tuition fees - Overseas students	513	485
Other fees	393	462
Other grant support	116	103
Other academic income	164	140
College residential income	2,451	4,240
	<u>5,679</u>	<u>7,489</u>

The above analysis includes £2,671k received from Oxford University from publicly accountable funds under the College Funding Formula Scheme (2019: £2,647k).

Under the terms of the undergraduate student support package offered by the University of Oxford to students from lower income households, the College share of fees waived amounted to £0k (2019: £1k). These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2020	2019
	£'000	£'000
Unrestricted funds	1,712	1,655
Restricted funds	534	268
Endowed funds	<u>775</u>	<u>8,579</u>
	<u>3,021</u>	<u>10,502</u>

3 INCOME FROM OTHER TRADING ACTIVITIES

	2020	2019
	£'000	£'000
Subsidiary company trading income	367	458
Other trading income	4	39
	<u>371</u>	<u>497</u>

4 INVESTMENT INCOME

	2020	2019
	£'000	£'000
Unrestricted funds		
Equity dividends	1	2
Interest on fixed term deposits and cash	53	25
Other investment income	<u>2</u>	<u>25</u>
	<u>56</u>	<u>52</u>
Restricted funds		
Other investment income	<u>0</u>	<u>61</u>
Endowed funds		
Other investment income	<u>1,555</u>	<u>1,408</u>

5 OTHER INCOME

Other income includes grants of £361k claimed from the Coronavirus Job Retention Scheme.

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6 ANALYSIS OF EXPENDITURE

		2020	2019
		£'000	£'000
Charitable expenditure			
Direct staff costs allocated to :	Teaching, research and residential	4,410	6,758
Other direct costs allocated to:	Teaching, research and residential	5,608	5,125
Support and governance costs allocated to:	Teaching, research and residential	2,246	2,029
		12,264	13,912
Expenditure on raising funds			
Direct staff costs allocated to :	Fundraising	313	375
	Trading Expenditure	35	0
Other direct costs allocated to:	Fundraising	97	164
	Trading expenditure	42	135
Support and governance costs allocated to:	Fundraising	75	36
	Trading expenditure	2	4
	Investment management costs	43	49
		607	763
		12,871	14,675

The 2019 resources expended of £14,675k represented £11,905k from unrestricted funds, £1,770k from restricted funds and £1,000k from endowed funds.

7 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching Research & Residential £'000	2020 Total £'000
Financial and domestic admin	57	505	562
Human resources	34	220	254
IT	27	313	340
Depreciation	0	1,107	1,107
Other finance charges	0	82	82
Governance costs	2	19	21
	120	2,246	2,366
	Generating Funds £'000	Teaching Research & Residential £'000	2019 Total £'000
Financial and domestic admin	48	430	478
Human resources	12	157	169
IT	25	293	318
Depreciation	0	1,089	1,089
Other finance charges	0	26	26
Governance costs	4	34	38
	89	2,029	2,118

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7 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS (continued)

Finance and administration and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs are attributed according to the use made of the underlying assets. IT costs are attributed according to the estimated time spent on each activity. Interest and other finance charges are attributed according to the purpose of the related financing.

	2020	2019
	£'000	£'000
Governance costs comprise:		
Auditor's remuneration – audit services	21	23
Auditor's remuneration – other assurance services	0	14
Auditor's remuneration – tax advisory services	0	1
	21	38

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

8 GRANTS AND AWARDS

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

		2020	2019
		£'000	£'000
Grants to individuals from:			
Unrestricted funds	Scholarships, prizes and grants	26	48
	Bursaries and hardship awards	9	17
		35	65
Restricted funds	Scholarships, prizes and grants	248	228
	Bursaries and hardship awards	150	145
		398	373
Total grants and awards		433	438

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

The figure included above represents the cost to the College of the Oxford Bursaries scheme. Students in the College received £236k in bursaries in 2019-20 (2018-19: £230k).

9 STAFF COSTS

The aggregate payroll costs for the year were as follows:

	2020	2019
	£'000	£'000
Salaries and wages	4,999	5,078
Social security costs	452	447
Pension costs	847	814
	6,298	6,339
Pension provision adjustment	(811)	1,510
	5,487	7,849

WORCESTER COLLEGE
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9 STAFF COSTS (continued)

The average number of employees of the College, excluding Trustees, was as follows:	2020	2019
Tuition and research	228	205
College residential	118	124
Fundraising	4	9
Support	20	20
Total	370	358

The average number of employed College Trustees during the year was as follows:	2020	2019
University Lecturers	19	20
CUF Lecturers	12	12
Other teaching and research	8	8
Other	4	4
Total	43	44

Salary and wages costs includes severance costs of £23k for 1 member of staff.

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

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

	2020	2019
£60,001 to £70,000	3	2
£70,001 to £80,000	1	0

Details of the remuneration and reimbursed expenses of the College Trustees are included as a separate note in these financial statements.

10 TANGIBLE FIXED ASSETS

Group and College	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
At start of year	44,603	1,904	46,507
Additions	0	202	202
At end of year	44,603	2,106	46,709
Depreciation			
At start of year	9,273	1,441	10,714
Charge for the year	887	220	1,107
At end of year	10,160	1,661	11,821
Net book value			
At end of year	34,443	445	34,888
At start of year	35,330	463	35,793

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10 TANGIBLE FIXED ASSETS (continued)

Included within Fixtures, Fittings and Equipment above are intangible assets of £80k cost and £54k depreciation.

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.

11 PROPERTY INVESTMENTS

Group and College	2020	2019
	Total	Total
	£'000	£'000
Valuation at start of year	3,018	2,993
Additions and improvements	1,578	0
Revaluation gains in the year	87	25
Valuation at end of year	4,683	3,018

A formal valuation of the College properties was prepared by Mark Charter MRICS of Carter Jonas LLP as at 31 July 2020 in accordance with the current RICS Valuation- Global Standards, which incorporates the International Valuation Standards (the 'RICS Global Red Book').

12 SECURITIES AND OTHER INVESTMENTS

Group and College	2020	2019
	£'000	£'000
Valuation at start of year	41,512	40,383
Investments redeemed	0	(995)
(Decrease)/increase in value of investments	(1,920)	2,124
Valuation at end of year	39,592	41,512

Group and College investments comprise:

	Held outside the UK £'000	Held in the UK £'000	2020	2019
			Total	Total
			£'000	£'000
Global multi-asset funds	31,278	8,314	39,592	41,512

Material investments

Investments valued at more than 10% of the portfolio at the year-end:	Percentage of Portfolio	Market Value	
		2020	2019
		£'000	£'000
Oxford University Endowment Management - Endowment Fund	100%	39,592	41,512

WORCESTER COLLEGE
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13 PARENT AND SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Worcester College Enterprises Limited, a company providing conference and accommodation services.

The results of the College and subsidiary, and their assets and liabilities at the year-end were as follows.

Worcester College	2020	2019	Worcester College Enterprises Limited	2020	2019
	£'000	£'000		£'000	£'000
Income	10,946	19,973	Turnover	367	458
Expenditure	(12,871)	(14,536)	Expenditure	(156)	(139)
(Losses) / gains	(1,833)	2,149			
Result for the year	(3,758)	7,586	Result for the year	211	319
			Donation to College (gift aid)	0	(319)
				211	0
Total assets	89,992	94,907	Total assets	415	653
Total liabilities	(2,985)	(4,142)	Total liabilities	(204)	(653)
Net funds at the end of year	87,007	90,765	Net funds at the end of year	211	0

14 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns, with effect from November 2003. The investment return, to be applied as income, is calculated as up to 4.5% of the brought forward values of the relevant investments. The preserved (frozen) value of the invested endowment capital represents its open market value in 1992, except where the original donation can be identified, together with the original gift value of all subsequent endowments.

	Permanent Endowment			Expendable	Total
	Trust for	Unapplied	Total	Endowment	2020
	Investment	Total Return			
	£'000	£'000	£'000	£'000	£'000
At the beginning of the year:					
Gift component of the permanent endowment	15,317	0	15,317	0	15,317
Unapplied total return	0	6,892	6,892	0	6,892
Expendable endowment	0	0	0	29,227	29,227
Total Endowments	15,317	6,892	22,209	29,227	51,436
Movements in the reporting period:					
Gift of endowment funds	743	0	743	32	775
Investment return: total investment income	0	672	672	883	1,555
Investment return: realised and unrealised gains and losses	0	(710)	(710)	(1,210)	(1,920)
Other transfers	0	0	0	0	0
Total	743	(38)	705	(295)	410
Unapplied total return allocated to income in the reporting period	0	(581)	(581)	0	(581)
Expendable endowments transferred to income	0	0	0	(2,941)	(2,941)
Net movements in reporting period	743	(619)	124	(3,236)	(3,112)
At end of the reporting period:					
Gift component of the permanent endowment	16,060	0	16,060	0	16,060
Unapplied total return	0	6,273	6,273	0	6,273
Expendable endowment	0	0	0	25,991	25,991
Total Endowments	16,060	6,273	22,333	25,991	48,324

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14 STATEMENT OF INVESTMENT TOTAL RETURN (continued)

	Permanent Endowment		Total	Expendable Endowment	Total 2019
	Trust for Investment	Unapplied Total Return			
	£'000	£'000			
At the beginning of the year:					
Gift component of the permanent endowment	9,997	0	9,997	0	9,997
Unapplied total return	0	5,891	5,891	0	5,891
Expendable endowment	0	0	0	26,017	26,017
Total Endowments	9,997	5,891	15,888	26,017	41,905
Movements in the reporting period:					
Gift of endowment funds	5,320	0	5,320	3,259	8,579
Investment return: total investment income	0	534	534	874	1,408
Investment return: realised and unrealised gains and losses	0	772	772	1,264	2,036
Other transfers	0	(9)	(9)	(1,187)	(1,196)
Total	5,320	1,297	6,617	4,210	10,827
Unapplied total return allocated to income in the reporting period	0	(296)	(296)	0	(296)
Expendable endowments transferred to income	0	0	0	(1,000)	(1,000)
Net movements in reporting period	5,320	1,001	6,321	3,210	9,531
At end of the reporting period:					
Gift component of the permanent endowment	15,317	0	15,317	0	15,317
Unapplied total return	0	6,892	6,892	0	6,892
Expendable endowment	0	0	0	29,227	29,227
Total Endowments	15,317	6,892	22,209	29,227	51,436

15 DEBTORS: falling due within one year

	2020 Group £'000	2019 Group £'000	2020 College £'000	2019 College £'000
Trade debtors	179	293	167	253
Amounts owed by College members	145	70	145	70
Amounts owed by Group undertakings	0	0	161	507
Loans repayable within one year	3	10	3	10
Prepayments and accrued income	1,071	1,222	1,071	1,202
Other debtors	18	7	18	7
	1,416	1,602	1,565	2,049

16 CREDITORS: falling due within one year

	2020 Group £'000	2019 Group £'000	2020 College £'000	2019 College £'000
Trade creditors	392	676	392	676
Amounts owed to College Members	382	462	382	462
Taxation and social security	119	129	119	129
Accruals and deferred income	325	408	321	401
Other creditors	229	260	190	121
	1,447	1,935	1,404	1,789

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17 MOVEMENTS OF THE COLLEGE FUNDS

The College accounts for its investment income on a total return basis, which allows the College to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. Until this power is exercised the total return is the 'unapplied total return' and remains as part of the permanent endowment. The College has adopted a total return rate of up to 4.5% on opening values. An amount equal to eligible expenditure is transferred from the permanent endowment fund to restricted funds from which eligible expenditure is spent.

Endowment Funds	At 1 Aug 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Gains / (Losses) £'000	Transfers £'000	At 31 July 2020 £'000
Permanent						
Fellowships	14,747	699	0	(447)	(437)	14,562
Research Support	1,000	30	0	(0)	(5)	1,025
Scholarships	2,018	540	0	(81)	(72)	2,405
Studentships	1,131	34	0	(46)	(15)	1,104
Donated Collection	1,270	38	0	(52)	(4)	1,252
Library & Book Conservation	502	15	0	(20)	(11)	486
The Marriott Trust	890	27	0	(37)	(8)	872
Other Funds	650	32	0	(27)	(29)	626
Expendable						
General Fund	8,484	257	0	(351)	(382)	8,008
Fellowships	8,118	259	0	(335)	(308)	7,734
Visiting Fellows	1,764	53	0	(73)	(43)	1,701
Gardens and Grounds	1,261	50	0	(52)	(16)	1,243
Student Bursaries & Grants	2,176	67	0	(90)	(46)	2,107
Teaching Fund	679	23	0	(29)	(5)	668
The Fabric Fund	3,589	110	0	(149)	(2,039)	1,511
Other Funds	3,157	96	0	(131)	(102)	3,020
Total Endowment Funds	51,436	2,330	0	(1,920)	(3,522)	48,324
Restricted Funds						
Fellowships	0	0	(745)	0	745	0
Research Support	0	0	(5)	0	5	0
Scholarships	0	0	(72)	0	72	0
Studentships	0	0	(15)	0	15	0
Donated Collection	0	0	(4)	0	4	0
Library & Book Conservation	0	0	(11)	0	11	0
The Marriott Trust	0	0	(8)	0	8	0
Visiting Fellows	0	0	(43)	0	43	0
Student Bursaries & Grants	0	0	(46)	0	46	0
Teaching Fund	0	0	(5)	0	5	0
The Fabric Fund	0	0	(2,038)	0	2,038	0
Other Funds	1,739	534	(667)	0	(20)	1,586
Total Restricted Funds	1,739	534	(3,659)	0	2,972	1,586
Unrestricted Funds						
General Reserve	1,216	7,926	(8,721)	87	(1,316)	(808)
Fixed Assets Designated	35,709	0	(1,107)	0	201	34,803
Designated Reserves	3,018	0	(0)	0	1,665	4,683
Pension Reserve	(2,353)	0	772	0	0	(1,581)
Subsidiary	0	367	(156)	0	0	211
Total Unrestricted Funds	37,590	8,293	(9,212)	87	550	37,308
Total Funds	90,765	11,157	(12,871)	(1,833)	0	87,218

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17 MOVEMENTS OF THE COLLEGE FUNDS (continued)

Endowment Funds	At 1 Aug 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains / (Losses) £'000	Transfers £'000	At 31 July 2019 £'000
Permanent						
Fellowships	9,844	4,631	0	479	(207)	14,747
Research Support	0	1,000	0	0	0	1,000
Scholarships	1,910	65	0	93	(50)	2,018
Studentships	1,055	35	0	51	(10)	1,131
Donated Collection	1,179	40	0	56	(5)	1,270
Library & Book Conservation	474	16	0	23	(11)	502
The Marriott Trust	834	28	0	41	(13)	890
Other Funds	592	38	0	29	(9)	650
Expendable						
General Fund	8,091	272	(67)	394	(206)	8,484
Fellowships	7,731	303	(292)	376	0	8,118
Visiting Fellows	1,666	56	(40)	82	0	1,764
Gardens and Grounds	1,153	54	(1)	55	0	1,261
Student Bursaries & Grants	2,156	80	(164)	104	0	2,176
Teaching Fund	627	25	(4)	31	0	679
The Fabric Fund	1,583	3,237	(326)	76	(981)	3,589
Other Funds	3,010	107	(106)	146	0	3,157
Total Endowment Funds	41,905	9,987	(1,000)	2,036	(1,492)	51,436
Restricted Funds						
Fellowships	0	0	(278)	0	278	0
Research Support	0	0	(5)	0	5	0
The Marriott Trust	0	0	(13)	0	13	0
Other Funds	1,815	329	(1,474)	88	981	1,739
Total Restricted Funds	1,815	329	(1,770)	88	1,277	1,739
Unrestricted Funds						
General Reserve	730	9,338	(8,831)	0	(21)	1,216
Fixed Assets Designated	36,562	0	(1,089)	0	236	35,709
Designated Reserves	2,993	0	0	25	0	3,018
Pension Reserve	(826)	0	(1,527)	0	0	(2,353)
Subsidiary	0	458	(458)	0	0	0
Total Unrestricted Funds	39,459	9,796	(11,905)	25	215	37,590
Total Funds	83,179	20,112	(14,675)	2,149	0	90,765

18 DETAILS OF THE COLLEGE FUNDS

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

Permanent Endowment Funds

Fellowships:	A total of 13 funds where income, but not capital, is used to support fellowships.
Research Support:	A donation where income, but not capital, is used to support research.
Scholarships:	A total of 7 funds where income, but not capital, is spent on student scholarships.

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18 DETAILS OF THE COLLEGE FUNDS (continued)

Permanent Endowment Funds

Studentships:	A donation where income, but not capital, is spent on studentships in a named subject area.
Donated Collection:	A bequest where income, but not capital, can be used to conserve a donated collection.
Library and book conservation:	Donations and bequests where income, but not capital, can be used to support book conservation and preserve the Old Library.
The Marriott Trust:	A donation where income, but not capital, can be used to support the education of the children of the clergy.
Other Funds:	Donations and bequests where income, but not capital, can be used for general purposes.

Expendable Endowment Funds

General Fund:	A consolidation of benefactions and donations where either income, or income and capital, can be used for the general purposes of the College.
Fellowships:	A total of 5 funds where the income and capital can be applied to support named Fellowships in conjunction with the University of Oxford.
Visiting Fellows:	A donation where the income and capital can be applied to support visiting fellows.
Student Bursaries and Grants:	A consolidation of benefactions and donations where either income, or income and capital, can be used for student bursaries and scholarship grants.
Teaching Fund:	A consolidation of benefactions and donations where either income, or income and capital, can be used to support teaching.
The Fabric Fund:	Donations and bequests where either income, or income and capital can be used for the maintenance of historic buildings.
Other Funds:	A diverse group of donations and bequests where either income, or income and capital, can be used for specific purposes including support for fellowships and students.

Restricted Funds

Fellowships:	Income used to support named tutorial and research fellowships.
Research Support:	Income used to support research in a named subject area.
Scholarships:	Income that can be spent on student scholarships
Studentships:	Income that can be spent on studentships in a named subject area.
Donated Collection:	Income used to conserve a donated collection.
Library & Book Conservation:	Income used to support book conservation and preserve the Old Library.
The Marriott Trust:	Income used to support the education of the children of the clergy.
Visiting Fellows:	Income used to support visiting fellows.
Gardens & Grounds:	Income that can be used for expenses relating to the gardens and grounds.
Student Bursaries and Grants:	Income that can be used for student bursaries and scholarship grants.
Teaching Fund:	Income used to support teaching.
The Fabric Fund:	Income that can be used for the maintenance of historic buildings.
Other Funds:	A diverse group of income and donations to support student activities, fellowships, research, the Library, archives and maintenance projects.

Designated Funds

Fixed Assets Designated:	Unrestricted Funds which are represented by fixed assets of the College and therefore not available for expenditure on the College's general purposes.
Designated:	Unrestricted Funds allocated by the Trustees for joint equity and other investment properties.

The General Unrestricted Funds represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.

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19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000
Tangible fixed assets	34,803	85	0	34,888
Property investments	4,683	0	0	4,683
Securities and other investments	0	0	39,592	39,592
Net current assets	(597)	1,501	8,732	9,636
Defined benefit pension scheme liability	(1,581)	0	0	(1,581)
	<u>37,308</u>	<u>1,586</u>	<u>48,324</u>	<u>87,218</u>

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2019 Total £'000
Tangible fixed assets	35,709	84	0	35,793
Property investments	3,018	0	0	3,018
Securities and other investments	0	0	41,512	41,512
Net current assets	1,216	1,655	9,924	12,795
Defined benefit pension scheme liability	(2,353)	0	0	(2,353)
	<u>37,590</u>	<u>1,739</u>	<u>51,436</u>	<u>90,765</u>

20 TRUSTEES' REMUNERATION

Trustee remuneration

The trustees of the College comprise the Governing Body, primarily fellows who are teaching and research employees of the College and who sit on Governing Body by virtue of their employment.

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

The Remuneration Committee consists of a majority of external members and makes recommendations to the Governing Body on levels of remuneration, allowances and expenses.

Trustees of the College fall into the following categories: Provost, Tutorial Fellows, Professorial Fellows, Supernumerary Fellows, and Official Non-Tutorial Fellows.

There are three trustees who work almost full time on management and fundraising; Finance and Estates Bursar (full time), Interim Provost (full time) and Director of Development & Alumni Relations (full time).

Some trustees, tutorial fellows, are eligible for College housing schemes. Four trustees live in properties owned by the College and do not receive housing allowance. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Four trustees lived in houses owned jointly with the College, as detailed in Note 25.

Some trustees receive additional allowances for additional work carried out as part time College Officers, for example, the Vice Provost, Senior Tutor and Dean. These amounts are included within the remuneration figures below. The total remuneration and taxable benefits as shown below is £1,644,463 (2018-19: £1,412,030). The total of pension contributions is £292,882 (2018-19: £256,997).

The following table sets out the remuneration received by Trustees as employees of the College:

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20 TRUSTEES' REMUNERATION (continued)

	Gross Pay		Taxable	Pension	2019-20	2018-19
	£		benefits £	Contributions £	Total £	Total £
Prof Sir Jonathan Bate	97,254		5,948	2,683	105,885	159,941
Dr Simon Cowan	48,442	b	1,810	10,093	60,345	57,328
Dr Peter Darrah	35,763	a	2,655	7,448	45,866	42,273
Prof Susan Gillingham	7,890	b	0	1,539	9,429	56,060
Prof Heather Viles	0	a	0	0	0	3,643
Prof Kate Tunstall	71,359	b	0	14,895	86,254	56,060
Prof Robert Saxton	13,832	a	0	2,171	16,003	12,131
Prof Donal Nolan	49,592	b	1,458	10,336	61,386	58,030
Dr Nir Vulkan	19,917	a	1,622	4,150	25,689	24,171
Dr Ben Morgan	32,309	b	1,685	6,742	40,736	59,808
Dr John Parrington	11,289	a	1,810	2,341	15,440	16,958
Dr Richard Earl	38,931	b	1,536	8,111	48,578	46,574
Dr Scott Scullion	54,293	c	2,526	10,938	67,757	65,171
Prof Josephine Quinn	2,605	a	0	522	3,127	12,131
Dr Rory Bowden	443		0	0	443	1,020
Prof Endre Süli	19,932	a	2,690	4,154	26,776	24,977
Prof Grant Ritchie	10,421	a	0	2,171	12,592	12,131
Prof Bob Harris	38,931	b	0	8,111	47,042	45,318
Dr Paul Azzopardi	25,706	a	2,379	5,041	33,126	24,542
Dr Mark Howarth	19,932	a	0	4,154	24,086	22,873
Dr David Steinsaltz	19,932	a	0	4,154	24,086	22,873
Dr Conrad Leyser	49,161	b	0	10,152	59,313	56,060
Prof Laura Ashe	56,436	b	0	11,764	68,200	62,958
Prof Kim Dora	19,932	a	1,685	4,154	25,771	24,392
Dr Antonis Papachristodoulou	19,932	a	1,142	4,154	25,228	23,741
Dr Michail Peramatzis	48,253	b	0	10,056	58,309	54,530
Dr Zofia Stemplowska	23,142	a	0	4,823	27,965	25,998
Prof Felix Parra Diaz	18,501	a	1,004	3,858	23,363	12,959
Dr Josephine van Zeven	8,036		0	1,082	9,118	41,412
Dr James Edwards	42,943	b	0	8,950	51,893	48,263
Dr Steven Methven	28,308		0	1,111	29,419	40,319
Mrs Coleen Day	73,909		3,078	14,043	91,030	93,876
Mr Mark Bainbridge	51,718		0	9,874	61,592	52,802
Rev Dr Tess Kuin Lawton	41,459		0	9,680	51,139	50,818
Dr Peta Fowler	28,863		0	5,601	34,464	32,422
Dr Alice Violet	26,754		0	5,575	32,329	22,345
Prof Andrzej Murawski	19,932	a	0	4,154	24,086	22,814
Dr Ton Van Den Bremer	15,145	a	9,345	1,921	26,411	10,418
Dr Robert Smith	15,997	a	9,345	2,098	27,440	11,380
Dr Hauke Marquardt	16,349	a	9,345	2,171	27,865	12,131
Dr Merve Emre	36,502	b	10,128	6,765	53,395	36,868
Mr Gareth Prior	87,113		0	18,149	105,262	84,892
Dr Marchella Ward	32,592		0	6,360	38,952	19,871
Dr Lisa Wedding	10,069	a	10,195	2,098	22,362	3,748
Mr Michael Mayo	48,806		0	9,558	58,364	0
Dr Laura Quick	40,264	b	0	8,389	48,653	0
Dr Leah Trueblood	34,419		0	7,214	41,633	0
Dr Natalia Waights-Hickman	24,161		5,345	5,098	34,604	0
Ms Kate Foley	20,263		0	4,276	24,539	0

WORCESTER COLLEGE
Notes to the Financial Statements
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20 TRUSTEES' REMUNERATION (continued)

Where indicated the gross pay includes the College part of a joint arrangement with the University on the following scales; a University Lecturer, b CUF Lecturer, c Faculty Lecturer.

Professor Sir Jonathan Bate resigned during the previous financial year. He elected to take early retirement. The cost to the college was £90,000.

Twelve trustees are not employees of the College and do not receive remuneration.

All employed trustees, together with other senior employees, are eligible for private health insurance as part of their package of remuneration.

All trustees may eat at common table, as can all other employees who are entitled to meals while working.

No fellow claimed any expenses for work as a trustee.

Other transactions with trustees

During the year the partners of some trustees were paid for providing tutorials for students of the College.

Key management remuneration

The total cost of remuneration paid to key management was £971k (2019: £922k). Key management are considered to be the College officers and senior as staff identified on pages 2 -3 of these financial statements.

21 PENSION SCHEMES

The college participates in two principal pension schemes for its staff - the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The assets of the schemes are each held in separate trustee-administered funds. USS and OSPS schemes are contributory mixed benefit schemes (i.e. they provide benefits on a defined benefit basis - based on length of service and pensionable salary and on a defined contribution basis – based on contributions into the scheme). Both are multi-employer schemes and the college is unable to identify its share of the underlying assets and liabilities relating to defined benefits 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 Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period.

In the event of the withdrawal of any of the participating employers in USS or OSPS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

The College has also made available the National Employment Savings Trust for employees who are eligible under automatic enrolment regulations to pension benefits but not eligible for either USS or OSPS.

Schemes accounted for under FRS 102 paragraph 28.11 as defined contribution schemes

Actuarial valuations

Qualified actuaries periodically value the USS & OSPS schemes 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 are set out below.

	USS	OSPS
Date of valuation:	31/03/18	31/03/19
Date valuation results published:	16/09/19	19/06/20
Value of liabilities:	£67.3bn	£848m
Value of assets:	£63.7bn	£735m
Funding (deficit) / surplus:	(£3.6bn)	(£113m)

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2020

21 PENSION SCHEMES (continued)

	USS	OSPS
Principal assumptions: <ul style="list-style-type: none"> • Discount rate • Rate of increase in salaries • Rate of increase in pensions 	CPI –0.73% to CPI +2.52% a n/a CPI c	Gilts + 0.5% -2.25% b RPI Average RPI/CPI d
Assumed life expectancies on retirement at age 65: <ul style="list-style-type: none"> • Males currently aged 65 • Females currently aged 65 • Males currently aged 45 • Females currently aged 45 	24.4 years 25.9 years 26.3 years 27.7 years	21.7 years 24.4 years 23.0 years 25.8 years
Funding Ratios: <ul style="list-style-type: none"> • Technical provisions basis • Statutory Pension Protection Fund basis • 'Buy-out' basis 	95% 76% 56%	87% 74% 60%
Employer contribution rate (as % of pensionable salaries):	21.1% increasing to 23.7% on 01/10/21	19%
Effective date of next valuation:	31/03/20	31/03/22

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.

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

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.

Sensitivity of actuarial valuation assumptions

Surpluses or deficits which arise at future valuations may impact on the college's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

WORCESTER COLLEGE
Notes to the Financial Statements
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21 PENSION SCHEMES (continued)

Assumption	USS Change in assumption	Impact on USS liabilities
Initial discount rate	increase 0.1%	decrease by £1.2bn
Asset values	reduce by 10%	increase by £6.4bn
RPI – CPI spread	increase 0.1%	decrease by £0.7bn
Rate of mortality	more prudent assumption (mortality rated down by a further year)	increase by £1.6bn

Assumption	OSPS Change in assumption	Impact on OSPS technical provisions
Valuation rate of interest	decrease by 0.25%	increase by £45m
RPI	increase by 0.25%	increase by £40m

Deficit Recovery Plans

In line with FRS 102 paragraph 28.11A, the college has recognised a liability for the contributions payable for the agreed deficit funding plan. The principal assumptions used in these calculations are tabled below:

	OSPS	USS
Finish Date for Deficit Recovery Plan	30/01/28	31/03/28
Average staff number increase	0%	0%
Average staff salary increase	2.00%	2.00%
Average discount rate over period	0.74%	0.63%
Effect of 0.5% change in discount rate	£13k	£19k
Effect of 1% change in staff growth	£12k	£10k

A provision of £1,581k has been made at 31 July 2020 (2019 - £2,353k) for the present value of the estimated future deficit funding element of the contributions payable under these agreements, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

Pension charge for the year

The pension charge recorded by the college during the accounting period (excluding pension finance costs) was equal to the contributions payable after allowance for the deficit recovery plan as follows:

	2020	2019
	£'000	£'000
Scheme		
Universities Superannuation Scheme	(178)	1,466
University of Oxford Staff Pension Scheme	198	846
Other Schemes Contributions	16	12
	36	2,324

Included in other creditors are pension contributions payable of £nil (2019: £nil).

A copy of the full actuarial valuation report and other further details on the scheme are available on the relevant website: www.uss.co.uk, www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps.

22 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 purposes that are exclusively charitable.

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

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2020

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

	2020	2019
	£'000	£'000
Net income	(1,714)	5,437
Elimination of non-operating cash flows:		
– Investment income	(1,611)	(1,521)
– Endowment donations	(775)	(8,579)
Depreciation	1,107	1,089
Decrease/ (increase) in stock	6	(14)
Decrease in debtors	186	47
(Decrease) / increase in creditors	(488)	431
(Decrease)/ increase in pension scheme liability	(772)	1,527
Net cash used in operating activities	(4,061)	(1,583)

24 CAPITAL COMMITMENTS

The College had no contracted commitments at 31 July for capital projects (2019: £nil).

25 RELATED PARTY TRANSACTIONS

The College is part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS102.

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.

Four properties are owned under joint equity agreements between the Trustees, named below, 50% and the College, 50%. Full market values of the properties, following a desk top review carried out by Carter Jonas LLP:

	2020	2019
	£'000	£'000
Dr J Parrington	783	765
Prof J Quinn	700	680
Prof G Ritchie	505	495
Prof B Harris	744	729

These trustees do not receive Housing Allowance. All joint equity properties are subject to sale on the departure of the trustee from the College.

Four Trustees (Dr Ben Morgan, Dr John Parrington, Professor Robert Saxton and Dr Nir Vulkan) had a family member or other connected party who was employed by the College on either a permanent or casual basis during the year; none of these Trustees had supervisory responsibility for the relevant employee or was involved in their recruitment, and all cases have been declared in the register of Trustees' interests. The total value of these transactions was £17,839.

A proportion of the College's endowed funds are held at arm's length in the Worcester College Oxford Endowment Trust, which is not controlled by the College but which has the support of the College as its principal charitable objective. The Trust has agreed under a memorandum of understanding to make the College an annual grant (currently at 4.25% of the value of the Trust's assets at year-end).

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2020

26 CONTINGENT LIABILITIES

There were no known contingent liabilities.

27 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

28 ULTIMATE CONTROLLING PARTY

The Trustees believe that the College does not have an Ultimate Controlling Party.