

Charity Registration No. 1143479

Worcester College

Annual Report and Financial Statements

Year ended 31 July 2012

WORCESTER COLLEGE
Annual Report and Financial Statements
Contents

Governing Body, Officers and Advisers	2 - 5
Report of the Governing Body	6 - 14
Auditor's Report	15
Statement of Accounting Policies	16 - 18
Consolidated Statement of Financial Activities	19
Consolidated and College Balance Sheets	20
Consolidated Cashflow Statement	21
Notes to the Financial Statements	22 - 35

WORCESTER 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 as Governors during the year or subsequently are detailed below.

Members		Date from (to)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Prof. Jonathan Bate	Provost	01.09.11	•	•		•	•	•	•	•
Prof. Donald Fraser				•		•				
Prof. Paul Ewart						•				•
Dr David Bradshaw						•				
Dr Stephen Williams	Senior Tutor	(30.09.12)	•		•	•		•	•	
Dr Simon Cowan			•			•				
Prof. John Woodhouse										
Dr Peter Darrah	Dean	(30.09.12)				•		•	•	
Dr Susan Gillingham					•	•				
Prof. Tony Blakeborough	Senior Tutor	01.10.12				•				•
Prof. Heather Viles	Vice-Provost	01.10.12				•				
Dr Kate Tunstall						•	•			
Dr Christopher Brown										
Prof. Roger Heath-Brown					•					
Prof. Robert Saxton						•		•		
Prof. Ernesto Macaro					•					
Mr Donal Nolan						•	•	•		
Dr Nir Vulkan				•		•				
Prof. Judith Freedman										•
Prof. Andrew Carr	Senior Treasurer of Clubs				•				•	
Dr Ben Morgan	Dean	01.10.12			•	•				
Dr John Parrington						•		•		
Dr Richard Earl	Tutor for Graduates					•	•		•	
Dr Cathryn Costello						•	•	•		
Dr Scott Scullion				•		•				
Dr Deborah Cameron										
Dr Josephine Quinn	Vice-Provost	(30.09.12)	•	•	•	•	•	•	•	•
Prof. Andreas Willi										
Dr Rory Bowden	Garden Master	01.10.12								
Prof. Julian Roberts										
Prof. Endre Süli						•				
Prof. Robert Gildea										
Dr Grant Ritchie			•		•	•				
Dr Bob Harris						•				
Dr Paul Azzopardi						•				
Prof. Andrew Price										
Dr Mark Howarth			•			•				
Dr David Steinsaltz						•	•			
Dr Conrad Leyser			•			•				
Dr Laura Ashe			•			•				
Dr Jane Gover	Academic Registrar & Admissions Tutor					•	•		•	
Dr Gabriel Stylianides										
Mr Andrew Jardine	Estates Bursar		•	•		•	•	•	•	

WORCESTER COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2012

Members (continued)		Date from (to)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dr Kim Dora	Tutor for Women	01.01.12				•			•	
Dr Antonis Papachristodoulou			•			•				
Dr Maris Köpcke Tinturé						•			•	
Dr Hongseok Yang						•				
Dr Michail Peramatzis		01.10.11				•				
Dr Zofia Stemplowska		01.09.12								
Members who retired or resigned during the year or subsequently										
Dr Sabina Lovibond		(30.09.11)								
Dr Elisabeth Dutton		(30.09.11)								
Prof. Alan Ware	Garden Master	(30.09.12)				•	•		•	
Prof. Fabian Essler		(30.06.12)	•			•				

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

- (1) Finance Committee
- (2) Investment Committee
- (3) Academic Strategy Committee
- (4) Tutors' Committee
- (5) Domus Committee
- (6) External Relations Committee
- (7) Compliance Committee
- (8) Nominating Committee

Committees that are primarily concerned with managing or administering a service, including Chapel Committee, Library Committee, Computing Committee, Housing & Accommodation Committee and Travel Grants Committee are not included, but membership of these Committees is available on request.

The Joint Consultative Committees are also not included, but membership of these Committees is available on request.

In some cases membership of committees is linked to a particular college role, for example the Vice-Provost and Senior Tutor.

Notes:

- 1. Finance – also includes 2 senior members of staff and 1 external member.
- 2. Investment – also includes 1 senior member of staff and 3 external members
- 4. Tutors' Committee – also includes Director of Visiting Student Programme, Chaplain, Career Development teaching JRFs, Lecturers with tutorial responsibilities during Fellows' sabbatical leave.
- 5. Domus – also includes 2 senior members of staff
- 6. External Relations – also includes 1 senior member of staff
- 7. Compliance – also includes 2 senior staff and JCR and MCR representatives

The future format of Remuneration and Audit and Risk Committees were developed over the course of the 2011-12 academic year, and the structure and remit approved at a meeting of the Governing Body held on 2 May 2012.

WORCESTER COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2012

COLLEGE SENIOR STAFF

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

C Day	Director of External Relations
J Gover	Academic Registrar & Admissions Tutor
A Jardine	Estates Bursar
G Jowett	College Accountant
J Parker	Librarian
K Wells	Computing Manager

COLLEGE ADVISERS

Investment managers

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

Auditor

Everett & Son
35 Paul Street
London
EC2A 4UQ

Bankers

National Westminster Bank plc
32 Cornmarket Street
Oxford
OX1 3ES

Royal Bank of Scotland plc
32 St Giles
Oxford
OX1 3ND

Wells Fargo Bank
PO Box 6995
Portland
OR 97228-6995
USA

WORCESTER COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2012

COLLEGE ADVISERS (continued)

Surveyors

Carter Jonas
Anchor House
269 Banbury Road
Summertown
Oxford, OX2 7LL

College address

Oxford
OX1 2HB

College website

www.worc.ox.ac.uk

WORCESTER 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 2011 under the Charities Act 1993 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Provost, Fellows & Scholars of Worcester College in the University of Oxford, which is known as Worcester College, ("the College") is an eleemosynary chartered charitable corporation aggregate. It was founded through a legacy of Sir Thomas Cookes Bt. under a Royal Charter of Queen Anne dated 1714. The corporation comprises the Provost and Fellows. The College was an exempt charity under s3 (5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act), but the Charities Act 2006 brought an end to this status. Registration under the Charity Commission commenced on 1st June 2010 and was completed on 19 August 2011 (registered number 1143479).

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

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

Governing Body

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

The Governing Body 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 Provost and is advised by eight principle committees and a further six that meet regularly to discuss specific areas of the College (Chapel, Library, Computing, Gardens, Student Matters, Housing and Accommodation).

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are normally recruited by open application and interview and are inducted into the workings of the College, including Governing Body policy and procedures, by means of being provided with a copy of the College Statutes, the Fellows' Handbook, Charity Commission Guidance Notes and informal discussion with colleagues. The Governing Body received a formal briefing session on the roles and responsibilities of Trustees on 16 May 2012.

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

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2012

Organisational management

The members of the Governing Body normally meet six times a year, with the provision for an additional 3 extraordinary meetings, if required. The work of developing their policies and monitoring the implementation of these is carried out by eight principal Committees:

- **The Tutors' Committee**

This committee considers business related to the academic and teaching aspects of the College including admissions, changes of course, oversight of student progress, requests for student suspensions, graduate matters etc. Meetings take place at 2.00 pm on Wednesday of weeks 1, 4 and 7 in the Linbury Room. The Committee comprises all Fellows with tutorial responsibilities, Career Development Teaching JRFs, College Lecturers overseeing a subject area, the Director of the Visiting Student Programme, the Academic Registrar/Tutor for Admissions and the Chaplain. Chaired by the Senior Tutor.

- **The Academic Strategy Committee**

This committee has responsibility for monitoring and developing the medium- to long-term academic strategies of the College including the subject balance and decisions about associations with new posts. Meetings usually take place on the Wednesday afternoon of week 5 of each term. Chaired by the Vice-Provost.

- **The Finance Committee (and Investment Sub-committee)**

The Finance Committee is responsible for business related to the financial management of the College, including strategy, monitoring of financial performance and consideration of requests for expenditure. Finance Committee meetings take place on Wednesdays of week 0 and 6 of each term. A separate meeting is held on Wednesday of week 3 in Trinity Term to consider budgets for the coming year. A Sub-committee of the Finance Committee, the Investment Sub-committee, meets once each term to consider the College's investment strategies. Both meetings are chaired by the Provost.

- **The Domus Committee**

This committee is responsible for business related to the fabric and buildings of the College, for its general management, and for personnel policies. Meetings take place on Wednesday of weeks 1 and 5 of each term. Chaired by the Vice-Provost.

- **The External Relations Committee**

The External Relations Committee is responsible for business related to College fund-raising, alumni relations and conferences. Meetings take place on Wednesday of week 7 in each term. Chaired by the Provost.

- **The Compliance Committee**

The Compliance Committee reviews compliance with equality policies and certain other areas of legislation including Charity Commission requirements. Chaired by the Provost.

- **The Nominating Committee**

The Nominating Committee proposes membership of committees and College Officers

The day-to-day running of the college is delegated to the Provost, supported by the following College Officers: Vice-Provost, Senior Tutor, Tutor for Graduates, Dean, Estates Bursar and Academic Registrar/Tutor for Admissions. The Vice-Provost attends each meeting of the Governing Body's Committees listed above, and all college meetings are attended by one or more of these individuals.

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2012

Group structure and relationships

The College also administers many special trusts, as detailed in Notes 20 to 21 to the financial statements.

The College also has a wholly owned non-charitable subsidiary: Worcester College Enterprises Limited. The financial statements are not consolidated into the accounts of the College because that Company was dormant throughout the year ended 31st July 2012.

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 Provost. Financial risks are assessed by the Finance Committee and investment risks are monitored by the Investment Committee. In addition, the Estates and Domestic Bursars and domestic staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, as required, 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, consider the major risks to which the College and its subsidiaries are exposed as appropriate, and work to ensure 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.

During the year the Governing Body comprehensively updated the risk register, to be reviewed on an annual basis. A thorough health and safety update was conducted by the College's retained consultant and the reports arising from this have been given to relevant managers. The College is also working with its architects to finalise a structured programme of repairs, to be implemented over the next decade. This will entail a comprehensive overhaul of the College's fire detection and electrical systems.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

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

The Governing Body is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2006. 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:

- To advance education, including extending access

Along with the University of Oxford's departments and faculties, the College educates approximately 400 undergraduates and 230 graduates in a wide range of subject areas. Students are admitted from diverse backgrounds, solely on the basis of their academic ability and potential. Opportunities are provided to develop students' academic knowledge and potential, and the transferable skills needed by them to contribute in the workplace and more widely. To support these activities the College provides tutorial (small-group) and class teaching to undergraduates, maintains a range of teaching and learning facilities (including three libraries and a number of lecture/seminar rooms) and organises events for all students to advance their education. A range of welfare, pastoral and administrative systems and social, cultural, and extra-curricular activities are also provided by the College.

WORCESTER COLLEGE

Report of the Governing Body

Year ended 31 July 2012

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

- To provide bursaries

The College recognises academic achievement through the award of Scholarships, Exhibitions and prizes for strong performance. Funds are also provided to assist students with the purchase of academic books, to help with vacation residence and fieldtrip costs, and for travel associated conferences and other academic work.

- To support impecunious students through hardship funds

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

- To support college-funded and independent research

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

Students and academic staff are able to make use of the College's 3 libraries, and researchers can also apply to access material in the College's special collections of prints, manuscripts and early printed books and in the archive.

- To promote religion

The College employs a full-time Chaplain who conducts services in the Chapel, is a member of the welfare team and can be approached by students of any faith, or none. The Chapel acts as the centre of Christian worship but its use by anyone as a space for quiet reflection is also encouraged. The Chapel is open every day and supports two flourishing choirs – a mixed-voice choir and a choir incorporating boy trebles from Christ Church Cathedral School. Interfaith services are offered on a regular basis and all services are promoted internally and externally to the College by means of notice boards and websites. Information about the variety of faith societies, belief groups and religious centres within the University is provided in the Undergraduate and Graduate Handbooks.

ACHIEVEMENTS AND PERFORMANCE

Access and Admissions

The College's work to raise aspirations, widen access and promote Higher education continued to develop over the course of the 2011-12 academic year. Worcester worked closely with approximately 85 schools and colleges (mainly from institutions in the link regions of West Yorkshire and Northamptonshire) and ran a highly successful Open Day for 150 students from the Further Education sector. Activities ranged from talks to pupils in years 9 and 10, residential visits, interview preparation workshops and subject enrichment sessions. In addition, it is estimated that in the region of 2000 students from a variety of educational, regional and international backgrounds visited the College during the three main Open Days of the year.

The College proved to be a popular choice for undergraduate applicants in 2011 and the field of candidates from which students were selected showed strong academic ability and potential. In addition to those admitted by Worcester College, a number of applicants were also offered places by other colleges as a result of the intercollegiate mechanisms that aim to ensure application outcome is not affected by college choice.

The overall proportion of candidates who applied to Worcester College (or were allocated through the open application scheme) and were made offers by the University was 23.8%, compared to the university-wide figure of 20.5%. The composition of offers made in 2011 for 2012 entry was: 52% male: 48% female; 60% UK/EU students educated in the State sector, 31% UK/EU students educated in the Independent sector, 9 % other students (most commonly overseas); 90% UK students and 10% EU/overseas (representing a total of 13 nationalities).

Fellowship and Staff

Professor Jonathan Bate became the new Head of House on 1 September 2011. The Governing Body comprised the Provost, 34 Official Tutorial Fellows, 2 Official Non-Tutorial Fellows, 8 Professorial Fellows and 5 Supernumerary Fellows. In addition, there were a further 2 Supernumerary Fellows (without Governing Body membership), 8 Senior Research Fellows and 12 Junior Research Fellows. Teaching was further supported by a number of College Lecturers, including 19 Stipendiary appointments, and external tuition was provided by tutors from across the collegiate university. Fifteen terms of sabbatical/special leave for research purposes were granted to 8 Fellows. A total of 118 non-academic staff supported the College's activities.

Student Numbers and Progress

During the 2011-12 academic year there were 392 undergraduates, 149 graduates and 23 full-time equivalent visiting students in residence. In Finals, Worcester's undergraduates obtained 37 Firsts, 69 Upper Seconds, and 9 Lower Second Class degrees, placing the College 13th in the Norrington Table (which is one measure of relative performance in Finals by each College). Students also achieved excellent results in their First Public Examinations (normally taken in the first year). The graduate community continued to thrive and a very wide range of postgraduate taught and research degrees were successfully completed.

Student Financial Support

The College has continued to offer financial support to its students, including for academic provision, hardship, bursaries, study grants and extra-curricular activities. Funds dispersed during the year included £25k for scholarships and exhibitions, £5k to help students with overseas travel, £39k in support of graduate scholarships, and £7k towards the cost of graduates' extraordinary academic expenses. Funds were also provided to support other activities including fieldtrips, medical electives, undergraduate research/conference travel, book bursaries, sports bursaries, and language tuition.

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2012

Developments

During the course of the academic year the College began to develop fundraising priorities for the Tercentenary Campaign, took forward building plans for funded refurbishment of the kitchens and a new lecture theatre, and worked with students to develop an Environmental Policy and Action Plan. Disabled access work also continued, including improved signage and further work to extend wheelchair access.

WORCESTER COLLEGE

Report of the Governing Body

Year ended 31 July 2012

FINANCIAL REVIEW

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

The College also benefits from the greatly appreciated support of our benefactors.

Net Incoming resources for the year were a very significant £5,058k compared to £238k in 2011. This arose from several substantial donations, increased conference income and by exercising control over expenditure. Legacies and donations of £7,081k included two generous gifts totalling £5,500k specifically for the provision of a new lecture theatre and refurbishment of the College's ageing kitchens.

The College's charitable objects and aims - the advancement of education, religion, learning and research - continue to be met with resources expended on charitable activities for the year of £7,147k (2011: £6,501k). The College continued to control expenditure and the increase arose principally from funded expenditure incurred in the planning phase of the Lecture Theatre and Kitchen project.

Incoming Resources from charitable activities in the year, principally fees and residential income were £4,652k (2011: £4,398k). With fee income falling, the uplift was achieved with higher residential and catering income and an increase in contributions to academic staff costs.

The College achieved its public benefit aims and objectives with expenditure on charitable activities of £7,147k exceeding incoming resources from charitable activities of £4,652k, by £2,495k. This deficit was met principally from the College's Endowments, with a contribution towards overheads from Conference income.

The College's aim to increase Conference income resulted in a significant increase with income of £1,152k (2011: £880k). Conference income provides a useful source of funds to support our key objectives and aims. The income and related expenditure, with allocated overheads, is included in the Consolidated Statement of Financial Activities under the headings Trading income and Trading expenditure.

The College has developed a plan to reduce the structural deficit, which includes identifying savings in expenditure and developing sources of income. During the year an agreement was struck with the JCR to raise our student accommodation charges to the collegiate median over the course of the next few years and some departmental restructuring took place both to achieve savings and efficiencies and to enable future improvements.

The College is developing a structured plan to maintain and improve the infrastructure of the buildings and grounds, to help provide top quality facilities and preserve them for the future. During the year a number of surveys were completed to ensure that the additional expenditure planned and incurred is targeted correctly.

With the exception of a donation of £5m, the College's investments are now managed by Oxford University Endowment Management Limited (OUEM). £5m for the Lecture Theatre and Kitchen project is invested in a RBS Fixed Rate Bond.

Reserves policy

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

The College's General reserve at the year-end amounted to £6,607k (2011: £7,475k), representing retained unrestricted income reserves and sufficient to fund just under one year's total expenditure.

Designated reserves at the year-end comprised funds for the maintenance of the fabric of the Hall, Chapel & Library and improvement of the fabric and fire precautions of the College as and when required. It is anticipated that most of these funds will be used in conjunction with the structured plan to maintain and improve the infrastructure of the buildings, mentioned above.

Investment policy, objectives and performance

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

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

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

The investment strategy, policy and performance are monitored by the Investment sub-Committee. At the year end, the College's long term securities totalled £13,819k, with a further £5,000k invested in a 3% Bond. The overall total investment return of the securities portfolio was 2.94% for the year. Our main fund benchmarks increased by 0.1% and 3.9% and the MSCI World GDP - GBP index for the year declined by 2.4%.

Under the total return accounting basis, it is the Governing Body's policy to extract as income 4.5% of the value of the relevant invested funds.

The Governing Body will keep the level of drawdown under review to balance the needs and interests of current and future beneficiaries of the College's activities.

FUTURE PLANS

The College's future plans are as agreed by the Governing Body and its committees, which consider the future plans in their areas of remit, the core elements are:

- to continue excellence in teaching, research and learning to ensure that the College continues to enhance its ability to provide a first class education;
- to provide high quality tuition and student support and to continue to update and enhance facilities;
- to further increase endowment and other income (eg through conferences); and
- to ensure compliance with charity and other relevant legislation

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. The Governing Body confirms that the financial statements comply with statutory requirements.

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 sufficient accounting records that 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, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 14 November 2012 and signed on its behalf by:

Professor Jonathan Bate
Provost

WORCESTER COLLEGE

Report of the Auditor to the Members of the Governing Body

We have audited the group and charity financial statements of Worcester 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 33. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Accounting and Reporting Responsibilities.

We have been appointed as auditors under section 144 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 (APB's) Ethical Standards for Auditors.

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 Charities Act 2011.

We also report if, in our opinion, the information given in the Report of the Governing Body is not consistent with the financial statements, if the College has not kept sufficient accounting records, if the College's financial statements are not in agreement with these 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

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 judgments made by the trustees 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.

If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion, the financial statements:

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

Everett & Son
Statutory Auditors
Chartered Accountants
London
14 November 2012

WORCESTER COLLEGE
Statement of Accounting Policies
Year ended 31 July 2012

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.

The financial statements consolidate the accounts of two trusts, Amphlett of Clent Scholarships Trust and Wilkinson Trust, whose assets are controlled by independent trustees with the income being mainly applied for the benefit of the College. The accounts of Worcester College Society, a charitable company limited by guarantee, are also consolidated as the College is the sole member of the Society.

No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the above, as included in the consolidated income, expenditure and results of the College are disclosed in note 13.

The financial statements do not consolidate the accounts of the College's wholly owned subsidiary undertaking, Worcester College Enterprises Limited, with those of the College because that Company was dormant throughout the year ended 31 July 2012.

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

2. Basis of accounting

The financial statements have been prepared under the Charities Act 2006 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, less any scholarships, bursaries or other allowances granted by the College, but including contributions received from restricted funds, are accounted for in the period in which the related service is provided.

4. 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.

5. 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.

6. 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

WORCESTER COLLEGE

Statement of Accounting Policies

Year ended 31 July 2012

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.

7. Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings together with expenditure on equipment costing more than £2,000 is capitalised and carried in the balance sheet at historical cost.

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

8. Depreciation

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

Freehold properties, including major extensions	[50 years]
Building improvements	[50 years]
Equipment	[4 - 10 years]

Freehold land is not depreciated. The cost of maintenance is charged in the Statement of Financial Activities in the period in which it is incurred.

9. Impairment Review

The College Surveyors carry out a full valuation of College properties, which considers the general condition, at five yearly intervals with desk top valuations in between. The College is developing a plan of scheduled maintenance.

10. Investments

Investment properties are valued as individual investments at their market values as at the balance sheet date. Purchases and sales of investment properties are recognised on completion.

Listed investments are valued at their mid-market values as at the balance sheet date. Investments such as hedge funds and private equity funds which have no readily identifiable market value are included at the most recent valuations from their respective managers.

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. Where necessary, provision is made for obsolete, slow moving and defective stock.

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.

WORCESTER COLLEGE

Statement of Accounting Policies

Year ended 31 July 2012

13. Total Return investment accounting

The College statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a capital supplement to the preserved ('frozen') value of the permanent endowment.

The Governing Body has decided that it is in the best interests of the College to account for its invested expendable endowment capital in the same way, though there is no legal restriction on the power to spend such capital.

For the carrying value of the preserved (frozen) permanent capital, the Governing Body have taken its open market value as at 1992, except where the original donation can be identified, together with the original gift value of all subsequent endowments received.

14. Fund accounting

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

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

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

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

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

15. 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.

Worcester College
Consolidated Statement of Financial Activities
including Income & Expenditure Account
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		4,646	6	0	4,652	4,398
		<u>4,646</u>	<u>6</u>	<u>0</u>	<u>4,652</u>	<u>4,398</u>
Resources from generated funds						
Legacies and donations		61	5,757	1,263	7,081	1,326
Trading income	2	1,219	0	0	1,219	925
Investment income	3	167	78	678	923	1,034
Bank and other interest	4	0	0	0	0	0
		<u>1,447</u>	<u>5,835</u>	<u>1,941</u>	<u>9,223</u>	<u>3,285</u>
Other incoming resources		153	0	0	153	754
Total Incoming Resources		<u>6,246</u>	<u>5,841</u>	<u>1,941</u>	<u>14,028</u>	<u>8,437</u>
RESOURCES EXPENDED						
Cost of generating funds	5					
Fundraising		36	0	172	208	202
Trading expenditure		1,530	0	8	1,538	1,401
Investment management costs		44	0	0	44	55
		<u>1,610</u>	<u>0</u>	<u>180</u>	<u>1,790</u>	<u>1,658</u>
Charitable activities	5					
Teaching, research and residential		5,565	635	947	7,147	6,501
		<u>5,565</u>	<u>635</u>	<u>947</u>	<u>7,147</u>	<u>6,501</u>
Governance costs	8	26	7	0	33	40
Total Resources Expended		<u>7,201</u>	<u>642</u>	<u>1,127</u>	<u>8,970</u>	<u>8,199</u>
Net incoming/(outgoing) resources including net income/(expenditure) for the year before transfers		(955)	5,199	814	5,058	238
Transfers between funds	20	0	0	0	0	0
Net incoming/(outgoing) resources before other gains and losses		<u>(955)</u>	<u>5,199</u>	<u>814</u>	<u>5,058</u>	<u>238</u>
Investment gains/(losses)		12	(56)	(372)	(416)	1,359
Net movement in funds for the year		<u>(943)</u>	<u>5,143</u>	<u>442</u>	<u>4,642</u>	<u>1,597</u>
Fund balances brought forward	20	11,595	2,955	15,070	29,620	28,023
Funds carried forward at 31 July	20	<u>10,652</u>	<u>8,098</u>	<u>15,512</u>	<u>34,262</u>	<u>29,620</u>

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

	Notes	2012 Consolidated £'000	2011 Consolidated £'000	2012 College £'000	2011 College £'000
FIXED ASSETS					
Tangible assets	10	24,422	24,694	24,422	24,694
Property investments	11	4,754	4,759	4,754	4,759
Securities and other investments	12	21,320	15,793	18,819	13,245
		50,496	45,246	47,995	42,698
CURRENT ASSETS					
Stocks	15	107	126	107	126
Debtors	16	660	531	740	604
Deposits and other short term investments		0	0	0	0
Cash at bank and in hand		74	79	23	21
		841	736	870	751
CREDITORS: falling due within one year	17	(2,075)	(1,362)	(2,072)	(1,359)
NET CURRENT ASSETS/(LIABILITIES)		(1,234)	(626)	(1,202)	(608)
TOTAL ASSETS LESS CURRENT LIABILITIES		49,262	44,620	46,793	42,090
CREDITORS: falling due after more than one year	18	(15,000)	(15,000)	(15,000)	(15,000)
Provisions for liabilities and charges	19	0	0	0	0
NET ASSETS		34,262	29,620	31,793	27,090
FUNDS OF THE COLLEGE					
	20				
Endowment funds		15,512	15,070	15,512	15,070
Restricted funds		8,098	2,955	5,629	425
Unrestricted funds					
Designated funds		2,409	2,517	2,409	2,517
General funds		8,243	9,078	8,243	9,078
		34,262	29,620	31,793	27,090

The financial statements were approved and authorised for issue by the Governing Body of Worcester College on 14 November 2012

Professor Jonathan Bate, Provost

Worcester 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	26	3,951	(2,550)
Returns on investments and servicing of finance			
Income from investments		923	1,034
Finance costs paid		(165)	(161)
		758	873
Capital expenditure and financial investment			
New endowment capital received		1,263	883
Payments for tangible fixed assets		(369)	(2,696)
Proceeds from sales of tangible fixed assets		0	36
Payments for investments		(15,083)	(5,459)
Proceeds from sales of investments		9,145	9,577
		(5,044)	2,341
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		(335)	664
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		(335)	664
Transfers to/(from) term deposits and current investments		0	0
(Increase)/decrease in loan and lease finance		0	0
Change in net funds		(335)	664
Net funds at 1 August		(553)	(1,217)
Net funds at 31 July		(888)	(553)

Worcester 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	1,359	0	0	1,359	1,406
Tuition fees - Overseas students	264	0	0	264	270
Other fees	288	0	0	288	283
Other HEFCE support	386	0	0	386	453
Other academic income	420	6	0	426	371
College residential income	1,929	0	0	1,929	1,615
	<u>4,646</u>	<u>6</u>	<u>0</u>	<u>4,652</u>	<u>4,398</u>

The above analysis includes £1,601k received from Oxford University under the CFF Scheme, net of College fees received directly (2011 - £1,740k)

2 TRADING INCOME

	2012 £'000	2011 £'000
Conferences	1,152	880
Other trading income	67	45
	<u>1,219</u>	<u>925</u>

3 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Agricultural rent	0	0	0	0	0
Commercial rent	0	0	0	0	0
Other property income	100	0	0	100	86
Equity dividends	0	0	0	0	0
Income from fixed interest stocks	0	0	0	0	0
Interest on fixed term deposits and cash	0	0	0	0	0
Other investment income	67	78	678	823	948
	<u>167</u>	<u>78</u>	<u>678</u>	<u>923</u>	<u>1,034</u>

4 BANK AND OTHER INTEREST INCOME

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

Worcester 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	133	62	13	208	202
Trading expenditure	818	499	221	1,538	1,401
Investment management costs	38	3	3	44	55
Total costs of generating funds	989	564	237	1,790	1,658
Charitable expenditure					
Teaching, research and residential	3,666	2,450	1,031	7,147	6,501
Total charitable expenditure	3,666	2,450	1,031	7,147	6,501
Governance costs	0	33	0	33	40
Total resources expended	4,655	3,047	1,268	8,970	8,199

The College is not 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.

6 SUPPORT COSTS

	Generating Funds £'000	Teaching Research and Residential £'000	Public Worship £'000	Heritage £'000	2012 Total £'000	2011 Total £'000
Financial and domestic admin	29	236	0	0	265	282
Human resources	1	14	0	0	15	22
IT	16	167	0	0	183	174
Depreciation	191	449	0	0	640	585
Loss/(profit) on fixed assets	0	0	0	0	0	0
Bank interest payable	0	135	0	0	135	135
Other finance charges	0	30	0	0	30	26
	237	1,031	0	0	1,268	1,224

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

7 GRANTS AND AWARDS

	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	2011 Total £'000
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:				
Scholarships, prizes and grants	18	64	82	66
Bursaries and hardship awards	257	11	268	260
Grants to other institutions	0	0	0	0
	275	75	350	326

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

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

8 GOVERNANCE COSTS

	2012	2011
	£'000	£'000
Governance costs comprise:		
Auditor's remuneration - audit services	26	23
Auditor's remuneration - other services	3	5
Legal and other fees on constitutional matters	4	12
Other governance costs	0	0
	33	40

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

9 STAFF COSTS

	2012	2011
	£'000	£'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	4,177	4,184
Social security costs	292	288
Pension costs	596	581
	5,065	5,053

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	17	21
College residential	73	72
Fundraising	4	3
Support	17	15
Total	111	111

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

	2012	2011
University Lecturers	16	16
CUF Lecturers	12	10
Other teaching and research	9	13
Other	3	3
Total	40	42

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 was one employee (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) exceeded £60k during 2012 and none in 2011.

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

10 TANGIBLE FIXED ASSETS

Consolidated and 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	28,353	0	1,127	29,480
Additions	0	321	0	48	369
Disposals	0	0	0	(399)	(399)
At end of year	0	28,674	0	776	29,450
Depreciation					
At start of year	0	3,782	0	1,004	4,786
Charge for the year	0	563	0	78	641
On disposals	0	0	0	(399)	(399)
At end of year	0	4,345	0	683	5,028
Net book value					
At end of year	0	24,329	0	93	24,422
At start of year	0	24,571	0	123	24,694

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

11 PROPERTY INVESTMENTS

Consolidated and College	Agricultural £'000	Commercial £'000	Other £'000	2012 Total £'000	2011 Total £'000
Valuation at start of year	0	0	4,759	4,759	6,883
Additions and improvements at cost	0	0	0	0	1
Disposals net proceeds	0	0	0	0	(2,282)
Revaluation gains/(losses) in the year	0	0	(5)	(5)	157
Valuation at end of year	0	0	4,754	4,754	4,759

A formal valuation of the College properties was prepared by Mr M Lunt BSc (Hons) MRICS of Carter Jonas as at 31 July 2010. This valuation was updated to 31 July 2012 with a desk top review carried out by Carter Jonas, Chartered Surveyors.

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

12 SECURITIES AND OTHER INVESTMENTS

	2012	2011
	£'000	£'000
Consolidated investments		
Valuation at start of year	15,793	16,427
New money invested	6,420	720
Amounts withdrawn	(9,145)	(7,293)
Reinvested income	8,663	4,738
Investment management fees	0	0
Increase in value of investments	(411)	1,201
Consolidated investments at end of year	21,320	15,793
Investment in subsidiaries	2,501	2,548
College investments at end of year	18,819	13,245

Consolidated investments comprise:

	Held outside the UK	Held in the UK	2012	2011
	£'000	£'000	Total	Total
			£'000	£'000
Equity investments	403	1,219	1,622	6,718
Global multi-asset funds	5,027	7,085	12,112	2,117
Property funds	0	0	0	763
Fixed interest stocks	48	552	600	2,957
Alternative and other investments	0	207	207	268
Fixed term deposits and cash	0	6,779	6,779	2,970
Total consolidated investments	5,478	15,842	21,320	15,793

Material investments

Investments valued at more than 10% of the portfolio at the year end:

	Percentage of Portfolio	Market Value
		2012
		£'000
Oxford University Endowment Management - Endowment Fund	28.87%	6,155
Oxford University Endowment Management - Capital Fund	27.92%	5,953
RBS Fixed Rate Bond	23.45%	5,000

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

13 SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Worcester College Enterprises Limited, a dormant company.
The College is the sole member of Worcester College Society, a company limited by guarantee.
The College is the main beneficiary of two trusts, whose assets are controlled by independent trustees

The results of the subsidiaries and their assets and liabilities at the year end were as follows.
The results for Wilkinson Trust are based on the latest information available.

	Worcester College Society	Amphlett of Clent Scholarships Trust	Wilkinson Trust
	£'000	£'000	£'000
Income & Gain	17	(5)	2
Grants payable to College	(25)	(38)	(2)
Grants	0	0	0
Governance	(7)	0	0
Result for the year	<u>(15)</u>	<u>(43)</u>	<u>0</u>
Total assets	211	1,759	504
Total liabilities	(3)	0	0
Net funds at the end of year	<u>208</u>	<u>1,759</u>	<u>504</u>

14 STATEMENT OF INVESTMENT TOTAL RETURN

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

	Permanent Endowment £'000	Expendable Endowment £'000	Total £'000
Investment total return			
Income distributions	246	432	678
Capital gains/losses	(135)	(237)	(372)
Investment management costs			0
Total return for the year	<u>111</u>	<u>195</u>	<u>306</u>
Amount applied as income for spending	<u>(245)</u>	<u>(882)</u>	<u>(1,127)</u>
Net decrease in Unapplied Total Return in the year	(134)		
Unapplied Total Return at start of year	2,526		
Unapplied Total Return at end of year	<u>2,392</u>		
Preserved value of original permanent endowments	<u>2,955</u>		

15 STOCK

	2012 Consolidated £'000	2011 Consolidated £'000	2012 College £'000	2011 College £'000
Stock	<u>107</u>	<u>126</u>	<u>107</u>	<u>126</u>

Stocks comprise goods for resale and goods for use in College

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

16 DEBTORS

	2012 Consolidated £'000	2011 Consolidated £'000	2012 College £'000	2011 College £'000
Amounts falling due within one year:				
Trade debtors	46	24	46	24
Amounts owed by College members	46	48	46	48
Amounts owed by Group undertakings	0	0	83	76
Loans repayable within one year	0	0	0	0
Prepayments and accrued income	0	0	0	0
Other Debtors	547	438	544	435
Amounts falling due after more than one year:				
Loans	21	21	21	21
	<u>660</u>	<u>531</u>	<u>740</u>	<u>604</u>

17 CREDITORS: falling due within one year

	2012 Consolidated £'000	2011 Consolidated £'000	2012 College £'000	2011 College £'000
Bank overdrafts	962	632	962	632
Bank loans	0	0	0	0
Obligations under finance leases	0	0	0	0
Trade creditors	172	190	172	190
Amounts owed to College Members	171	189	171	189
Amounts owed to Group undertakings	0	0	0	0
Taxation and social security	130	131	130	131
College contribution	0	0	0	0
Accruals and deferred income	1	2	1	2
Other creditors	639	218	636	215
	<u>2,075</u>	<u>1,362</u>	<u>2,072</u>	<u>1,359</u>

18 CREDITORS: falling due after more than one year

	2012 Consolidated £'000	2011 Consolidated £'000	2012 College £'000	2011 College £'000
Bank loans	15,000	15,000	15,000	15,000
Obligations under finance leases	0	0	0	0
Other creditors	0	0	0	0
	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>

The bank loans, for £10,000k and £5,000k, are repayable on 31 December 2013, with an interest rate of 0.4% over base rate. They are secured against the Canal Building, Franks Building and Beaumont Street properties, 5,6,7 and 24.

19 PROVISIONS FOR LIABILITIES AND CHARGES

	2012 Consolidated £'000	2011 Consolidated £'000	2012 College £'000	2011 College £'000
At end of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

20 MOVEMENTS OF THE COLLEGE FUNDS

	At 1 August 2011 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2012 £'000
Endowment Funds - Permanent						
Permanent 1	1,392	62	(59)	0	(34)	1,361
Permanent 2	1,088	78	(83)	0	(27)	1,056
Permanent 3	729	33	(19)	0	(18)	725
Permanent 4	541	24	(6)	0	(13)	546
10 further Permanent Funds	1,700	80	(78)	0	(43)	1,659
Endowment Funds - Expendable						
Expendable 1	3,086	299	(471)	0	(76)	2,838
Expendable 2	1,243	56	(56)	0	(31)	1,212
Expendable 3	720	512	(7)	0	(17)	1,208
91 further Expendable Funds	4,571	797	(348)	0	(113)	4,907
Total Endowment Funds	15,070	1,941	(1,127)	0	(372)	15,512
Restricted Funds						
Restricted 1	1	5,500	(442)	0	0	5,059
Restricted 2	88	42	(41)	0	(2)	87
Restricted 3	2	75	(5)	0	0	72
Restricted 4	54	22	(3)	0	(2)	71
Restricted 5	5	64	(31)	0	0	38
Restricted 6	31	7	0	0	(1)	37
35 further Restricted Funds	244	111	(85)	0	(5)	265
Total Restricted Funds	425	5,821	(607)	0	(10)	5,629
Unrestricted Funds						
General Reserve	7,475	6,233	(7,077)	(33)	9	6,607
Revaluation Reserve	1,603			33		1,636
Fixed asset designated Fund	1,965	0	(45)	0	0	1,920
Designated Reserves	552	13	(79)	0	3	489
Total Unrestricted Funds	11,595	6,246	(7,201)	0	12	10,652
	27,090	14,008	(8,935)	0	(370)	31,793
Subsidiaries	2,530	20	(35)	0	(46)	2,469
Total Funds	29,620	14,028	(8,970)	0	(416)	34,262

The transfers between General Reserve and Revaluation Reserve represent unrealised gains on College investments.

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

21 DETAILS OF THE COLLEGE FUNDS

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

Endowment Funds - Permanent:

Permanent 1	A donation where income, but not capital, can be used to support a Fellowship in Architectural History
Permanent 2	A consolidation of donations where income, but not capital, can be used towards the endowment of a Law Fellowship
Permanent 3	A bequest where income, but not capital, can be used to conserve a donated collection
Permanent 4	A bequest where income, but not capital, can be used to support students from Trinidad in particular
10 further Permanent Funds	Donations and bequests where income, but not capital, can be used to support specific Fellowships or Scholarships

Endowment Funds - Expendable:

Expendable 1	A consolidation of benefactions and donations where either income, or income and capital, can be used for the general purposes of the College
Expendable 2	A donation where either income, or income and capital, can be used for the general purposes of the College
Expendable 3	A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford
91 further Expendable Funds	A diverse group of donations and bequests where either income, or income and capital, can be used for specific purposes including support for fellowships, scholarships, student activities and maintenance of historic buildings, gardens and grounds

Restricted Funds:

Restricted 1	Donations to fund the building of a lecture theatre and kitchens refurbishment
Restricted 2	Income generated from a trust controlled by independent trustees to provide scholarships grants and bursaries to students of the College
Restricted 3	Donations to support bursaries, student activities and building projects
Restricted 4	Donations to fund a Fellow's research
Restricted 5	Donations to fund a Fellowship
Restricted 6	Donations to provide hardship grants and loans to students of the College
35 further Restricted Funds	A diverse group of income and donations to support student activities, fellowships, research, the Library, archives and building projects

Designated Funds

Fixed asset designated	Unrestricted Funds which are represented by fixed assets of the College and therefore not available for expenditure on the College's general purposes
Designated 2	Unrestricted Funds allocated by the Fellows for future costs of maintaining the fabric and furnishings of the College

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

The transfers between General Reserve and Revaluation Reserve represent the unrealised gains on investments.

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	24,422	0	0	24,422
Property investments	0	131	4,623	4,754
Securities and other investments	2,432	5,498	10,889	18,819
Net current assets	(16,202)	0	0	(16,202)
	<u>10,652</u>	<u>5,629</u>	<u>15,512</u>	<u>31,793</u>

23 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 format of the Remuneration Committee has been developed during the year.

Trustees of the college fall into the following categories:

Provost
Tutorial Fellow
Professorial Fellow
Supernumerary Fellow
Official Non-Tutorial Fellow

There are three trustees, the Provost, Estates Bursar and Academic Registrar & Tutor for Admissions who work full time on management and fundraising.

Some trustees, tutorial fellows, are eligible for college housing schemes. Three trustees live in properties owned by the college and do not receive housing allowance. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Five trustees live in houses owned jointly with the College, as detailed in Note 30, no such houses were bought or sold during the year.

Some trustees receive additional allowances for additional work carried out as part time college officers, for example, Senior Tutor and Dean. These amounts are included within the remuneration figures below. The total remuneration and taxable benefits as shown below is £1,388k (2010-11 £1,396k). The total of pension contributions is £185k (2010-11 £182k).

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

Remuneration paid to trustees

Range	2011-12		2010-2011	
	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions
		£		£
£1-£999			1	975
£2,000-£2,999			1	2,250
£3,000-£3,999			1	3,182
£6,000-£6,999	2	13,450	1	6,935
£7,000-£7,999	1	7,523		
£8,000-£8,999	1	8,089		
£10,000-£10,999	1	10,774	3	32,518
£11,000-£11,999	3	34,196	2	22,509
£12,000-£12,999	1	12,781	1	12,931
£13,000-£13,999			2	27,172
£14,000-£14,999	2	29,416	2	29,255
£17,000-£17,999	2	35,258		
£19,000-£19,999	5	96,706	4	78,158
£20,000-£20,999	1	20,073	1	20,253
£21,000-£21,999	1	21,162	1	21,130
£24,000-£24,999	1	24,301	1	24,314
£39,000-£39,999			1	39,028
£40,000-£40,999	2	80,852	2	81,179
£41,000-£41,999	1	41,176	1	41,700
£42,000-£42,999	1	42,983	1	42,111
£43,000-£43,999	1	43,970	1	43,832
£44,000-£44,999	1	44,511	1	44,276
£48,000-£48,999	4	195,266	3	146,026
£49,000-£49,999	1	49,172	2	98,912
£50,000-£50,999	1	50,436	1	50,564
£57,000-£57,999			1	57,466
£59,000-£59,999	1	59,671		
£60,000-£60,999	1	60,051		
£67,000-£67,999	1	67,046	1	67,098
£70,000-£70,999			1	70,677
£72,000-£72,999	1	72,972		
£73,000-£73,999	1	73,504	1	73,517
£75,000-£75,999			1	75,571
£83,000-£83,999	1	83,420	1	83,405
£99,000-£99,999			1	99,396
£108,000-£108,999	1	108,902		

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

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

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

Trustee expenses

No fellow claimed any expenses for work as a trustee.

Other transactions with trustees

During the year the partner of a trustee was paid for providing tutorials for students of the College

24 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. 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 Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

In September 2005 the government introduced legislation that an employer may not withdraw from a multi-employer scheme without funding (to a specified level) its share of any pension liability in the scheme, this funding level is commonly known as Section 75 debt. USS has determined that any unrecoverable funding shortfall of an 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.

The latest actuarial valuation of the USS was carried out at 31 March 2011 and published in June 2012. This valuation showed the scheme assets to represent 92% of the scheme liabilities at that date.

The full valuation is available on the USS website,

<http://www.uss.co.uk/Actuarial%20Valuation/actuarial%20valuation%20march%202011.pdf>

The next actuarial valuation of the USS is due to take place at 31 March 2014 and should be published early in 2015.

The USS Joint Negotiating Committee proposed and USS has implemented with effect from 1 October 2011, a package of changes, including the admission of new members into a Career Revalued Benefits section. The changes as required to ensure the future sustainability of the Scheme. Further details about the changes may be reviewed on USS' website, www.uss.co.uk

After allowing for these changes, the actuary established a long term employer contribution rate of 12.6% of total pensionable salaries for the 2011/12 year, reducing over time. USS 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 this being the rate paid by employers since 1 October 2009) until 31 March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future service cost of accruals. The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2021.

The latest actuarial valuation of the OSPS was carried out at 31 March 2010 and identified a required long-term employer contribution rate of 18.2% of total pensionable salaries, but also a funding deficit of £82.4m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by continuing the employer contribution rate at the previously agreed rate of 21.5% of total pensionable salaries (this being the rate paid by the employer since 1 August 2008). The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2027. In addition, the University has agreed to close the Scheme to future final salary accrual, transferring all members onto a Career Revalued benefits structure with effect from 1 January 2013. Further details may be seen on the Scheme's website, www.admin.ox.ac.uk/finance/pensions/osps/

The College has made available a Stakeholder Scheme for individual employees.

The College continues to make a small and diminishing number of supplementation payments to retired members and dependents of former members of the Federated System for Superannuation in Universities (FSSU) and Employees Pension Scheme (EPS). In addition, the College is also contributing to the personal pension arrangements of certain staff who were ineligible to join USS or OSPS.

The College also participates in the Church of England Funded Pensions Scheme and employs one member of the Scheme out of a total membership of approximately 10,000 active members. The Scheme is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities - each employer in the Scheme pays a common contribution rate. The College has been designated a "minor responsible body" by the Scheme which would limit our Section 75 debt to £100 if it ceased to have any active members in the Scheme.

The pension charge for the year includes contributions payable to the USS of £244k (2011 - £235k), contributions payable to the OSPS of £340k (2011 - £332k) and contributions to other arrangements of £12k (2011 - £14k).

25 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 from the Conference income.

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

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

	2012 £'000	2011 £'000
Net incoming resources for the year	5,058	238
Elimination of non-operating cash flows:		
- Investment income	(923)	(1,034)
- Endowment donations	(1,263)	(883)
- Financing costs	165	161
Depreciation	641	584
(Surplus)/loss on sale of fixed assets	0	0
Decrease/(Increase) in stock	19	(8)
Decrease/(Increase) in debtors	(129)	305
(Decrease)/Increase in creditors	383	(1,913)
(Decrease)/Increase in provisions	0	0
Net cash inflow/(outflow) from operations	<u>3,951</u>	<u>(2,550)</u>

27 ANALYSIS OF CHANGES IN NET FUNDS

	2011 £'000	Cash flow £'000	2012 £'000
Cash at bank and in hand	79	(5)	74
Bank overdrafts	(632)	(330)	(962)
	<u>(553)</u>	<u>(335)</u>	<u>(888)</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	(15,000)	0	(15,000)
Finance lease obligations due within one year	0	0	0
Finance lease obligations due after one year	0	0	0
	<u>(15,553)</u>	<u>(335)</u>	<u>(15,888)</u>

28 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	0
- expiring between two and five years		
- expiring in over five years		
	<u>0</u>	<u>0</u>
Other		
- expiring within one year	0	0
- expiring between two and five years		
- expiring in over five years		
	<u>0</u>	<u>0</u>

29 CAPITAL COMMITMENTS

The College had no contracted commitments at 31 July 2012 or 31 July 2011.

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

30 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.

Five properties are owned under joint equity agreements between the trustee, named below, 50% and the College, 50%.

Full market values of the properties, following a desk top review carried out by Carter Jonas:	2012	2011
	£'000	£'000
Dr S Cowan	480	480
Dr J Parrington	590	600
Dr J Quinn	462	462
Dr G Ritchie	360	360
Dr B Harris	560	560

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

31 CONTINGENT LIABILITIES

There were no known contingent liabilities.

32 POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

33 ULTIMATE CONTROLLING PARTY

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