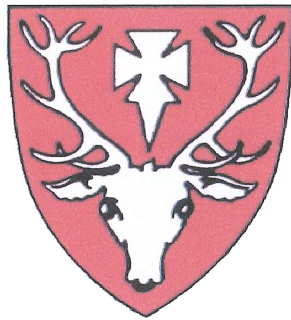


Hertford College, Oxford



ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st JULY 2009

Hertford College

FINANCIAL STATEMENTS

FOR THE

Year Ended 31st JULY 2009

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HERTFORD COLLEGE

Report of the Governing Body

The Governing Body of Hertford College presents the annual report and financial statements for the year ended 31 July 2009

Status

Hertford College is an eleemosynary chartered charitable corporation aggregate. It was founded by Elias de Hertford as Hart Hall in about 1282. A Royal Charter was granted in 1740. It was refounded by Acts of Parliament in 1816 (Geo III, c. 136) and in 1874 (37 and 38 Vict. C. 55). The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act). The formal title is The Principal, Fellows and Scholars of Hertford College in the University of Oxford. Under the 2006 Charities Act, exempt charities are required to register with the Charity Commission. The College has notified the Charities Commission of its intention to register and intends to submit a formal application for registration in the coming year.

Objects

The College exists to provide and promote undergraduate and graduate education within the University of Oxford, to provide and promote university academic research and to advance learning in the wider community.

Within these Objects, the College has various endowed trust funds held for special purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational purposes.

Governance

The Governing Body of the College comprises the Principal and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Chancellor of The University of Oxford. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1740, and the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by a range of committees which include the Academic, Treasury and Domus Committees.

Scope of financial statements

The financial statements comprise the accounts of Hertford College. There are no active subsidiary companies or undertakings.

Review of operations and finance

The College recorded a deficit for the year of £361k. This includes a profit on disposal of two properties of £104k and compares with a deficit of £297k in 2007/8. Income earned on core activities of teaching, research and student board and lodging was £4,074k, £35k lower than the previous year due to a smaller intake of graduate freshers, which is expected to reverse next year. The costs of supporting core activities in terms of salaries, supplies and the upkeep of buildings was £5,900k, an increase of £30k on the previous year. This includes £176k spent on repairing stonework on the facade of the College buildings and the impact of a £144k or 67% increase in the cost of electricity and gas. During the year the College took steps to tighten control of costs and improve operational efficiency to help reduce the deficit on its core activities.

HERTFORD COLLEGE

Report of the Governing Body

Conference and function income was £1,145k, a reduction of £40k from the previous year due to cancellation by overseas customers due to the risk of swine flu in July 2009. During the year a number of new customers were secured and some new programmes were introduced. This is expected to lead to a growth in income from conferences in the coming years. Conference costs were also lower than the previous year. Endowment income fell by £243k to £1,075k reflecting the full year impact of the restructuring of the investment portfolio in November 2007 into tracker funds, and a drop in interest rates and company dividends during the year.

Donations were £191k, an increase of £39k on the previous year. The College is rebuilding its fund-raising capability, with the recruitment of a Development Director and articulation of its long-term development objectives and underpinning fund-raising activities for the year ahead.

Investment performance

The value of the College endowment decreased by £3,236k or 8% over the year to 31st July 2009. In the same period the FTSE 100 fell by 15%. Consistent with the College's investment strategy, funds held in cash and bonds have helped to cushion the loss of value compared to the equity market. During the year, the College moved funds from cash and fixed interest Treasury stock to higher yielding corporate bonds..

Reserves

General reserves at the year end amounted to £10,461K. Since £10,577K has been spent on fixed assets this leaves the College with negative free reserves of £116K. Last year negative free reserves were £547K so progress has continued to be made towards building up the free reserves to a level which will allow the College to be managed efficiently and to provide a buffer for uninterrupted services.

Risk Management

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems have been established to manage these risks. The primary supervision of financial risk rests with the Treasury Committee.

Approved by the Governing Body on 14th October 2009

Dr John Landers - Principal

HERTFORD COLLEGE

Responsibilities of the Governing Body

In accordance with the College's Statutes, the Governing Body is responsible for the administration and management of the College's affairs.

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University

- ❖ suitable accounting policies are selected and applied consistently;
- ❖ judgements and estimates are made that are reasonable and prudent;
- ❖ applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ❖ it is satisfied that it has adequate resources to continue in operation for the foreseeable future.

Accordingly the financial statements are prepared on a going concern basis.

The Governing Body has taken reasonable steps to:

- ❖ ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud;
- ❖ secure the economical, efficient and effective management of the College's resources and expenditure.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

Under the Charities Act 1993 the College is an exempt charity and the members of the Governing Body must ensure that the property and income of the College are applied only in support of purposes which are charitable in law.

HERTFORD COLLEGE

REPORT OF THE INDEPENDENT AUDITOR TO THE GOVERNING BODY OF HERTFORD COLLEGE

We have audited the financial statements of Hertford College for the year ended 31 July 2009 which comprise the principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with the College's statutes. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditors' 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 College and the College's Governing Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditors

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the Accounts of the Colleges made thereunder, are set out in the Responsibilities of the Governing Body.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the Accounts of the Colleges made thereunder. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit

We read the Report of the Governing Body and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HERTFORD COLLEGE

REPORT OF THE INDEPENDENT AUDITOR TO THE GOVERNING BODY OF HERTFORD COLLEGE

Opinion

In our opinion:

- a) the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2009 and of its deficit for the year then ended,
- b) the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the Accounts of the Colleges made thereunder, and
- c) income for the provision of education received from the University of Oxford during the year ended 31 July 2009 has been applied for the purposes which it was received.

Horwath Clark Whitehill LLP

Chartered Accountants and Statutory Auditor

St Bride's House
10 Salisbury Square
London EC4Y 8EH

19th October 2009

HERTFORD COLLEGE

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of endowment asset investments and in accordance with applicable accounting standards and according to the University of Oxford Statute XV to meet specific requirements imposed by University and College statutes.

These specific requirements reflect the provisions set out in the Statement of Recommended Practice ("SORP"): Accounting for Further and Higher Education issued in July 2003 but have not been updated for the introduction of the amended version of this SORP issued in July 2007. Due to the proposed future movement of the College financial statements to the Charities SORP, which is expected to be implemented in conjunction with the registration of the Oxford Colleges with the Charity Commission, the University of Oxford College Accounts Committee has concluded that there is no benefit in amending the specific requirements this year.

The College has no subsidiary undertakings.

The accounts of the affiliated student bodies (Hertford College Junior and Middle Common Rooms) have not been consolidated because the College does not control these activities.

Recognition of income

Fees and other income for services provided are credited to the income and expenditure account on a receivable basis.

Income from specific endowments and other restricted income is included to the extent of the relevant expenditure incurred during the year. Income from general endowments is credited to income and expenditure account on a receivable basis.

General donations

Unrestricted donations and benefactions are credited to income and expenditure account on a receivable basis.

Pension costs

The College contributes to the Universities Superannuation Scheme and the University of Oxford Staff Pension Scheme at rates set by the scheme actuaries and advised to the College by the scheme administrators. These schemes are both multi-employer schemes, and it is not possible to identify the assets of the Scheme which are attributable to the College. In accordance with FRS17 these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

Tangible fixed assets

Tangible fixed assets are stated at cost and are depreciated on a straight line basis over the following periods:

Freehold buildings (major)	30 years
Freehold buildings (minor)	10 years
Building improvements (major)	10 years
Equipment	5 years

Freehold land is not depreciated. The cost of freehold land associated with the main historic site is not included in the balance sheet, but is not material.

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

The College operates a "de minimis" limit of £25,000 for the capitalisation of expenditure on equipment. Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.

HERTFORD COLLEGE

Statement of Principal Accounting Policies

Investments

Listed investments and properties held as fixed asset and endowment asset investments are stated at market value. Other investments are stated at the lower of cost and net realisable value.

Surpluses or deficits arising on the revaluation or realisation of endowment asset investments are added to, or subtracted from, the funds concerned.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period in which it is incurred.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the obligation.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates of exchange or, where there are related forward foreign exchange contracts, at contract rates. The resultant exchange differences are included in the income and expenditure account for the year.

Taxation status

As an exempt charity within the meaning of Schedule 2 of the Charities Act 1993, the College is exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

College Contribution Scheme

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need.

Contribution is calculated annually in accordance with regulations made by Council and is accounted for in the period to which it relates.

HERTFORD COLLEGE
Income and Expenditure Account
Year ended 31 July 2009

	Notes	2009 £'000	2008 £'000
INCOME			
Academic fees and tuition income	1	2,277	2,325
Research grants and contracts	2	0	0
Other operating income	3	3,163	3,135
Endowment return and interest receivable	4	1,169	1,337
Total income		<u>6,609</u>	<u>6,797</u>
EXPENDITURE			
Staff costs	5	3,626	3,609
Depreciation		518	511
Other operating expenses		2,906	3,013
Contribution under Statute XV		24	4
Total expenditure	7	<u>7,074</u>	<u>7,137</u>
Surplus (deficit) for the year on continuing operations before taxation and disposal of fixed assets		(465)	(340)
Surplus (deficit) on disposal of fixed assets		104	43
Taxation		0	0
Surplus (deficit) for the year after taxation	8	<u>(361)</u>	<u>(297)</u>

Statement of total recognised gains and losses
Year ended 31 July 2009

	Notes	2009 £	2008 £
Surplus (deficit) for the year		(361)	(297)
Appreciation (depreciation) of endowment asset investments	14	(3,304)	(5,034)
Specific endowment income retained for the year	14	55	117
New endowments received	14	13	37
Total recognised gains (losses) relating to the year		<u>(3,597)</u>	<u>(5,177)</u>
Opening reserves and endowments		50,340	55,517
Closing reserves and endowments		<u>46,743</u>	<u>50,340</u>

HERTFORD COLLEGE
Balance Sheets
As at 31 July 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	9	<u>10,577</u>	<u>11,185</u>
Endowment asset investments			
Securities and cash deposits		36,553	39,381
Due to the College		<u>(1,066)</u>	<u>(658)</u>
	10	<u>35,487</u>	<u>38,723</u>
Current assets:			
Stocks		15	20
Debtors	11	1,609	1,115
Short term investments		0	0
Cash at bank and in hand		<u>111</u>	<u>458</u>
		1,735	1,593
Creditors:			
Amounts falling due within one year	12	(1,056)	(1,161)
Net current assets (liabilities)		<u>679</u>	<u>432</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		46,743	50,340
Creditors:			
Amounts falling due after more than one year	13	0	0
TOTAL NET ASSETS		<u>46,743</u>	<u>50,340</u>
Endowments			
Specific		8,053	8,626
General		<u>27,434</u>	<u>30,097</u>
	14	35,487	38,723
Reserves			
Designated Reserves		795	979
General reserves		<u>10,461</u>	<u>10,638</u>
	15	11,256	11,617
TOTAL FUNDS		<u>46,743</u>	<u>50,340</u>

The financial statements were approved by the Governing Body of HERTFORD COLLEGE on 14th October 2009

Dr. John Landers
Principal

Mr. Simon Lloyd
Bursar

HERTFORD COLLEGE
Cashflow Statement
Year ended 31 July 2009

	Note	2009 £'000	2008 £'000
Net cash inflow (outflow) from operating activities	21	<u>(1,302)</u>	<u>(1,185)</u>
Returns on investments and servicing of finance			
Income from endowments received		1,075	1,318
Other income from investments and interest received		<u>149</u>	<u>136</u>
		1,224	1,454
Net cash inflow from returns on investments and servicing of finance		<u>1,224</u>	<u>1,454</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		194	96
Net realisation/(acquisition) of endowment asset investments		(2,192)	(13,794)
Endowments received		13	37
Net cash inflow (outflow) from capital expenditure and financial investment		<u>(1,985)</u>	<u>(13,661)</u>
Net cash inflow before use of liquid resources and financing		(2,063)	(13,392)
Management of liquid resources	22	0	0
Increase/(decrease) in cash	23	<u>(2,063)</u>	<u>(13,392)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the year		(2,063)	(13,392)
Increase/(decrease) in liquid resources and current asset investments		0	0
Change in net funds		<u>(2,063)</u>	<u>(13,392)</u>
Net funds at 1 August		4,516	17,908
Net funds at 31 July	23	<u>2,453</u>	<u>4,516</u>

HERTFORD COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

	2009 £'000	2008 £'000
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	1,278	1,805
Tuition fees from overseas students	305	219
Other fees	199	189
Other tuition income and HEFCE support	495	112
	<u>2,277</u>	<u>2,325</u>
The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,564K (2008: £1,667K)		
2 RESEARCH GRANTS AND CONTRACTS	£'000	£'000
Research councils	0	0
UK based charities	0	0
European commission	0	0
Other grants and contracts	0	0
	<u>0</u>	<u>0</u>
3 OTHER OPERATING INCOME	£'000	£'000
Residential income from college members	1,797	1,784
Conference and function income	1,145	1,186
Grants and donations	191	152
Other income	30	13
	<u>3,163</u>	<u>3,135</u>
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE	£'000	£'000
Transferred from specific endowments (note 14)	173	151
Transferred from general endowments (note 14)	847	1,050
Other investment income	116	109
Other interest receivable	33	27
	<u>1,169</u>	<u>1,337</u>
5 STAFF COSTS	£'000	£'000
Gross pay	3,022	3,092
Social Security costs	209	201
Other pension costs	395	316
Other benefits	0	0
	<u>3,626</u>	<u>3,609</u>

It is recommended accounting practice to disclose further information relating to staff numbers and analyses of remuneration for higher paid employees. This information has not been included due to the particular difficulty of presenting meaningful data for staff jointly employed by the University and colleges.

HERTFORD COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

6 PENSION SCHEMES

1. The 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'). Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. Both schemes are multi-employer schemes and the college is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, as required by the accounting standard FRS17 "Retirement Benefits", the college accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure accounts 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, 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.

However, in OSPS, the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

2. Actuarial valuations

Qualified actuaries periodically value the Schemes. Both USS and OSPS were valued 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 of the latest valuations and the determination of the contribution levels are shown in the following table.

	USS	OSPS
Date of valuation:	31/03/2008 ^a	31/07/2007
Date valuation results published:	04/02/2009	09/10/2008
Value of past service liabilities:	£28,135m	£325m
Value of assets:	£28,842m	£282m
Funding Surplus/(Deficit):	£707m ^b	(£43m) ^c
Principal assumptions:		
Rate of interest (past service liabilities)	4.4% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	6.9% pa
Rate of interest (periods after retirement)	-	4.9% pa
Rate of increase in salaries	4.3% pa	4.8% pa
Rate of increase in pensions	3.3% pa	3.3% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	23 yrs	22 yrs
Assumed life expectancy at age 65 (females)	25 yrs	24 yrs
Funding Ratios:		
Scheme valuation basis:	103% ^d	87%
Statutory Pension Protection Fund basis:	107%	95%
"Buy-out" basis:	79%	71%
Estimated FRS17 basis:	104%	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% ^e	21.5% ^c
Effective date of next valuation:	31/03/2011	31/03/2010

HERTFORD COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

Notes:

- a. USS' actuary is undertaking an actuarial valuation of the Scheme as at 31 March 2011, the results of which are not expected to be finalised until December 2011, with publication of the final results in 2012.
- b. In the light of the considerable swings in markets since the valuation date, the nature of the demographic and financial assumptions used in the ongoing and solvency valuations, the significant positive cash flows and equity orientated investment strategy, USS' actuary recommended, and the Trustee agreed, that the small ongoing funding surplus could be carried forward to the next valuation.
- c. OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £42.9m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by increasing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries with effect from 1 August 2008. The actuary has certified that the additional 3.65% contribution should eliminate the deficit by 31 July 2025.
- d. Since 31 March 2005, the financial security of USS has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 103% at 31 March 2008. This fluctuation is due to the volatility of the investment returns and gilt yields (used to value scheme liabilities) compared to the rates assumed at 31 March 2005. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2008 was above 104% and on a buy out basis was approximately 79%.
- e. The USS employer contribution rate required for future service benefits alone at the date of the valuation was 16.0% of total pensionable salaries and the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

3. Sensitivity of actuarial valuation assumptions:

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

Assumption	Change in assumption	Impact on Scheme Liabilities	
		USS	OSPS
Valuation rate of interest	increase/decrease by 0.5%	decrease/ increase by £2.2bn	decrease/ increase by £30m
Rate of pension increases	increase/decrease by 0.5%	decrease/ increase by £1.5bn	decrease/ increase by £20m
Rate of salary growth	increase/decrease by 0.5%	decrease/ increase by £0.7bn	decrease/ increase by £7m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £1.6bn	increase by £10m

4. Pension charge for the year:

The pension charge recorded by the College during the accounting period was equal to the contribution payable as follows:

Scheme	Year to 31/07/2009 £'000	Year to 31/07/2008 £'000
Universities Superannuation Scheme	170	146
College of Oxford Staff Pension Scheme	217	162
Total:	387	308
Provision for future supplementation payments	-	-

HERTFORD COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

7 ANALYSIS OF EXPENDITURE

	Staff costs £'000	Depreciation £'000	Other operating expenses £'000	2009 Total £'000	2008 Total £'000
Academic	1,247	0	423	1,670	1,751
Residences, catering and conferences	1,494	0	1,351	2,845	2,951
Premises	161	518	603	1,282	1,059
College administration	502	0	288	790	883
Endowment management	13	0	156	169	214
Fundraising	151	0	34	185	170
Other	58	0	51	109	105
	<u>3,626</u>	<u>518</u>	<u>2,906</u>	<u>7,050</u>	<u>7,133</u>
Contribution under Statute XV				24	4
Total expenditure				<u>7,074</u>	<u>7,137</u>
				£'000	£'000
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				16	16
in respect of other services				<u>0</u>	<u>0</u>

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee

8 SURPLUS FOR THE YEAR

	2009 £'000	2008 £'000
College's surplus/(deficit) for the year	<u>(361)</u>	<u>(297)</u>

9 TANGIBLE FIXED ASSETS

	Land & buildings		Equipment	Total
	Freehold £'000	Long leasehold £'000	£'000	£'000
Cost				
At start of year	17,359	0	0	17,359
Additions	0	0	0	0
Disposals	(151)	0	0	(151)
	<u>17,208</u>	<u>0</u>	<u>0</u>	<u>17,208</u>
Depreciation				
At start of year	6,174	0	0	6,174
Charge for period	518	0	0	518
On disposals	(61)	0	0	(61)
	<u>6,631</u>	<u>0</u>	<u>0</u>	<u>6,631</u>
Net book value				
At end of year	<u>10,577</u>	<u>0</u>	<u>0</u>	<u>10,577</u>
At start of year	<u>11,185</u>	<u>0</u>	<u>0</u>	<u>11,185</u>

The net book value of tangible fixed assets includes an amount of £Nil (2008: £Nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £Nil (2008: £Nil).

HERTFORD COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

10 ENDOWMENT ASSET INVESTMENTS	Securities & cash £'000	Land & property £'000	Total £'000
At market value			
At start of year	38,723	0	38,723
Purchases at cost	5,626	0	5,626
Sales proceeds	(3,434)	0	(3,434)
Increase/(decrease) in cash held by fund manager	(1,716)	0	(1,716)
Increase/(decrease) in balance with College	(408)	0	(408)
Revaluation gains	(3,304)	0	(3,304)
At end of year	35,487	0	35,487
Analysed as			
Fixed interest stocks (listed)	11,793		
Equities (listed)	22,336		
Unlisted securities	82		
Cash	2,342		
Balance with College	(1,066)		
	35,487		
Historical cost at end of year	43,514		
11 DEBTORS			
	2009 £'000		2008 £'000
Amounts falling due within one year			
Trade debtors	165		240
Amounts owed by College members	129		90
Loans	5		10
Due from Endowment	1,066		658
Prepayments and accrued income	224		97
Amounts falling due after more than one year			
Loans	20		20
	1,609		1,115
12 CREDITORS			
	2009 £'000		2008 £'000
Trade creditors	162		138
College Contribution	40		40
Other taxation and social security	76		77
Accruals and deferred income	160		200
Other creditors	618		706
Owed to Endowment	0		0
	1,056		1,161
13 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR			
	£'000		£'000
Other creditors	0		0

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Notes to the Financial Statements
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14 ENDOWMENTS

	Specific £'000	General £'000	Total £'000
At start of year	8,626	30,097	38,723
Endowments received	8	5	13
Appreciation (depreciation) of endowment investments	(636)	(2,668)	(3,304)
Income receivable from endowment asset investments	228	847	1,075
Transferred to income and expenditure account (note 4)	(173)	(847)	(1,020)
Transfer (to) from reserves	0	0	0
At end of year	8,053	27,434	35,487

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

15 RESERVES

DESIGNATED RESERVES

	£'000
At start of year	979
Transfers (to) from general reserve	(184)
At end of year	795

Designated reserves are those reserves set aside by the College to be used for a special purpose, and which do not form part of College endowments. At 31 July 2009 they comprised:

	£'000
Reserves for replacement and maintenance of functional buildings	795
Other designated reserves	0
	795

HERTFORD COLLEGE
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Year ended 31 July 2009

15 RESERVES (continued)

GENERAL RESERVES

	£'000		
At start of year	10,638		
Surplus from income and expenditure account	(361)		
Transfer (to)/from endowment	0		
Capital repaid to endowment	0		
Transfers (to)/from designated reserves	184		
At end of year	10,461		
		2009	2008
		£'000	£'000
Representing:			
Undepreciated cost of tangible fixed assets financed out of general reserve	10,577	11,185	11,185
College general reserve	(116)	(547)	(547)
	10,461	10,638	10,638

16 CAPITAL COMMITMENTS

	2009	2008
	£'000	£'000
Commitments contracted at 31 July	0	0
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	0	0

17 FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	£'000	£'000
Land and buildings		
Expiring within one year	62	0
Expiring between two and five years inclusive	0	64
Expiring in over five years	0	0
	62	64
Other		
Expiring within one year	0	0
Expiring between two and five years inclusive	5	3
Expiring in over five years	0	3
	5	6

18 POST BALANCE SHEET EVENTS

There were no events occurring after the date of the balance sheet which would have a material effect on these financial statements.

19 CONTINGENT LIABILITIES

There are no obligations arising from events occurring before the date of the balance sheet whose existence will be confirmed only by the occurrence of events not wholly within the College's control.

HERTFORD COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

20 RELATED PARTY TRANSACTIONS

Hertford College is recognised as a college of the University of Oxford and is part of the collegiate University. Material interdependencies of the University and of the colleges 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 FRS8 ("Related party disclosures").

Members of the Governing Body receive remuneration and facilities as employees of Hertford College. Normal remuneration of, and standard arrangements with, members of the Governing Body are not treated as related party transactions.

**21 RECONCILIATION OF OPERATING SURPLUS TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	2009 £'000	2008 £'000
Surplus (deficit) for the year	(361)	(297)
Profit on sale of fixed asset	(104)	(43)
Depreciation	518	511
Endowment income and interest receivable	(1,169)	(1,337)
Decrease (increase) in stocks	5	(4)
Decrease (increase) in debtors	(86)	(24)
(Decrease) increase in creditors	(105)	9
	<u>(1,302)</u>	<u>(1,185)</u>

22 MANAGEMENT OF LIQUID RESOURCES

	£'000	£'000
Net (purchase)/sale of investments	0	0
Net (increase)/decrease in deposits	0	0
	<u>0</u>	<u>0</u>

23 ANALYSIS OF CHANGES IN NET FUNDS

	2009 £'000	Changes £'000	2008 £'000
Cash at bank and in hand	111	(347)	458
Endowment assets cash	2,342	(1,716)	4,058
	<u>2,453</u>	<u>(2,063)</u>	<u>4,516</u>
Current asset investments	0	0	0
	<u>2,453</u>	<u>(2,063)</u>	<u>4,516</u>