

Charity Registration No. 1143479

# Worcester College

Annual Report and Financial Statements

Year ended 31 July 2014

**WORCESTER COLLEGE**  
**Annual Report and Financial Statements**  
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## WORCESTER COLLEGE

### Governing Body, Officers and Advisers

Year ended 31 July 2014

#### MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law. The members of the Governing Body who served in office as trustees during the financial year, or subsequently during the period until September 30<sup>th</sup> 2014, are detailed below:

Members		Date from (to)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Prof Jonathan Bate	Provost		•	•		•		•	•	•
Prof Donald Fraser				•		•				
Prof Paul Ewart						•				•
Dr David Bradshaw						•				
Dr Stephen Williams			•	•	•	•	•	•	•	
Dr Simon Cowan			•			•				
Prof John Woodhouse										
Dr Peter Darrah						•				
Dr Susan Gillingham						•				
Prof Tony Blakeborough	Senior Tutor		•		•	•		•	•	
Prof Heather Viles	Vice-Provost	(30.9.14)				•				
Dr Kate Tunstall	Tutor for Graduates	(30.9.14)			•	•	•		•	
Prof Christopher Brown		(30.9.14)								
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					•		•		
Dr John Parrington						•		•		
Dr Richard Earl	Tutor for Admissions					•	•		•	
Dr Scott Scullion	Fellow Librarian			•		•				
Dr Deborah Cameron										
Dr Josephine Quinn						•				
Prof Andreas Willi										
Dr Rory Bowden	Garden Master									
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 Gabriel Stylianides										
Dr Kim Dora	Tutor for Women					•			•	
Dr Antonis Papachristodoulou			•			•				

## WORCESTER COLLEGE

### Governing Body, Officers and Advisers

Year ended 31 July 2014

Members (continued)		Date from (to)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dr Hongseok Yang						•				
Dr Michail Peramatzis						•				
Dr Zofia Stemplowska										
Dr Felix Parra Diaz		1.10.13								
Dr Afifi al-Akiti		1.10.13								
Prof Sadie Creese		1.10.13	•							
Mr Jonathan Forrest	Finance and Estates Bursar	14.7.14	•	•		•	•	•	•	

Members of Governing Body who left during the same period		
Mr Andrew Jardine	Estates Bursar	(11.7.14)
Dr Maris Kopcke-Tinturé		(30.9.14)
Prof Christopher Brown		(30.9.14)

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

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

Other business is conducted through further committees:

Remuneration Committee has 2 internal and 3 external members

Audit and Risk Committee has 4 internal and 5 external members

Committees that are primarily concerned with managing or administering a service, include Chapel Committee, Library Committee, Computing Committee, Housing & Accommodation Committee and Travel Grants Committee. In addition there is a Joint Consultative Committee. Membership details for all committees are available on request.

### COLLEGE SENIOR STAFF

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

Mrs Coleen Day	Director of Development and Alumni Relations
Mr Jonathan Forrest	Finance and Estates Bursar (joined 14.7.14)
Mrs Jane Fabes	Interim College Accountant (joined 3.3.14)
Mr Andrew Jardine	Estates Bursar (left 11.7.14)
Mr Graham Jowett	College Accountant (left 11.2.14)
Mr Tim Lightfoot	Domestic Bursar
Dr Jo Parker	Librarian
Dr Karen Wells	Computing Manager

## **WORCESTER COLLEGE**

**Governing Body, Officers and Advisers**

**Year ended 31 July 2014**

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### **COLLEGE ADVISERS**

#### **Investment managers**

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

#### **Auditor**

Grant Thornton UK LLP  
3140 Rowan Place  
John Smith Drive  
Oxford  
OX4 2WB

#### **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

#### **Surveyor**

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

#### **College address**

Worcester College  
Oxford  
OX1 2HB

#### **College website**

[www.worc.ox.ac.uk](http://www.worc.ox.ac.uk)

## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2014 under the Charities Act 2011 together with the audited financial statements for the year.

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The Provost, Fellows & Scholars of Worcester College in the University of Oxford, which is known as Worcester College, ("the College") is an eleemosynary chartered charitable corporation aggregate. It was founded through a legacy of Sir Thomas Cookes Bt. under a Royal Charter of Queen Anne dated 1714. The corporation comprises the Provost and Fellows. The College 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 1<sup>st</sup> 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 4.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing documents**

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

#### **Governing Body**

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

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

#### **Recruitment and training of Members of the Governing Body**

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

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

## WORCESTER COLLEGE

### Report of the Governing Body

Year ended 31 July 2014

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#### Organisational management

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

- **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 in weeks 1, 4 and 7. The Committee comprises all Fellows with tutorial responsibilities, Career Development Teaching Junior Research Fellows, College Lecturers overseeing a subject area, the Director of the Visiting Student Programme, the Academic Registrar/Tutor for Admissions and the Chaplain. It is chaired by the Senior Tutor.

- **The Academic Strategy Committee**

This committee has responsibility for monitoring and developing the medium and long-term academic strategies of the College including the subject balance and decisions about associations with new posts. Meetings usually take place in week 5 of each term. It is 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 in weeks 0 and 6 of each term. A separate meeting is held in 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 in weeks 1 and 5 of each term. It is 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 in week 7 of each term. It is 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. It is chaired by the Provost.

- **The Nominating Committee**

The Nominating Committee proposes membership of committees and appointment to College officer positions.

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

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

## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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#### **Group structure and relationships**

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

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

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

#### **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 Sub-Committee. Both these committees have appropriately experienced and skilled external members in addition to internal members.

The Governing Body has ultimate responsibility for managing any risks faced by the College, considering the major risks to which the College and its subsidiaries are exposed, and working 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, in keeping with standard practice, the Audit and Risk Committee (a committee of Governing Body) scrutinised the Risk Register on behalf of the Governing Body. Once the Committee was content the Register adequately and clearly lists the principal risks to which the College is exposed (together with appropriate actions for mitigating those risks the individuals or departments accountable for undertaking these actions), its findings were reported to Governing Body.

The Finance and Estates and Domestic Bursars and the 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. External consultants are used to complete a programme of health and safety reviews throughout the year. The reports arising are disseminated for action to departmental managers and health and safety management procedures are discussed at Domus Committee (a committee of Governing Body).

The College is currently implementing a substantial structured programme of repairs, including a comprehensive overhaul of the College's fire detection and electrical systems. This is now well underway. This costed and scheduled programme is scrutinised by Finance Committee.



## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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## **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 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:

- To advance education, including extending access

Along with the University of Oxford's departments and faculties, the College educated 643 students (undergraduate and graduate) during the year in a wide range of subject areas. Students are admitted from diverse backgrounds but solely on the basis of their academic ability and potential. Opportunities are provided to develop students' academic knowledge and potential, and the transferable skills needed by them to contribute in the workplace and more widely. To support these activities the College provides tutorial (small-group) and class teaching to undergraduates, maintains a range of teaching and learning facilities (including three libraries and a number of lecture/seminar rooms) and organises events for all students to advance their education. A range of welfare, pastoral and administrative systems and social, cultural, and extra-curricular activities are also provided by the College.

The College employs an Admissions and Access Officer and has 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 with attendance at conferences and in furtherance of their 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 a combination of the two.

- To support college-funded and independent research

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

## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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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 in the archive.

- To promote religion

The College employs a full-time Chaplain who conducts services in the Chapel, is a member of the welfare team and can be approached by students of any faith, or none. The Chapel acts as a centre of Christian worship but its use by anyone as a space for quiet reflection is also encouraged. The Chapel is open every day and supports two flourishing choirs – a mixed-voice choir and a choir incorporating boy trebles from Christ Church Cathedral School. 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. There are various events outside of the Chapel, to discuss religion, ethics and morality, organised by the Chaplain, including a weekly discussion group and a termly dinner with guest speaker.

## **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 2013-14 academic year. Worcester worked closely with approximately 85 schools and colleges (mainly from institutions in our link regions of West Yorkshire and Northamptonshire) and ran a highly successful Open Day for over 180 students from the Further Education sector. Activities included talks to pupils in years 9 to 13, 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 2013 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 25.4%, compared to the university-wide figure of 18.5%. The composition of offers made in 2013 for 2014 entry was: 50% male; 50% female; 86.3% UK students and 13.7% EU/overseas (representing a total of 13 different nationalities). Of the UK students, 56% were educated in the State sector and 44% in the Independent sector.

### **Fellowship and Staff**

The Governing Body comprised the Provost, 33 Official Tutorial Fellows, 1 Official Non-Tutorial Fellow, 7 Professorial Fellows and 7 Supernumerary Fellows. In addition, there were a further Supernumerary Fellow (without Governing Body membership), 8 Senior Research Fellows and 15 Junior Research Fellows.

Teaching was further supported by a number of College Lecturers, including 18 Stipendiary appointments and external tuition was provided by tutors from across the collegiate university. Eleven terms of sabbatical or special leave for research purposes were granted to 7 Fellows. A total of 140 non-academic staff (by headcount, not FTE) supported the College's activities.

## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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#### **Student Numbers and Progress**

During the 2013-14 academic year there were 402 undergraduates, 207 graduates and 34 JYA students in College – a total of 643 students. In Finals, Worcester's undergraduates obtained 44 Firsts, 70 Upper Seconds, 5 Lower Seconds, and 2 Third Class degrees, placing the College 3<sup>rd</sup> in the Norrington Table (which is a measure of relative performance in Finals by each of the Oxford colleges). Students also achieved excellent results in their First Public Examinations (normally taken in the first year). The graduate community continued to thrive and a very wide range of postgraduate taught and research degrees were completed successfully.

#### **Student Financial Support**

The College has continued to offer financial support to its students, including for academic provision, hardship, bursaries, study grants and extra-curricular activities. Funds dispersed during the year included £25k for scholarships and exhibitions, £8k on prizes, £8.5k on vacation grants, £18k in support of graduate scholarships, and £7k towards the cost of graduates' extraordinary academic expenses. Funds were also provided to support other activities including field trips, medical electives, undergraduate research/conference travel, book bursaries, sports bursaries, and language tuition.

#### **Development**

During this year the College celebrated its 300th anniversary and embarked upon the Tercentenary Campaign, a long-prepared capital campaign to endow the College for the next three hundred years. Many celebratory events were held and the Campaign was formally launched across the globe, with gatherings in Oxford, London, New York, Washington DC and Hong Kong. Campaign Committees, led by generous Old Members, were established in the UK and the USA. The Campaign target is £100 million, sub-divided into targets of £60 million pounds cash pledges within ten years of active campaigning and a further £40 million of legacy pledges. The intended disposition of the funds raised in the active Campaign is as follows: £25 million to permanently endow ten Tutorial Fellowships; £15 million to produce an annual return that will endow a rich complement of undergraduate and graduate scholarships, bursaries, hardship funds and outreach activity to ensure that the opportunities of the College are made available to a full diversity of candidates of the highest potential; £20 million for the maintenance and enhancement of our historic buildings and grounds together with the creation of the Sultan Nazrin Shah Building incorporating the Tuanku Bainun Auditorium and an array of students facilities and meeting rooms. The additional £40 million legacy pledges would be applied to general endowment, creating a sufficient annual return to assure the College's long-term sustainability and the growth of excellence. At the moment of the Campaign's formal launch on 1 July 2014 (the month of the anniversary of Queen Anne's setting of the seal on the foundation of the College), we were able to report that lead donors had made £56 million of firm pledges (including legacy elements). The College is deeply grateful to its extraordinarily generous lead donors.

Some donations and pledges were made via the newly established Worcester College Oxford Endowment Trust, an independent charity which reports separately. The unaudited asset values of the Trust at 31 July 2014 were £4.0m.

#### **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 receives financial support from many benefactors to whom it is extremely grateful.

Total Incoming resources for the year were £20.2m inclusive of £9.4m primarily from the sale of assets compared to £1,376k in 2012/13 and £3.7m received in donations and legacies. This arose from several substantial donations, and included funding for the redevelopment and refurbishment of the College kitchens and the establishment of a new endowment fund for the fellowship.

## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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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 £8,871k (2013: £9,232k) the decrease in costs being due to lower support staff costs following re-organisation and lower professional fees being incurred during the year.

Incoming Resources from charitable activities in the year, principally fees and residential income were £6,039k (2013: £5,903k). This increase was largely a result of higher fee income from overseas students.

The College achieved its public benefit aims and objectives with expenditure on charitable activities of £8,871k exceeding incoming resources from charitable activities of £6,039k, by £2,832k. This spending gap was met principally from resources from generated funds including investment income, trading income, legacies and donations.

During the year the College has reviewed its trading activities and has put in place plans to generate surpluses that can be applied to its charitable Objects, from a significantly increased business in delivering conference facilities to commercial markets. As a part of this business the College is investing in new conferencing facilities that will come on stream in 2016/17. Until that time the College intends to gradually build the scale of its commercial conferencing activity. Thereafter we expect the income from commercial conferencing to grow more rapidly.

The College continued to progress its 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. The work was focused on historic buildings in the Pump Quadrangle and in other student accommodation. Most significantly work was begun on a complete refurbishment and extension of the College kitchens, and this work was completed before the beginning of Michaelmas Term 2014.

During the year the planned sale of a number of houses was completed raising a further £2,726k. The loan of £15m with the Royal Bank of Scotland matured on December 31<sup>st</sup> 2013 and was replaced by a £10m five year loan with Barclays.

The College's General Reserve increased during the year mainly due to profit on the sale of assets which includes the sale of houses.

The College's securities and other investments are managed by Oxford University Endowment Management Limited (OUEM) and total £19.4m.

### **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 £13,891k (2013: £5,864k), representing retained unrestricted income reserves. These reserves are available both for the purposes of paying off long-term debt and to fund operating expenditures in the event of interruption to College income.

## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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Of the designated reserves £552K is of funds for the maintenance of the fabric and furnishings of the College. 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 £19,395k, invested in two funds which during the year achieved returns of 6.2% and 2.3%.

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

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

#### **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 including by continuing to promote the Tercentenary Campaign to raise funding from alumni, and also to increase other income (for example through continued growth of the conferencing business which is referred to above in the Financial Review); and
- to ensure compliance with charity and other relevant legislation.

## **WORCESTER COLLEGE**

### **Report of the Governing Body**

**Year ended 31 July 2014**

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#### **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 3 December 2014 and signed on its behalf by:

Professor Jonathan Bate

Provost

## **WORCESTER COLLEGE**

### **Report of the Auditor to the Members of the Governing Body**

#### **Independent auditor's report to the trustees of Worcester College**

We have audited the financial statements of Worcester College for the year ended 31 July 2014 which comprise the Consolidated Statement of Financial Activities, the College and Group Balance Sheets, the Consolidated Cash Flow Statement and the related notes. 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 charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 July 2014, 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; 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.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Oxford

**[\*\*Date\*\*]**

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# WORCESTER COLLEGE

## Statement of Accounting Policies

Year ended 31 July 2014

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### 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 Worcester College Society, a charitable company limited by guarantee, 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 14.

The financial statements also consolidate the accounts of the College's wholly owned subsidiary undertaking, Worcester College Enterprises Limited, as the company commenced trading on 1 August 2013.

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

### 2. Basis of accounting

The 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. Going concern

The bank loan of £15m matured on 31 December 2013, £5m of the loan was repaid and a new five year facility of £10m was taken out with Barclays. The College has funds of £50.2m at 31 July 2014 (£38.2m, 31 July 2013) with the result that the Trustees believe it is appropriate to prepare the financial statements on the going concern basis.

### 4. 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.

### 5. Incoming resources from donations and legacies

Voluntary income is accounted for when the College receives the funds. 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.



## **WORCESTER COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2014**

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#### **7. Conference income**

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

#### **8. 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.

#### **9. 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.

#### **10. 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.

#### **11. 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 implementing a plan of scheduled maintenance.

#### **12. 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.

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.

#### **13. 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.

## **WORCESTER COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2014**

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#### **14. 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. The resulting exchange differences are taken to the Statement of Financial Activities.

#### **15. 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.

#### **16. 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.

#### **17. 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 2014**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2014 Total £'000	2013 Total £'000
<b>INCOMING RESOURCES</b>						
<b>Resources from charitable activities</b>	1					
Teaching, research and residential		6,039	0	0	6,039	5,903
		<u>6,039</u>	<u>0</u>	<u>0</u>	<u>6,039</u>	<u>5,903</u>
<b>Resources from generated funds</b>						
Legacies and donations		394	1,188	2,080	3,662	3,123
Trading income	2	321	0	0	321	316
Investment income	3	287	74	443	804	1,052
Bank and other interest	4	0	0	0	0	0
		<u>1,002</u>	<u>1,262</u>	<u>2,523</u>	<u>4,787</u>	<u>4,491</u>
<b>Other incoming resources</b>	5	9,368	12	0	9,380	1,376
<b>Total Incoming Resources</b>		<u>16,409</u>	<u>1,274</u>	<u>2,523</u>	<u>20,206</u>	<u>11,770</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>	6					
Fundraising		477	0	0	477	312
Trading expenditure		114	0	0	114	145
Investment management costs		46	0	0	46	22
		<u>637</u>	<u>0</u>	<u>0</u>	<u>637</u>	<u>479</u>
<b>Charitable activities</b>	6					
Teaching, research and residential		7,787	206	878	8,871	9,232
		<u>7,787</u>	<u>206</u>	<u>878</u>	<u>8,871</u>	<u>9,232</u>
<b>Governance costs</b>	9	22	2	0	24	25
<b>Total Resources Expended</b>		<u>8,446</u>	<u>208</u>	<u>878</u>	<u>9,532</u>	<u>9,736</u>
<b>Net incoming/(outgoing) resources including net income/(expenditure) for the year before transfers</b>		7,963	1,066	1,645	10,674	2,034
Transfers between funds	20	0	0	0	0	0
<b>Net incoming/(outgoing) resources before other gains and losses</b>		<u>7,963</u>	<u>1,066</u>	<u>1,645</u>	<u>10,674</u>	<u>2,034</u>
Investment gains/(losses)		90	56	1,103	1,249	4,214
<b>Net movement in funds for the year</b>		<u>8,053</u>	<u>1,122</u>	<u>2,748</u>	<u>11,923</u>	<u>6,248</u>
Fund balances brought forward	20	13,238	6,390	18,621	38,249	32,001
<b>Funds carried forward at 31 July</b>	20	<u>21,291</u>	<u>7,512</u>	<u>21,369</u>	<u>50,172</u>	<u>38,249</u>

**Worcester College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2014**

	Notes	2014 Consolidated £'000	2013 Consolidated £'000	2014 College £'000	2013 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	11	25,537	24,451	25,537	24,451
Property investments	12	6,331	6,240	6,331	6,240
Securities and other investments	13	19,707	14,652	19,395	14,358
		<b>51,575</b>	45,343	<b>51,263</b>	45,049
<b>CURRENT ASSETS</b>					
Stocks	16	118	108	118	108
Debtors	17	2,693	336	2,917	423
Deposits and other short term investments		0	0	0	0
Cash at bank and in hand		7,310	8,630	7,081	8,562
		<b>10,121</b>	9,074	<b>10,116</b>	9,093
<b>CREDITORS: falling due within one year</b>	18	<b>(1,524)</b>	(16,168)	<b>(1,500)</b>	(16,166)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>8,597</b>	(7,094)	<b>8,616</b>	(7,073)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>60,172</b>	38,249	<b>59,879</b>	37,976
<b>CREDITORS: falling due after more than one year</b>	19	<b>(10,000)</b>	0	<b>(10,000)</b>	0
<b>Provisions for liabilities and charges</b>		<b>0</b>	0	<b>0</b>	<b>0</b>
<b>NET ASSETS</b>		<b>50,172</b>	38,249	<b>49,879</b>	37,976
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>	20	<b>21,369</b>	18,621	<b>21,369</b>	18,621
<b>Restricted funds</b>		<b>7,512</b>	6,390	<b>7,218</b>	6,117
<b>Unrestricted funds</b>					
Designated funds		2,708	2,682	2,708	2,682
General funds		18,583	10,556	18,583	10,556
		<b>50,172</b>	38,249	<b>49,879</b>	37,976

The financial statements were approved and authorised for issue by the Governing Body of Worcester College on 3 December 2014

Professor Jonathan Bate, Provost

**Worcester College**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 July 2014**

	Notes	2014 Group £'000	2013 Group £'000
<b>Net cash inflow/(outflow) from operations</b>	26	<u>5,081</u>	<u>(440)</u>
<b>Returns on investments and servicing of finance</b>			
Income from investments		805	654
Finance costs paid		(217)	(167)
		<u>588</u>	<u>487</u>
<b>Capital expenditure and financial investment</b>			
New endowment capital received		2,080	2,231
Payments for tangible fixed assets		(2,107)	(375)
Proceeds from sales of tangible fixed assets		1,935	367
Payments for investments		(4,666)	(720)
Proceeds from sales of investments		769	1,461
		<u>(1,989)</u>	<u>2,964</u>
<b>Management of liquid resources</b>			
Net (additions to) / withdrawals from term deposits		0	0
Net (purchase) / sale of current asset investments		0	0
		<u>0</u>	<u>0</u>
<b>Financing</b>			
New bank loans		10,000	0
Bank loans repaid		(15,000)	0
New lease finance		0	0
Capital element of finance lease payments		0	0
		<u>(5,000)</u>	<u>0</u>
<b>Increase/(decrease) in cash in the year</b>		<u>(1,320)</u>	<u>3,011</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		(1,320)	3,011
Transfers to/(from) term deposits and current investments		0	0
(Increase)/decrease in loan and lease finance		5,000	0
<b>Change in net funds</b>		<u>3,680</u>	<u>3,011</u>
<b>Net funds at 1 August</b>		(6,370)	(9,381)
<b>Net funds at 31 July</b>		<u>(2,690)</u>	<u>(6,370)</u>

**Worcester College**  
**Notes to the financial statements**  
**For the year ended 31 July 2014**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2014 Total £'000</b>	2013 Total £'000
<b>Teaching, research and residential</b>					
Tuition fees - UK and EU students	1,719	0	0	<b>1,719</b>	1,628
Tuition fees - Overseas students	371	0	0	<b>371</b>	292
Other fees	369	0	0	<b>369</b>	320
Other HEFCE support	321	0	0	<b>321</b>	350
Other academic income	118	0	0	<b>118</b>	182
College residential income	3,141	0	0	<b>3,141</b>	3,131
	<b>6,039</b>	<b>0</b>	<b>0</b>	<b>6,039</b>	<b>5,903</b>

The above analysis includes £1,946k received from Oxford University under the CFF Scheme, net of College fees received directly (2013 - £1,838k)

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the College share of fees waived amounted to £35k (2013: £27k). These are not included in the fee income reported above.

**2 TRADING INCOME**

	<b>2014 £'000</b>	2013 £'000
Conferences	<b>263</b>	296
Other trading income	<b>58</b>	20
	<b>321</b>	<b>316</b>

**3 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2014 Total £'000</b>	2013 Total £'000
Agricultural rent	0	0	0	<b>0</b>	0
Commercial rent	0	0	0	<b>0</b>	0
Other property income	0	0	0	<b>0</b>	21
Equity dividends	0	38	0	<b>38</b>	42
Income from fixed interest stocks	0	0	0	<b>0</b>	0
Interest on fixed term deposits and cash	274	0	0	<b>274</b>	213
Other investment income	13	36	443	<b>492</b>	776
	<b>287</b>	<b>74</b>	<b>443</b>	<b>804</b>	<b>1,052</b>

**4 BANK AND OTHER INTEREST INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2014 Total £'000</b>	2013 Total £'000
Bank interest	0	0	0	<b>0</b>	0
Other interest	0	0	0	<b>0</b>	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**5 OTHER INCOMING RESOURCES**

	<b>2014 Total £'000</b>	2013 Total £'000
Sale of certain assets	<b>9,312</b>	1,213
Other income	<b>68</b>	163
	<b>9,380</b>	<b>1,376</b>

**Worcester College**  
**Notes to the financial statements**  
**For the year ended 31 July 2014**

**6 ANALYSIS OF RESOURCES EXPENDED**

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	<b>2014 Total £'000</b>	2013 Total £'000
<b>Costs of generating funds</b>					
Fundraising	253	207	17	<b>477</b>	312
Trading expenditure	19	91	4	<b>114</b>	145
Investment management costs	33	2	11	<b>46</b>	22
<b>Total costs of generating funds</b>	<b>305</b>	<b>300</b>	<b>32</b>	<b>637</b>	479
<b>Charitable expenditure</b>					
Teaching, research and residential	4,505	3,063	1,303	<b>8,871</b>	9,232
<b>Total charitable expenditure</b>	<b>4,505</b>	<b>3,063</b>	<b>1,303</b>	<b>8,871</b>	9,232
<b>Governance costs</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>24</b>	25
<b>Total resources expended</b>	<b>4,810</b>	<b>3,387</b>	<b>1,335</b>	<b>9,532</b>	9,736

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.

**7 SUPPORT COSTS**

	Generating Funds £'000	Teaching Research and Residential £'000	Public Worship £'000	Heritage £'000	<b>2014 Total £'000</b>	2013 Total £'000
Financial and domestic admin	15	236	0	0	<b>251</b>	281
Human resources	9	46	0	0	<b>55</b>	33
IT	7	184	0	0	<b>191</b>	154
Depreciation	1	620	0	0	<b>621</b>	628
Bank interest payable	0	172	0	0	<b>172</b>	135
Other finance charges	0	45	0	0	<b>45</b>	32
	<b>32</b>	<b>1,303</b>	<b>0</b>	<b>0</b>	<b>1,335</b>	1,263

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.

**8 GRANTS AND AWARDS**

	Unrestricted Funds £'000	Restricted Funds £'000	<b>2014 Total £'000</b>	2013 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	41	42	<b>83</b>	40
Bursaries and hardship awards	1	119	<b>120</b>	142
	<b>42</b>	<b>161</b>	<b>203</b>	182

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

The figure included above represents the cost to the College of the Oxford Bursaries scheme. Students in this College received £259k in bursaries in 2013-14 (2012-13 £278k) and £129k in fee waivers (2012 £1385K). See Note 1 re Fee Waivers.

**Worcester College**  
**Notes to the financial statements**  
**For the year ended 31 July 2014**

**9 GOVERNANCE COSTS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	<b>20</b>	22
Auditor's remuneration - other services	<b>4</b>	2
Legal and other fees on constitutional matters	<b>0</b>	1
Other governance costs	<b>0</b>	0
	<b>24</b>	25

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.

**10 STAFF COSTS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	<b>4,268</b>	4,195
Social security costs	<b>283</b>	293
Pension costs	<b>614</b>	600
	<b>5,165</b>	5,088

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

	<b>2014</b>	2013
Tuition and research	<b>21</b>	22
College residential	<b>67</b>	73
Fundraising	<b>4</b>	3
Support	<b>18</b>	18
Total	<b>110</b>	116

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

	<b>2014</b>	2013
University Lecturers	<b>17</b>	16
CUF Lecturers	<b>10</b>	11
Other teaching and research	<b>8</b>	8
Other	<b>2</b>	3
Total	<b>37</b>	38

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 2014 and one in 2013.



**Worcester College**  
**Notes to the financial statements**  
**For the year ended 31 July 2014**

**11 TANGIBLE FIXED ASSETS**

Consolidated and College	Freehold land and buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
<b>Cost</b>				
At start of year	29,246	0	852	<b>30,098</b>
Transfers		0	0	<b>0</b>
Additions	2,008	0	99	<b>2,107</b>
Disposals	(494)	0	(38)	<b>(532)</b>
<b>At end of year</b>	<b>30,760</b>	<b>0</b>	<b>913</b>	<b>31,673</b>
<b>Depreciation</b>				
At start of year	4,898	0	749	<b>5,647</b>
On transfers		0	0	<b>0</b>
Charge for the year	568	0	53	<b>621</b>
On disposals	(94)	0	(38)	<b>(132)</b>
<b>At end of year</b>	<b>5,372</b>	<b>0</b>	<b>764</b>	<b>6,136</b>
<b>Net book value</b>				
<b>At end of year</b>	<b>25,388</b>	<b>0</b>	<b>149</b>	<b>25,537</b>
At start of year	24,348	0	103	<b>24,451</b>

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.

**12 PROPERTY INVESTMENTS**

Consolidated and College	Other £'000	2014 Total £'000	2013 Total £'000
Valuation at start of year	6,240	<b>6,240</b>	4,754
Transfers	0	<b>0</b>	(283)
Additions and improvements at cost	0	<b>0</b>	0
Disposals net proceeds	(765)	<b>(765)</b>	(1,461)
Revaluation gains/(losses) in the year	856	<b>856</b>	3,230
<b>Valuation at end of year</b>	<b>6,331</b>	<b>6,331</b>	<b>6,240</b>

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 2014 with a desk top review carried out by Carter Jonas, Chartered Surveyors. The College has carried out a review of the Investment Properties which now consist of Joint Equity properties and commercially let properties.

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**13 SECURITIES AND OTHER INVESTMENTS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Consolidated investments</b>		
Valuation at start of year	14,652	12,550
New money invested	4,310	720
Amounts withdrawn	(4)	0
Reinvested income	356	398
Investment management fees	0	0
Increase in value of investments	393	984
Bank balances transferred	0	0
<b>Consolidated investments at end of year</b>	<b>19,707</b>	14,652
Investment in subsidiaries	312	294
<b>College investments at end of year</b>	<b>19,395</b>	<b>14,358</b>

**Consolidated investments comprise:**

	Held outside the UK £'000	Held in the UK £'000	<b>2014</b> <b>Total</b> <b>£'000</b>	2013 Total £'000
Equity investments	0	312	312	298
Global multi-asset funds	11,581	7,814	19,395	14,354
Property funds	0	0	0	0
Fixed interest stocks	0	0	0	0
Alternative and other investments	0	0	0	0
Fixed term deposits and cash	0	0	0	0
<b>Total consolidated investments</b>	<b>11,581</b>	<b>8,126</b>	<b>19,707</b>	<b>14,652</b>

**Material Investments**

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

	Percentage of Portfolio	<b>Market Value</b> <b>2014</b> <b>£'000</b>
Oxford University Endowment Management - Endowment Fund	72.41%	14,256
Oxford University Endowment Management - Capital Fund	26.10%	5,139

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**14 SUBSIDIARY UNDERTAKINGS**

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

The College is the sole member of Worcester College Society, a company limited by guarantee.

The results of the subsidiaries and their assets and liabilities at the year end were as follows.

	Worcester College Enterprises Ltd	Worcester College Society
	£'000	£'000
Turnover	262	
Expenditure	(114)	
Donation to College under gift aid	(148)	
Interest receivable		
Result for the year	<u>0</u>	
Income & Gain		38
Grants payable to College		(12)
Grants		0
Governance		(6)
Result for the year		<u>20</u>
Total assets	232	295
Total liabilities	(232)	(2)
Net funds at the end of year	<u>0</u>	<u>293</u>

**15 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
<b>Investment total return</b>			
Income distributions	136	307	443
Capital gains/losses	339	764	1,103
Investment management costs			0
Total return for the year	<u>475</u>	<u>1,071</u>	<u>1,546</u>
Amount applied as income for spending	(174)	(704)	(878)
Net increase in Unapplied Total Return in the year	301		
Unapplied Total Return at start of year	2,728		
<b>Unapplied Total Return at end of year</b>	<u>3,029</u>		
<b>Preserved value of original permanent endowments</b>	<u>3,499</u>		

**16 STOCK**

	2014 Consolidated £'000	2013 Consolidated £'000	2014 College £'000	2013 College £'000
Stock	<u>118</u>	<u>108</u>	<u>118</u>	<u>108</u>

Stocks comprise goods for resale and goods for use in College

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**17 DEBTORS**

	<b>2014</b>	2013	<b>2014</b>	2013
	<b>Consolidated</b>	Consolidated	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	261	107	178	107
Amounts owed by College members	12	53	12	53
Amounts owed by Group undertakings	(1)	0	308	90
Loans repayable within one year	4	3	4	3
Prepayments and accrued income	0	0	0	0
Other Debtors	2,417	173	2,415	170
<b>Amounts falling due after more than one year:</b>				
Loans	0	0	0	0
	<b>2,693</b>	<b>336</b>	<b>2,917</b>	<b>423</b>

**18 CREDITORS: falling due within one year**

	<b>2014</b>	2013	<b>2014</b>	2013
	<b>Consolidated</b>	Consolidated	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Bank overdrafts	0	0	0	0
Bank loans	0	15,000	0	15,000
Obligations under finance leases	0	0	0	0
Trade creditors	488	332	487	332
Amounts owed to College Members	157	179	157	179
Amounts owed to Group undertakings	0	0	0	0
Taxation and social security	19	104	19	104
College contribution	0	0	0	0
Accruals and deferred income	3	4	3	4
Other creditors	857	549	834	547
	<b>1,524</b>	<b>16,168</b>	<b>1,500</b>	<b>16,166</b>

**19 CREDITORS: falling due after more than one year**

	<b>2014</b>	2013	<b>2014</b>	2013
	<b>Consolidated</b>	Consolidated	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Bank loans	10,000	0	10,000	0
Obligations under finance leases	0	0	0	0
Other creditors	0	0	0	0
	<b>10,000</b>	<b>0</b>	<b>10,000</b>	<b>0</b>

Following repayment of the £15m loan, an unsecured five year loan of £10m was taken out in December 2013, with an interest rate of 1.4% over Libor or over a fixed rate, which is repayable in December 2018.

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**20 MOVEMENTS OF THE COLLEGE FUNDS**

	At 1 August 2013 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2014 £'000
<b>Endowment Funds - Permanent</b>						
Permanent 1	1,463	35	(62)	0	87	1,523
Permanent 2	1,118	28	(24)	0	67	1,189
Permanent 3	762	18	(4)	0	45	821
Permanent 4	601	14	(6)	0	36	645
Other Permanent Funds	1,769	554	(78)	0	104	2,349
<b>Endowment Funds - Expendable</b>						
Expendable 1	5,324	186	(439)	0	315	5,386
Expendable 2	1,331	32	(60)	0	79	1,382
Expendable 3	1,200	29	(54)	0	71	1,246
Expendable 4	1,200	29	(54)	0	71	1,246
Expendable 5	0	1,025	0	0	0	1,025
Expendable 6	620	21	(17)	0	37	661
Expendable 7	678	217	(7)	0	40	928
Expendable 8	411	12	(18)	0	25	430
Other Expendable Funds	2,144	323	(55)	0	126	2,538
<b>Total Endowment Funds</b>	<b>18,621</b>	<b>2,523</b>	<b>(878)</b>	<b>0</b>	<b>1,103</b>	<b>21,369</b>
	18,621	2,523	(878)	0	1,103	21,369
<b>Restricted Funds</b>						
Restricted 1	4,888	0	0	0	0	4,888
Restricted 2	581	750	0	0	0	1,331
Restricted 3	272	246	(133)	0	16	401
Restricted 4	103	43	(17)	0	6	135
Restricted 5	62	2	(18)	0	3	49
Restricted 6	64	5	(5)	0	3	67
Other Restricted Funds	147	207	(17)	0	10	347
<b>Total Restricted Funds</b>	<b>6,117</b>	<b>1,253</b>	<b>(190)</b>	<b>0</b>	<b>38</b>	<b>7,218</b>
	6,117	1,253	(190)	0	38	7,218
<b>Unrestricted Funds</b>						
General Reserve	5,864	16,397	(8,446)	0	76	13,891
Revaluation Reserve	4,692	0	0	0	0	4,692
Fixed asset designated Fund	2,156	0	0	0	0	2,156
Designated Reserves	526	12	0	0	14	552
<b>Total Unrestricted Funds</b>	<b>13,238</b>	<b>16,409</b>	<b>(8,446)</b>	<b>0</b>	<b>90</b>	<b>21,291</b>
	13,238	16,409	(8,446)	0	90	21,291
	37,976	20,185	(9,514)	0	1,231	49,878
<b>Subsidiaries</b>	<b>273</b>	<b>21</b>	<b>(18)</b>	<b>0</b>	<b>18</b>	<b>294</b>
	273	21	(18)	0	18	294
<b>Total Funds</b>	<b>38,249</b>	<b>20,206</b>	<b>(9,532)</b>	<b>0</b>	<b>1,249</b>	<b>50,172</b>
	38,249	20,206	(9,532)	0	1,249	50,172

The College accounts for its investment income on a total return basis, which allows the College to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. Until this power is exercised the total return shall be the 'unapplied total return' and remain as part of the permanent endowment. The College has adopted a 4.5% total return rate, on opening values. Eligible expenditure is met directly by the permanent endowment fund, which with an unapplied total return accrues, and therefore there is no requirement to make a transfer from the permanent endowment fund.

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**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
Other 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
Expendable 4	A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford
Expendable 5	A donation where the income and capital can be applied to support visiting fellows
Expendable 6	A consolidation of benefactions and donations where either income, or income and capital, can be used for expenses relating to the gardens and grounds
Expendable 7	A consolidation of benefactions and donations where either income, or income and capital, can be used for the bursary and scholarship grants
Expendable 8	A consolidation of benefactions and donations where either income, or income and capital, can be used for teaching costs
Other 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
Restricted 2	Donations to fund the kitchens refurbishment
Restricted 3	Donations and bequests which can be used to support the key aims of the college
Restricted 4	Donations to support bursaries and hardship grants
Restricted 5	Donations to fund a Fellow's research
Restricted 6	Donations to fund library and archive expenditure
Other 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 Restricted Funds and Fixed Asset Designated Funds represent capital expenditure on building projects.

The transfers between Restricted Funds and General Reserves represent expenditure incurred on a building project which was cancelled during the year.

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

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**22 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>Total £'000</b>
Tangible fixed assets	23,560	1,976	0	<b>25,536</b>
Property investments	1,326	168	4,837	<b>6,331</b>
Securities and other investments	555	634	18,206	<b>19,395</b>
Net current assets	(4,150)	4,440	(1,674)	<b>(1,383)</b>
	<b>21,291</b>	<b>7,218</b>	<b>21,369</b>	<b>49,879</b>

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

Trustees of the college fall into the following categories:

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

There are two trustees who work almost full time on management and fundraising (Estates Bursar full time, Provost 0.8 full time equivalent).

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 £1,223k (2012-13 £1,352k). The total of pension contributions is £163k (2012-13 £178k).

**Remuneration paid to trustees**

Range	2013-14		2012-13	
	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £
£6,000-£6,999			1	6,964
£7,000-£7,999	1	7,033		
£8,000-£8,999			1	8,404
£9,000-£9,999	2	19,217	1	9,345
£10,000-£10,999	2	21,982		
£11,000-£11,999	3	34,732	3	33,793
£12,000-£12,999	1	12,685	1	12,029
£14,000-£14,999			1	14,481
£16,000-£16,999			1	16,556

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	2013-14		2012-13	
Range	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions
£17,000-£17,999			1	17,855
£18,000-£18,999	1	18,102	2	36,914
£19,000-£19,999	7	136,730	3	58,813
£20,000-£20,999	1	20,400	2	40,319
£21,000-£21,999	1	21,435	1	21,267
£22,000-£22,999	1	22,861	1	22,172
£26,000-£26,999			1	26,725
£27,000-£27,999	1	27,815		
£34,000-£34,999			1	34,721
£39,000-£39,999	1	39,667		
£40,000-£40,999			2	81,637
£41,000-£41,999	3	124,087		
£42,000-£42,999	1	42,627	1	42,492
£43,000-£43,999				
£44,000-£44,999				
£45,000-£45,999	1	45,679	1	45,754
£46,000-£46,999	1	46,447		
£47,000-£47,999			1	47,767
£48,000-£48,999				
£49,000-£49,999	2	99,265	3	148,129
£50,000-£50,999	2	100,210	1	50,896
£51,000-£51,999			1	51,313
£53,000-£53,999	1	53,343	1	53,697
£55,000-£55,999	1	55,766		
£62,000-£62,999			2	124,883
£68,000-£68,999			1	68,290
£75,000-£75,999	1	75,440		
£76,000-£76,999	1	76,528		
£77,000-£77,999			1	77,225
£79,000-£79,999			1	79,218
£120,000-£120,999			1	120,016
£121,000-£121,999	1	121,259		

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

£20k of the total sum for one trustee is remuneration provided for the role (0.2 full time equivalent) of Research Professor in the University of Oxford

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 partners of some trustees were 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 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, in accordance with 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 the event of the withdrawal of any of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

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

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 are required to ensure the future sustainability of the Scheme. Further details about the changes may be reviewed on USS' website, [www.uss.co.uk](http://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 work on the 2014 valuation for USS is not yet complete so the trustee cannot provide the final figure for funding as at 31 March 2014. An estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The latest actuarial valuation of the OSPS was carried out at 31 March 2013 and identified a required long-term employer contribution rate of 20.1% of total pensionable salaries, but also a funding deficit of £173m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by raising the employer contribution rate in increments of 0.5% of pensionable salary to 23.5%. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.

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 £249k (2013 - £245k), contributions payable to the OSPS of £356k (2013 - £343k) and contributions to other arrangements of £9k (2013 - £12k).

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**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 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.

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

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Net incoming resources for the year</b>	<b>10,674</b>	2,034
Elimination of non-operating cash flows:		
- Investment income		
- Endowment donations	<b>(804)</b>	(1,052)
- Financing costs	<b>(2,080)</b>	(2,231)
	<b>217</b>	167
Depreciation		
(Surplus)/loss on sale of fixed assets	<b>621</b>	628
Decrease/(Increase) in stock	<b>(1,535)</b>	(366)
Decrease/(Increase) in debtors	<b>(10)</b>	(1)
(Decrease)/Increase in creditors	<b>(2,357)</b>	325
(Decrease)/Increase in provisions	<b>356</b>	56
Transfer of deposits from investments to bank	<b>0</b>	0
<b>Net cash inflow/(outflow) from operations</b>	<b>0</b>	0
	<b>5,081</b>	(440)

**27 ANALYSIS OF CHANGES IN NET FUNDS**

	2013	Cash flow	<b>2014</b>
	£'000	£'000	£'000
Cash at bank and in hand			
Bank overdrafts	8,630	(1,320)	<b>7,310</b>
	0	0	<b>0</b>
Deposits and other short term investments	8,630	(1,320)	<b>7,310</b>
Bank loans due within one year	0	0	<b>0</b>
Bank loans due after one year	(15,000)	15,000	<b>0</b>
Finance lease obligations due within one year	0	(10,000)	<b>(10,000)</b>
Finance lease obligations due after one year	0	0	<b>0</b>
	0	0	<b>0</b>
	<b>(6,370)</b>	3,680	<b>(2,690)</b>

**28 FINANCIAL COMMITMENTS**

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

	<b>2014</b>	2013
	<b>£'000</b>	£'000
<b>Land and buildings</b>		
- expiring within one year		
- expiring between two and five years	<b>0</b>	0
- expiring in over five years		
<b>Other</b>	<b>0</b>	0
- expiring within one year		
- expiring between two and five years	<b>0</b>	0
- expiring in over five years		
	<b>0</b>	0

**Worcester College**  
**Notes to the financial statements**  
**For the year ended 31 July 2014**

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**29 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July 2014 of £314k relating to the building of the new kitchen.

**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:

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Dr S Cowan	<b>535</b>	505
Dr J Parrington	<b>625</b>	590
Dr J Quinn	<b>510</b>	475
Dr G Ritchie	<b>390</b>	370
Dr B Harris	<b>592</b>	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 are no post balance sheet events which require disclosure

**33 ULTIMATE CONTROLLING PARTY**

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