

Hertford College

Annual Report and Financial Statements

Year ended 31 July 2012

Hertford College
Annual Report and Financial Statements
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Hertford College

Governing Body, Officers and Advisers

Year ended 31 July 2012

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 during the year or subsequently are detailed below.

Governing Body Fellow	College Officers	In year change	(1)	(2)	(3)	(4)	(5)
Dr L F Alday							
Dr C Anderson		Elected 1/10/11					
Dr T C Barnard	Fellow Librarian and Archivist	Retired 30/9/12	•				
Professor R N E Barton							
Professor J H Bayley							
Dr A Bogg	Senior Tutor		•		•	•	
Professor C D Brewer	Editor of the College Magazine					•	
Dr P A Bull	Tutor for Admissions		•				
Dr S L Burrough							
Dr P Coones		Retired 30/9/12					
Professor Z F Cui							
Professor Dame K Davies							
Mr P A Dryden	Director of Development				•		
Professor F P E Dunne		Resigned 30/6/12				•	
Professor R F Foster							
Professor B M Frellesvig				•			
Dr D Gill		Elected 1/10/11		•			
Dr G Glickman		Resigned 30/9/12					
Professor D Greaves				•			
Dr S Henry							•
Dr D M Hopkin	Acting Tutor for Admissions		•		•	•	
Mr W Hutton	Principal	Elected 1/9/11	•	•	•	•	•
Dr J Kiaer							
Dr J Landers		Resigned 30/8/11					
Dr A G Lauder			•				
Dr M Leake		Resigned 30/9/11					
Mr S W B Lloyd	Bursar			•	•	•	•
Dr J Lorimer		Elected 1/10/12					

Hertford College

Governing Body, Officers and Advisers

Year ended 31 July 2012

Dr K Lunn-Rockliffe							
Professor M Maiden						•	
Professor P J R Millican				•			
Dr S J New				•			
Dr O J Noble Wood							•
Professor P F Roche	Investment Bursar			•	•	•	
Professor C J Schofield			•				
Dr E Smith					•		
Dr G Sternberg		Elected 1/10/12					
Dr T Suzuki							
Professor D Thomas							
Dr C Tyerman	Tutor for Graduates		•				•
Dr C Vallance							
Professor T Wilson					•		
Dr A C S Woollard	Dean		•			•	•
Dr A Young	Tutor for Women						•
Dr R G Zubek							

During the year the main activities of the Governing Body were carried out through five committees. The membership of these committees during the academic year 2011-12 is shown above for each Fellow.

- (1) Academic Committee:
- (2) Treasury Committee
- (3) Committee for the Development Office
- (4) General Purposes Committee
- (5) Domus Committee

Day to day management of the College is delegated to the College Officers noted above, who are in turn supported by members of staff.

Hertford College

Governing Body, Officers and Advisers

Year ended 31 July 2012

COLLEGE ADVISERS

Investment managers

Rathbones Investment Management Ltd
159 New Bond Street
London W1E 9EU

Auditor

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Bankers

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

Solicitors

Darbys Solicitors LLP
52 New Inn Hall Street
Oxford OX1 2ND

College address

Hertford College
Catte street
Oxford OX1 3BW

Website

www.hertford.ox.ac.uk

Hertford College
Report of the Governing Body
Year ended 31 July 2012

The Members of the Governing Body present their Annual Report for the year ended 31 July 2012 under the Charities Act 2011 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Principal Fellows and Scholars of Hertford College in the University of Oxford, which is known as Hertford College, ("the College") is an eleemosynary chartered charitable corporation aggregate. It was founded by Elias de Hertford as Hart Hall in 1282. A Royal Charter was granted in 1740. It was re-founded by Act of Parliament in 1816 and in 1874. The College registered with the Charities Commission on 17th August 2010 (registered number 1137527).

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of advisers of the College, are given on pages 2 to 4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

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

Governing Body

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

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

Recruitment and training of Members of the Governing Body

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

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

Organisational management

The members of the Governing Body meet nine times a year. The main work of developing their policies and monitoring their implementation is carried out by six committees:

- Academic Committee: advises and reports to Governing Body on all matters relating to academic policy and has oversight of the academic reputation of the College in all its aspects.
- Treasury Committee: has oversight of the College's finances and investments and reports to governing Body on the effectiveness and propriety of the College's financial management.
- Committee for the Development Office: leads on the development of the strategy for the College's development activities, identifies funding priorities within the framework of the College's strategic plan and in liaison with Academic Committee and oversees the performance and financial management of the Development Office
- General Purposes Committee: receives reports from and provides support to the Principal on College business and in his/her role as representative within the University and the wider world. The Committee receives nominations for College Offices and membership of committees.
- Domus Committee: has oversight of the domestic management of the College.

Hertford College

Report of the Governing Body

Year ended 31 July 2012

- Remuneration Committee: consists of three persons not in receipt of remuneration from the College of which two are not members of Governing Body. The Committee makes recommendations to Governing Body on Fellows' allowances and College Officer stipends.

Group structure and relationships

The College administers a number of special trusts, as detailed in Notes 17 and 18 to the financial statements.

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

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.

Risk management

The College is engaged in risk assessment on an ongoing basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Principal. Financial risks are assessed by the Treasury Committee which is in turn advised by the Investment Advisory Board on investment risk. In addition, the Bursar and heads of department meet regularly to review health and safety issues. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas.

The Governing Body, who have ultimate responsibility for managing any risks faced by the College, have given consideration to the major risks to which the College and its subsidiary are exposed and have concluded that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

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

The Governing Body is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2011. In this connection the Governing Body has monitored closely the general and supplemental guidance produced by the Charity Commission, in particular its public benefit guidance on advancement of education and on fee-charging.

The College's aims for the public benefit are:

- Promote excellence in undergraduate education, including pastoral and academic support.
- Make that excellence accessible to all who can benefit from it regardless of their social or economic background.
- Provide pastoral and academic support to graduate students.
- Promote excellence in research on the part of its Fellows and Stipendiary Lecturers.

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

Public benefit

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

The College advances public learning by providing higher education for undergraduate and postgraduate students within Oxford University, and by supporting the pursuit of publicly disseminated research. The College currently has approximately 390 undergraduates, 180 postgraduates, and 43 fellows who have contractual obligations to teaching and to research.

The College provides public benefit by offering higher education to its undergraduates, much of it via the tutorial system which provides the opportunity to meet with a tutor on a weekly basis during term time. In addition, the College provides classes, seminars and other forms of teaching as appropriate, in conjunction with the University's departments. To support student learning, the College also provides the use of the College's library and accommodation, and actively promotes the wider cultural and social education of its students through the provision of computer, sports, careers advice and other facilities.

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

The College also advances research in a range of disciplines by employing academics who have a contractual obligation to undertake published research, and providing them with a supportive academic atmosphere, including the provision of research grants, library and computer facilities, office accommodation and meals. The high levels of research activity by College fellows have been audited by the national Research Assessment Scheme (2008); that research is disseminated through published papers, books, websites and lectures. The College supports the research of academics who, at the beginning of their careers, have already shown outstanding promise in their chosen field of research by providing a fully funded Junior Research or Career Development Fellowship for a period of up to three years to enable the holder to concentrate solely on their topic of research.

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

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

- **Fee waivers** are provided to UK and EU undergraduates starting in October 2012 whose household income is assessed by their regional funding agency to be less than £25,000 a year. Students with household income less than £16,000 a year receive a 40% reduction on the £9,000 fee over three years.
- **Oxford Bursaries** are available to UK undergraduates from households assessed as having an income of less than £50,200. In the 2011/12 academic year 107 students or about 30% of the College's UK undergraduates received an Oxford Opportunity Bursary, funded jointly by the University and the College, of which 47, who had been assessed with a household income of less than £25,000, received the maximum bursary of £3,250.
- In 2011/12 the College introduced a **Hertford Undergraduate Bursary** of £1,000 for all undergraduates eligible for an Oxford Opportunity Bursary at a total cost of £103k, funded by donations. This bursary is being extended to EU students in 2012/13.
- The College has a **Student Support Fund** which makes grants to both undergraduate and graduate students who experience unexpected financial hardship. In 2011/12 the College distributed £13k to support 21 students in this way.

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Report of the Governing Body

Year ended 31 July 2012

- The College supports the cost of accommodation in Oxford for UK and EU undergraduates studying for their course during the vacation. The total cost of the **Academic Vacation Grant** in 2011/12 was £47k.

Graduate funding is available for some studies and for the most able there are a limited number of scholarship funds available that graduates may apply for, which are administered by the University, the College or other sources. The College awards Senior Scholarships each year which are open to any student intending to read for a higher degree in Oxford. In 2011/12 there were nine Senior Scholars with in year awards totalling £47k. A number of academic prizes are available to undergraduates and graduates at the College. Prizes are awarded on the basis of academic excellence and they serve to encourage academic endeavour at the College. The College also advances education for its graduates and undergraduates by providing travel grants to meet costs involved in undertaking research and presenting papers at conferences.

ACHIEVEMENTS AND PERFORMANCE

The College set two key objectives in 2011/12. The objectives and progress in achieving them are summarised below:

1. **Review the College's academic strategy, incorporating the outcomes of the admissions review, and start to implement the agreed recommendations.**

The College completed a comprehensive review of academic strategy including admissions and outreach activities. Directionally the college is seeking to raise the standard of academic provision for undergraduates and graduates, to improve the overall student experience, and commit to increasing the proportion of students applying to the college from non traditional schools. A number of recommendations were approved by the Governing Body. As a result the College is making two new academic appointments: a Registrar to assume many of the day to day responsibilities of the Senior Tutor and Tutor for Admissions; an Outreach Officer who is a Career Development Fellow and member of Governing Body who will be responsible for the College's outreach and access activities while also pursuing their research.

2. **Review the College's development strategy taking into account the outcomes of the academic strategy review and start to implement the agreed recommendations.**

During the year membership of the Committee for the Development Office was broadened to include eight alumni drawn from across a wide range of professions and year groups who are well placed to advise the College on its fund raising activities. The number of fund raising and alumni events held during the year was higher than in any previous year and all events were well attended. The College held its first alumni events in Asia (Singapore and Hong Kong) as well as making two visits to alumni in the USA during the year. The College's academic strategy identified a number of fund raising priorities primarily to endow tutorial posts to underpin undergraduate teaching and research as well as potential capital projects. An implementation plan is being formulated which will identify the steps the College will take over the coming year to secure funding for key projects.

FINANCIAL REVIEW

The College's consolidated total funds increased by £1.05m in the year to £57.5m at 31st July 2012. Unrestricted funds increased by £1.2m to £14.4m, restricted funds remained largely unchanged at £0.4m and endowed funds fell very slightly by £0.1m to £42.6m.

The College's incoming resources were £9,376k or £750k higher than the previous year primarily as a result of higher trading and investment income. Resources expended before investment losses were £7,890k, an increase of £377k. The depreciation charge is £101k lower than last year as a result of a change of accounting policy as detailed in Note 8 on page 13.

Income from charitable activities was £5,048k, an increase of £277k on the previous year. Tuition and research income was £2,727k, an increase of £207k, reflecting higher student numbers partially offset by a reduction in per capita income for Home/EU students. Residential income was also up by £113k reflecting higher charges to members. Expenditure on charitable activities was £5,995k, an increase of £251k. Total staff costs were £3,913k or £216k higher than the previous year. The costs associated with funding the new

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Report of the Governing Body
Year ended 31 July 2012

College undergraduate bursary scheme of £103k were largely offset by lower a lower depreciation charge. The deficit on charitable activities fell slightly by £69k to £947k.

Income from non charitable trading activities was £2,229k, an increase of £363k on the previous year. Bookings for English language (EFL) programmes were again at record levels as a number of new customers were secured and some existing customers returned in higher numbers. Expenditure was also higher due to activity related costs, particularly temporary staff. The College's trading subsidiary, Hertford College Programmes recorded a pre-tax profit of £756k, up £299k on the previous year, which was donated to the College under gift aid.

Legacies and donations were £409k which is £174k lower than the previous year. Donations included £282k to endow the Ellis-Barnard History Fellowship, £29k to endow the Van Noorden Economics Fellowship and £37k for the Undergraduate Bursary Scheme. £6k was received in legacies (£0k in 2010/11). The cost of raising funds was £280k, £46k higher than the previous year due to the higher number of fund raising and alumni events, travel and other activities.

Cash increased by £998k (2010/11: £187k) to £2,528k, supported by operational cash inflow of £461k. There was no capital investment (2010/11: £659k).

Reserves policy

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

The College's free reserves at the year-end amounted to £3,255k (2011: £2,017k), representing retained unrestricted income reserves excluding an amount of £9,668k for the book value of fixed assets. This represents a little under five months free reserves and reflect the expectation of higher expenditure commitments in the coming years.

Designated reserves at the year-end comprised: £663k for a rolling programme of expenditure on projects to improve the College's infrastructure, including those designed to reduce carbon emissions and increase energy efficiency; £362k for the Undergraduate Bursary Fund which guarantees a minimum of five year's funding for the scheme including donations received to date; £74k for graduate scholarships, and a new fund designated by Governing Body this year of £350k to defray the anticipated costs over five years of a titular History fellowship which commences in October 2012.

Investment policy, objectives and performance

The College's Statement of Investment Principles is published on its web site and are summarised below. The College aims to manage its investments to:

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

The investment strategy and performance is monitored by the Investment Advisory Board which in turn reports to the College's Treasury Committee. At the year end, the value of the College's investments was £47.3m, of which £42.6m represents endowed funds, an increase of £1.0m on the previous year including £1.6m of reinvested income and £0.4m (1%) reduction in capital value. The total investment return was 2.6% over the year which compares to the relevant benchmark return of 6.4% and the FTSE100 Index of (2.4)%. Stock markets remain fragile in response to uncertainty about the Euro crisis and other destabilising world events.

Investment income was £1,665k, an increase of £234k on the previous year. This includes an accrual of £97k of dividends announced but not paid on 31 July.

FUTURE PLANS

The College plans to build on the achievements of the last year, to continue to refine and implement its academic strategy, to raise funds to endow key teaching posts and fund bursaries, and to steward its finances to ensure it is well placed to manage what are anticipated to be more difficult years ahead.

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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

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 incoming or outgoing resources for that period. In preparing these financial statements, the Governing Body is required to:

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and 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 10th October 2012 and signed on its behalf by:

Mr W Hutton
Principal

Hertford College

Report of the Auditor to the Members of the Governing Body of Hertford College

We have audited the financial statements of Hertford College for the year ended 31 July 2012 which comprise the Statement of Accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body in accordance with section 153 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Governing Body 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 College and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2012 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

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

Crowe Clark Whitehill LLP

Statutory Auditor
London

Date: 23 October 2012

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement comprising the consolidation of the College and with its wholly owned subsidiary Hertford College Programmes. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiary as included the consolidated income, expenditure and results of the College are disclosed in note 12.

2. Basis of accounting

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 ("the Charities SORP") and applicable accounting standards. The financial statements are drawn up on the historical cost basis of accounting as modified by the revaluation of investment properties and other investments.

3. Incoming resources from fee income, HEFCE support and other charges for services

Fees receivable, HEFCE support and charges for services and use of the premises are accounted for in the period in which the related service is provided.

4.

5. Incoming resources from donations and legacies

Voluntary income is accounted for when the College has entitlement to the funds, the amount can be reliably quantified and there is reasonable certainty of its ultimate receipt.

Voluntary income received for the general purpose of the College is credited to unrestricted funds.

Voluntary income which is subject to specific wishes of the donor is 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 otherwise than in cash, they are valued at the market value of the underlying assets received at the date of receipt.

6. Investment income

Interest on bank balances and fixed interest securities is accounted for in the period to which the interest relates.

Dividend income and similar distributions are accounted for in the period in which they become receivable.

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

7. Expenditure

Expenditure is accounted for on an accruals basis. Indirect expenditure is apportioned to expenditure categories 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.

Grants awarded are expensed as soon as they become legal or operational commitments.

Governance costs comprise the costs of complying with constitutional and statutory requirements.

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

Hertford College
Statement of Accounting Policies
Year ended 31 July 2012

8. Leases

Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms.

The cost of the assets held under finance leases is included within fixed assets and depreciation is charged in accordance with the accounting policy for each class of asset concerned. The corresponding capital obligations under these leases are shown as liabilities. The finance charge element of rentals is charged to the Statement of Financial Activities and classified within finance costs as incurred.

9. Tangible fixed assets

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

Freehold properties	30 years
Equipment	5 years

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

The 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 fixed assets.

During the year, the College reviewed its depreciation policy and decided to depreciate all properties over 30 years with effect from 1 August 2011. The previous distinction between major (30 years) and minor (10 year) properties was eliminated. This policy change is consistent with external practice and has had the effect of reducing the reported depreciation charge by £101k in the year

10. Investments

Listed investments held as fixed asset investments are valued at their mid-market values as at the balance sheet date. Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

11. Stocks

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

12. Foreign currencies

Transactions denominated in foreign currencies during the year are translated at prevailing rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates applying at the Balance Sheet date or, where there are related forward foreign exchange contracts, at the contract rates. The resulting exchange differences are taken to the Statement of Financial Activities.

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. 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.

Hertford College

Statement of Accounting Policies

Year ended 31 July 2012

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

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

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

14. Pension costs

The costs of retirement benefits provided to employees of the College through two multi-employer defined pension schemes are accounted for as if these were defined contribution schemes in accordance with the requirements of FRS 17. The College's contributions to these schemes are charged in the period in which the salaries to which the contributions relate are payable.

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Consolidated Statement of Financial Activities
For the year ended 31 July 2012

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
INCOMING RESOURCES						
Resources from charitable activities	1					
Teaching, research and residential		5,048	0	0	5,048	4,728
Resources from generated funds						
Legacies and donations		5	93	311	409	583
Trading income	2	2,229	0	0	2,229	1,866
Investment income	3	1,474	191	0	1,665	1,431
Bank and other interest	4	11	0	0	11	4
		3,719	284	311	4,314	3,884
Other incoming resources		14	0	0	14	14
Total Incoming Resources		8,781	284	311	9,376	8,626
RESOURCES EXPENDED						
Cost of generating funds	5					
Fundraising		280	0	0	280	234
Trading expenditure		1,464	0	0	1,464	1,381
Investment management costs		105	13	0	118	99
		1,849	13	0	1,862	1,714
Charitable activities	5					
Teaching, research and residential		5,680	314	0	5,994	5,744
Teaching, research and residential		5,680	314	0	5,994	5,744
Governance costs	8	34	0	0	34	55
Total Resources Expended		7,563	327	0	7,890	7,513
Net incoming/(outgoing) resources before transfers		1,218	(43)	311	1,486	1,113
Transfers between funds	17	0	12	(12)	0	0
Net incoming/(outgoing) resources before other gains and losses		1,218	(31)	299	1,486	1,113
Investment gains/(losses)		(29)	(4)	(399)	(432)	3,599
Net movement in funds for the year		1,189	(35)	(100)	1,054	4,712
Fund balances brought forward	17	13,183	470	42,747	56,400	51,688
Funds carried forward at 31 July	17	14,372	435	42,647	57,454	56,400

Hertford College
Consolidated and College Balance Sheets
As at 31 July 2012

	Notes	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
FIXED ASSETS					
Tangible assets	10	9,668	10,134	9,668	10,134
Securities and other investments	11	47,318	46,300	47,318	46,300
		<u>56,986</u>	<u>56,434</u>	<u>56,986</u>	<u>56,434</u>
CURRENT ASSETS					
Stocks		22	19	22	19
Debtors	13	256	562	191	256
Deposits and other short term investments		0	0	0	0
Cash at bank and in hand		2,528	1,530	1,890	1,460
		<u>2,806</u>	<u>2,111</u>	<u>2,103</u>	<u>1,735</u>
CREDITORS: falling due within one year	14	2,310	2,106	1,607	1,730
NET CURRENT ASSETS/(LIABILITIES)		<u>496</u>	<u>5</u>	<u>496</u>	<u>5</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		57,482	56,439	57,482	56,439
CREDITORS: falling due after more than one year	15	28	39	28	39
NET ASSETS		<u>57,454</u>	<u>56,400</u>	<u>57,454</u>	<u>56,400</u>
FUNDS OF THE COLLEGE					
	17				
Endowment funds		42,647	42,747	42,647	42,747
Restricted funds		435	470	435	470
Unrestricted funds					
Designated funds		11,117	11,166	11,117	11,166
General funds		3,255	2,017	3,255	2,017
		<u>57,454</u>	<u>56,400</u>	<u>57,454</u>	<u>56,400</u>

The financial statements were approved and authorised for issue by the Governing Body of Hertford College
on: 10th October 2012

Trustee:

Trustee:

Hertford College
Consolidated Cash Flow Statement
For the year ended 31 July 2012

	Notes	2012 Group £'000	2011 Group £'000
Net cash inflow/(outflow) from operations	22	461	282
Returns on investments and servicing of finance			
Income from investments		1,676	1,435
Finance costs paid		0	0
		1,676	1,435
Capital expenditure and financial investment			
New endowment capital received		311	229
Payments for tangible fixed assets		0	(659)
Proceeds from sales of tangible fixed assets		0	0
Payments for investments		(1,713)	(5,386)
Proceeds from sales of investments		263	4,286
		(1,139)	(1,530)
Management of liquid resources			
Net (additions to) / withdrawals from term deposits		0	0
Net (purchase) / sale of current asset investments		0	0
		0	0
Financing			
New bank loans		0	0
Bank loans repaid		0	0
New lease finance		0	0
Capital element of finance lease payments		0	0
		0	0
Increase/(decrease) in cash in the year		998	187
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		998	187
Transfers to/(from) term deposits and current investments		0	0
(Increase)/decrease in loan and lease finance		0	0
Change in net funds		998	187
Net funds at 1 August		1,530	1,343
Net funds at 31 July		2,528	1,530

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

1 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Teaching, research and residential					
Tuition fees - UK and EU students	1,270	0	0	1,270	1,246
Tuition fees - Overseas students	368	0	0	368	352
Other fees	354	0	0	354	268
Other HEFCE support	383	0	0	383	338
Other academic income	352	0	0	352	316
College residential income	2,321	0	0	2,321	2,208
	<u>5,048</u>	<u>0</u>	<u>0</u>	<u>5,048</u>	<u>4,728</u>

The above analysis includes £1,525k received from Oxford University under the CFF Scheme, net of College fees received directly (2011 - £1,584k)

2 TRADING INCOME

	2012 £'000	2011 £'000
Subsidiary company trading income	2,222	1,838
Other trading income	7	28
	<u>2,229</u>	<u>1,866</u>

3 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Commercial rent	16	0	0	16	35
Other property income	0	0	0	0	0
Equity dividends	827	108	0	935	727
Income from fixed interest stocks	629	83	0	712	667
Interest on fixed term deposits and cash	2	0	0	2	2
Other investment income	0	0	0	0	0
	<u>1,474</u>	<u>191</u>	<u>0</u>	<u>1,665</u>	<u>1,431</u>

4 BANK AND OTHER INTEREST INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Bank interest	9	0	0	9	2
Other interest	2	0	0	2	2
	<u>11</u>	<u>0</u>	<u>0</u>	<u>11</u>	<u>4</u>

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

5 ANALYSIS OF RESOURCES EXPENDED

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	2012 Total £'000	2011 Total £'000
Costs of generating funds					
Fundraising	207	61	11	280	234
Trading expenditure	277	402	786	1,464	1,381
Investment management costs	2	0	116	118	99
Total costs of generating funds	486	463	913	1,862	1,714
Charitable expenditure					
Teaching, research and residential	2,550	2,336	1,108	5,994	5,744
Total charitable expenditure	2,550	2,336	1,108	5,994	5,744
Governance costs	1	25	8	34	55
Total resources expended	3,037	2,824	2,029	7,890	7,513

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 the Council.

Teaching, research and residential costs include College Contribution payable of £40k (2011 - £34k).

6 SUPPORT COSTS

	Generating Funds £'000	Teaching and Research £'000	2012 Total £'000	2011 Total £'000
Financial and domestic admin	771	503	1,274	1,160
IT	37	244	281	227
Depreciation	105	361	466	584
Loss/(profit) on fixed assets	0	0	0	0
Bank interest payable	0	0	0	0
Other finance charges	0	0	0	0
	913	1,108	2,021	1,971

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

7 GRANTS AND AWARDS

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

	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	2011 Total £'000
Scholarships, prizes and grants	61	124	185	147
Bursaries and hardship awards	230	116	346	258
Grants to other institutions	0	0	0	0
	291	240	531	405

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

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

8 GOVERNANCE COSTS

	2012 £'000	2011 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	21	19
Auditor's remuneration - other services	4	2
Legal and other fees on constitutional matters	0	7
Other governance costs	9	27
	<u>34</u>	<u>55</u>

No amount has been included in Governance Costs for the direct employment costs or reimbursed expenses of the College Fellows except in relation to the costs of compliance with the Charity Commission. Details of the remuneration of the Fellows and their reimbursed expenses are included as a separate note within these financial statements.

9 STAFF COSTS

	2012 £'000	2011 £'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	3,250	3,065
Social security costs	229	217
Pension costs	434	415
	<u>3,913</u>	<u>3,697</u>

The average number of permanent employees of the College, excluding Trustees, on a full time equivalent basis was as follows.

	2012	2011
Tuition and research	12	11
College residential	52	51
Fundraising	2	2
Support	16	15
Total	<u>82</u>	<u>79</u>

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

	2012	2011
University Lecturers	20	20
CUF Lecturers	7	7
Other teaching and research	4	4
Other	3	3
Total	<u>34</u>	<u>34</u>

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

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

There were no employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) were in excess of £60,000.

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

10 TANGIBLE FIXED ASSETS

Group	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost					
At start of year	0	17,867	0	0	17,867
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
At end of year	0	17,867	0	0	17,867
Depreciation					
At start of year	0	7,733	0	0	7,733
Charge for the year	0	466	0	0	466
On disposals	0	0	0	0	0
At end of year	0	8,199	0	0	8,199
Net book value					
At end of year	0	9,668	0	0	9,668
At start of year	0	10,134	0	0	10,134

College	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost					
At start of year	0	17,867	0	0	17,867
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
At end of year	0	17,867	0	0	17,867
Depreciation					
At start of year	0	7,733	0	0	7,733
Charge for the year	0	466	0	0	466
On disposals	0	0	0	0	0
At end of year	0	8,199	0	0	8,199
Net book value					
At end of year	0	9,668	0	0	9,668
At start of year	0	10,134	0	0	10,134

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.

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

11 SECURITIES AND OTHER INVESTMENTS

	2012 £'000	2011 £'000
Group investments		
Valuation at start of year	46,300	41,601
New money invested	4	1
Amounts withdrawn	(96)	(207)
Reinvested income	1,649	1,395
Investment management fees	(107)	(89)
(Decrease)/increase in value of investments	(432)	3,599
Group investments at end of year	47,318	46,300
Investment in subsidiaries	0	0
College investments at end of year	47,318	46,300

Group investments comprise:

	Held outside the UK £'000	Held in the UK £'000	2012 Total £'000	2011 Total £'000
Equity investments		3,176	3,176	3,233
Global multi-asset funds		27,150	27,150	26,790
Property funds		683	683	681
Fixed interest stocks		15,756	15,756	15,133
Alternative and other investments		0	0	0
Fixed term deposits and cash		553	553	463
Total group investments	0	47,318	47,318	46,300

12 SUBSIDIARY UNDERTAKINGS

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

The results of the subsidiary and its assets and liabilities at the year end were as follows.

	Hertford College Programmes £'000
Turnover	2,222
Expenditure	(1,464)
Donation to College under gift aid	(758)
Result for the year	0
Total assets	1,229
Total liabilities	(1,229)
Net funds at the end of year	0

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

13 DEBTORS

	2012	2011	2012	2011
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	79	194	44	63
Amounts owed by College members	31	59	31	59
Amounts owed by Group undertakings	0	0	0	0
Loans repayable within one year	11	9	11	9
Prepayments and accrued income	115	280	85	105
Other Debtors	0	0	0	0
Amounts falling due after more than one year:				
Loans	20	20	20	20
	256	562	191	256

14 CREDITORS: falling due within one year

	2012	2011	2012	2011
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank overdrafts	0	0	0	0
Bank loans	0	0	0	0
Obligations under finance leases	0	0	0	0
Trade creditors	201	295	201	295
Amounts owed to College Members	52	24	52	24
Amounts owed to Group undertakings	0	0	524	760
Taxation and social security	124	94	124	81
College contribution	42	36	42	36
Accruals and deferred income	308	291	306	289
Other creditors	1,583	1,366	358	245
	2,310	2,106	1,607	1,730

15 CREDITORS: falling due after more than one year

	2012	2011	2012	2011
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank loans	0	0	0	0
Obligations under finance leases	0	0	0	0
Other creditors	28	39	28	39
	28	39	28	39

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds
	£'000	£'000	£'000	£'000
Tangible fixed assets	9,668	0	0	9,668
Property investments	0	0	0	0
Securities and other investments	4,236	435	42,647	47,318
Net current assets less creditors due after more than one year	468	0	0	468
	14,372	435	42,647	57,454

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

17 FUNDS OF THE COLLEGE MOVEMENTS

	At 1 August 2011 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2012 £'000
Endowment Funds - Permanent						
College Endowment Fund	33,214				(310)	32,904
Carreras Endowment	1,152				(11)	1,141
Carreras General	2,582			19	(24)	2,577
Baring Trust Fund	1,467				(14)	1,453
Drapers	798				(7)	791
Mortimer May	660				(6)	654
E. M. Vaughan-Williams Trust	408				(4)	404
Five Fellowship	395				(4)	391
Michael Baring Travel Fund	61					61
Roger Van Noorden Economics Fund	134	29			(1)	162
Ellis-Barnard History Fellowship	182	282			(2)	462
Other Scholarship Funds	717				(7)	710
Other Funds	137				(2)	135
Endowment Funds - Expendable						
Carreras Fellowship	400				(4)	396
Starun Fund	152				(1)	151
Japan Appeal	36			(31)		5
Armstrong-Macintyre-Markham	235				(2)	233
BCL Fund	17					17
Total Endowment Funds	42,747	311	0	(12)	(399)	42,647
Restricted Funds						
Undergraduate Bursaries	245	37	(103)		(2)	177
<i>Unspent income funds</i>						
Carreras Endowment	0	41	(3)	(38)		0
Carreras Fellowship	5	14	(29)	19		9
Drapers	7	29	(32)			4
Mortimer May	99	27	(16)		(1)	109
E. M. Vaughan-Williams Trust	54	16	(9)		(1)	60
Japan Appeal	0	1	(32)	31		0
Unspent income of other Funds above	29	55	(52)			32
Other Funds	31	32	(19)			44
Other funds expended in year	0	32	(32)			0
Total Restricted Funds	470	284	(327)	12	(4)	435
Unrestricted Funds						
General	2,017	8,781	(7,563)	49	(29)	3,255
Fixed asset designated	10,134			(466)		9,668
Infrastructure Modernisation	663					663
Graduate Scholarship	74					74
Undergraduate Bursaries	295			67		362
History Teaching Fund	0			350		350
Total Unrestricted Funds	13,183	8,781	(7,563)	0	(29)	14,372
Total Funds	56,400	9,376	(7,890)	0	(432)	57,454

Transfers between funds :-

<i>Carreras Endowment/Carreras General</i>	50% of the income (net of investment expenses) of the Carreras Endowment Fund is transferred to the Carreras General Fund whose income is used for the general purposes of the College.
<i>Japan Appeal/General fund</i>	The transfer from Japan appeal represents the amount spent by the fund in excess of income in the year. It is anticipated that the fund will be exhausted in the forthcoming year.
<i>Undergraduate Bursaries/General Fund</i>	Governing Body has designated a further £67k so that together with the restricted Bursary Fund, there are reserves equivalent to the anticipated costs of the next five years of the Bursary scheme which the College started in October 2011.
<i>History Teaching Fund</i>	Governing Body has designated £350k to defray the anticipated costs for the first five years of a titular post which will commence in October 2012.

18 FUNDS OF THE COLLEGE DETAILS

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

Endowment Funds - Permanent:

College Endowment Fund	Funds received from the University, in the 1960s, to establish a permanent endowment plus subsequent legacies and donations for endowment purposes.
Carreras Endowment	A gift from Carreras International whose income is split between the Carreras General and Fellowship Funds
Carreras General	Income from Carreras endowment Fund is reinvested and the income generated is used the general purposes of the College
Baring Trust Fund	Dates back to the re-foundation of the College in the 19th century. Income used for scholarships / general purposes.
Drapers	A gift from The Drapers' Company for Scholarships and in support of a Fellow.
Mortimer May	A gift from Bruce and Julia May in memory of their son Mortimer to support a student in "Geography or a related subject".
E. M. Vaughan-Williams Trust	A gift from Miles Vaughan-Williams to support Medical Students.
Five Fellowship	A gift in 1874 of which £1500 p.a. is to support Fellowships and the balance for general purposes.
Michael Baring Travel Fund	Gifts since 2001 in memory of Michael Baring to assist History Students with their research expenses.
Roger Van Noorden Economics Fund	Gifts since 2007 for the Economics Fund, which was renamed in 2010 in memory of Roger Van Noorden, in support of a Fellow in Economics.
Ellis-Barnard History Fellowship	Established in 2011 to fund the teaching of History.
Other Scholarship Funds	Comprise the Lucy, Lusby, McBride, Meeke, Scholarship Augmentation and War Memorial Funds which represent gifts, received between 1665 and 1919, to support scholars with surplus for general purposes.
Other Funds	Comprise the Boyd Memorial, White, Brunsell and Old Hertford College Funds which are for Student Loans/Chapel/Library and general purposes.
Endowment Funds - Expendable:	
Carreras Fellowship	Income from Carreras Endowment Fund to support Fellowship and Scholars.
Starun Fund	Gifts from Mr L. Starun 1974-78 for research into Polish History, Language or Literature
Japan Appeal	Gifts in 1991/2 from Tokyo Electric Power and the Kajima Fund to support a Fellowship in Japanese and academic visits to/from Japan.
Armstrong-Macintyre-Markham History Fellowship	Gifts in the 1990s in memory of Angus Macintyre, Felix Markham and John Armstrong to support teaching and research by a History Fellow
BCL Fund	Gifts since 2007, some in memory of Roy Stuart to support Law students particularly those on the B.C.L. course.

Restricted Funds

Bursaries Fund	Gifts since 2009 to support the Undergraduate Bursary Scheme which commenced in October 2011
Unspent income	Unspent income from the following funds named above:- Mortimer May, Drapers, Carreras Fellowship, E.M. Vaughan-Williams, Starun, Baring Travel, and the BCL funds.
Other Funds	Comprise the Tanner/Thorne, G. Robinson, John Stubley, Geography Prize, Music and student hardship Funds.

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

Designated Funds	
Fixed asset designated	Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes
Infrastructure Modernisation	Unrestricted Funds allocated by the Fellows for future costs of the programme to improve the infrastructure of the college, including the reduction of the carbon footprint of the college by investing in energy efficient plant.
Graduate Scholarship	Unrestricted Funds allocated by the Fellows for future costs of providing enhanced scholarships.
History Teaching	Unrestricted Funds allocated by the Fellows for future costs of funding a titular post which will commence in October 2012.
Bursaries Fund	Unrestricted Funds allocated by the Fellows for future costs of the Undergraduate Bursary Scheme which commenced in October 2011.
General Unrestricted Funds	Represent accumulated income from the College's activities and other sources that are available for the general purposes of the College

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

Trustees of the college fall into the following categories:

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

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

Some trustees are eligible for college housing schemes. 28 trustees receive a housing allowance which is disclosed within the salary figures below. 2 trustees live in houses owned jointly with the college. No such houses were bought or sold during the year.

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

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

The total remuneration and taxable benefits as shown below is £949,208 (2010-11 £925,089).

The total of pension contributions is £149,907 (2010-11 £145,468).

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

Remuneration paid to trustees

Range	2011-2012		2010-2011	
	Number of trustees	Gross remuneration, taxable benefits and pension contributions £	Number of trustees	Gross remuneration, taxable benefits and pension contributions £
£1,001-£2,000	1	1095		
£3,001-£4,000			1	3,013
£4,001-£5,000			2	8,875
£6,001-£7,000			1	6,663
£7,001-£8,000	1	7,044	2	14,901
£8,001-£9,000	1	8,268	1	8,742
£9,001-£10,000			1	9,038
£10,001-£11,000	1	10,034		
£12,001-£13,000			1	12,288
£13,001-£14,000			1	13,452
£14,001-£15,000	2	28,483		
£16,001-£17,000	3	50,508	2	33,352
£17,001-£18,000	3	53,110	1	17,228
£18,001-£19,000	7	129,274	8	145,621
£19,001-£20,000			1	19,378
£21,001-£22,000	1	21,770	1	21,487
£23,001-£24,000	1	23,352	1	23,307
£24,001-£25,000	1	24,725	1	24,434
£25,001-£26,000	1	25,177		
£35,001-£36,000	1	35,538	1	35,953
£37,001-£38,000	1	37,819		
£40,001-£41,000	1	40,257	1	40,254
£43,001-£44,000			1	43,796
£47,001-£48,000	2	95,804	2	94,579
£48,001-£49,000			2	96,877
£49,001-£50,000	1	49,219		
£51,001-£52,000	2	103,250	2	102,537
£52,001-£53,000	1	52,853		
£54,001-£55,000			1	54,031
£55,001-£56,000	1	55,929		
£70,001-£71,000			1	70,226
£73,001-£74,000	1	73,563		
£84,001-£85,000			1	84,499
£85,001-£86,000	1	85,840		
£86,001-£87,000	1	86,203	1	86,026
	36	1,099,115	38	1,070,557

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

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

Trustee expenses

No Fellow claimed any expenses for work as a Trustee (2010-11 £544).

Other transactions with trustees

There were no other transactions with the trustees

20 PENSION SCHEMES

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf its staff. 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 Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

Universities Superannuation Scheme

The latest actuarial valuation of the USS was carried out as at 31 March 2011 to meet the requirements of the Pensions Act 2004, and was published in June 2012. This valuation showed the scheme assets as being sufficient to cover 92% of its liabilities with an overall shortfall of £2,910.2m.

In May 2011 a number of changes to the benefits provided by the Scheme were agreed and came into force on 1 October 2011. These included a change in benefits for new entrants after this date to be provided on a Career Revalued Benefits ("CRB") basis rather than a Final Salary ("FS") basis, an increase in the Normal Retirement Age for future service and new entrants to age 65 and increases to the member contribution rates to 7.5% for FS members and to 6.5% for CRB members.

The actuary established a long term employer contribution rate, after allowing for the scheme changes of 12.6% of total pensionable salaries for the year to 31 March 2012 with this rate reducing over time. The Trustee has also determined a recovery plan to pay off the shortfall by 31 March 2021 and the USS has agreed with Universities UK, on behalf of all the employers participating in the scheme, to address the deficit by continuing the employer contribution rate at the previously agreed rate of 16% of total pensionable salaries until 31 March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer element of the future service cost of accruals.

The pension charge for the year includes contributions payable to the USS of £215k. (2011 - £190k.). A copy of the full actuarial valuation report is available on the USS website www.uss.co.uk.

Oxford Staff Pension Scheme

The latest formal actuarial valuation of OSPS was carried out as at 31 March 2010 to meet the requirements of the Pensions Act 2004, and was published in June 2011. This valuation showed the scheme assets as being sufficient to cover 79% of its liabilities with an overall shortfall of £82.4m.

The actuary has calculated the employer rate of contributions for benefits accruing in the year to 31 March 2011 (i.e. the rate of contribution that would normally be appropriate if the scheme had no surplus or shortfall) as 16.9% of total pensionable salaries (with the employee contributions continuing at 6.35%), increasing to a maximum of 18.7% in the year to 31 March 2014.

The Trustees and the University have agreed that the shortfall will be removed through a combination of additional contributions and expected investment returns (over and above the discount rate) and the employers will therefore continue to contribute at a rate of 21.5% of Pensionable Salaries. These contributions are expected to eliminate the shortfall by 30 June 2026.

The pension charge for the year includes contributions payable to the OSPS of £219k. (2011 - £190k.). A copy of the full actuarial valuation report is available on the University of Oxford website www.ox.ac.uk/.

21 TAXATION

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

Hertford College
Notes to the financial statements
For the year ended 31 July 2012

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

	2012 £'000	2011 £'000
Net incoming resources for the year	1,486	1,113
Elimination of non-operating cash flows:		
- Investment income	(1,676)	(1,435)
- Endowment donations	(311)	(229)
- Financing costs	0	0
Depreciation	466	584
(Surplus)/loss on sale of fixed assets	0	0
Decrease/(Increase) in stock	(3)	(1)
Decrease/(Increase) in debtors	306	(44)
(Decrease)/Increase in creditors	193	294
(Decrease)/Increase in provisions	0	0
Net cash inflow/(outflow) from operations	461	282

23 ANALYSIS OF CHANGES IN NET FUNDS

	2011 £'000	Cash flow £'000	2012 £'000
Cash at bank and in hand	1,530	998	2,528
Bank overdrafts	0	0	0
	<u>1,530</u>	<u>998</u>	<u>2,528</u>
Deposits and other short term investments	0	0	0
Bank loans due within one year	0	0	0
Bank loans due after one year	0	0	0
Finance lease obligations due within one year	0	0	0
Finance lease obligations due after one year	0	0	0
	<u>1,530</u>	<u>998</u>	<u>2,528</u>

24 FINANCIAL COMMITMENTS

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

	2012 £'000	2011 £'000
Land and buildings		
- expiring within one year	0	2
- expiring between two and five years	48	0
- expiring in over five years	0	0
	<u>48</u>	<u>2</u>
Other		
- expiring within one year	0	1
- expiring between two and five years	6	3
- expiring in over five years	0	0
	<u>6</u>	<u>4</u>

Hertford College
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25 CAPITAL COMMITMENTS

The College had no contracted commitments at 31 July for future capital projects (2011 - £nil).

26 RELATED PARTY TRANSACTIONS

The College is part of the collegiate University of Oxford. Material interdependencies between the University and of the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS8 ("Related party disclosures").

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 8, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

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

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

	2012 £'000	2011 £'000
B Frellesvig	33	35
T Suzuki	24	25

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

27 CONTINGENT LIABILITIES

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

28 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.