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UNIVERSITY COLLEGE OXFORD

Annual Report and Financial Statements

Year ended 31 July 2015

Charity No. 1141259

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

### Governing Body, Officers and Advisers

Year ended 31 July 2015

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#### 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 year or subsequently are detailed below:

		(1)	(2)	(3)	(4)
The Master, Sir Ivor Crewe		•	•	•	•
Professor M J Smith					
Professor R J Nicholas			•		
Professor A W Roscoe			•		
Dr P E G Baird					
Professor J F Wheeler			•		•
Dr K L Dorrington					
Professor T W Child			•		
Mrs E J Crawford	Retired 31 July 2015				
Dr C J Pears		•			
Professor N Woods					•
Dr S Collins				•	
Professor S Mukerji	Resigned 31 August 2015				
Professor J B Gardner			•		
Professor G M Henderson					•
Professor P England					
Professor P D Howell					
Dr C J Holmes					
Mr F N Marshall			•		•
Professor J Hein					
Professor M Stears					
Professor P Jezzard		•			
Professor A Ker			•		
Dr W Allan				•	
Professor T Povey		•			
Dr A M Knowland	Retired 30 September 2015				
Professor O Zimmer					
Professor T Stern				•	

# UNIVERSITY COLLEGE

## Governing Body, Officers and Advisers

Year ended 31 July 2015

		(1)	(2)	(3)	(4)
Revd Dr A Gregory				•	
Professor D Logan					
Dr L Kallet		•			•
Dr B Jackson					•
Professor N Yeung					
Professor M Benedikt					
Professor F Arntzenius		•			
Professor S C Tsang					
Professor T Sharp					
Dr M Smith			•		•
Professor N Halmi					
Professor A Johnston					
Professor S Mavroeidis					
Dr P Jones		•			
Mr J Rowbottom		•			
Dr M Galpin					
Dr K Milewicz		•			
Dr N Nikolov		•			
Professor Y W Teh					
Dr J Benesch		•			
Dr C Leaver					
Professor Barend ter Haar				•	
Mr W A Roth			•		•
Dr Lars Hansen					
Dr Ashwini Vasanthakumar	Appointed 12 November 2014, resigned 31 August 2015				
Mrs A Unsworth	Appointed 1 August 2015		•	•	•
Dr Andrew Bell	Appointed 22 September 2015	•	•	•	•
Professor C Terquem	Appointed 1 October 2015				
Dr M Barnes	Appointed 1 October 2015				

## UNIVERSITY COLLEGE

### Governing Body, Officers and Advisers

Year ended 31 July 2015

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During the year the main operational activities of the Governing Body were carried out through four committees. The current membership of these committees is shown above for each Fellow.

- (1) Academic Committee
- (2) Finance Committee
- (3) General Purposes Committee
- (4) Development Committee

### COLLEGE SENIOR STAFF

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

Sir Ivor Crewe	Master
Frank Marshall	Estates Bursar
Angela Unsworth	Domestic Bursar
Andrew Bell	Senior Tutor
William Roth	Development Director
Tim Croft	College Accountant
Richard Pye	College Surveyor

## UNIVERSITY COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2015

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### COLLEGE ADVISERS

#### Investment Managers

Credit Suisse (UK) Limited  
5 Cabot Square  
London, E14 4QR

Goldman Sachs International  
River Court, 120 Fleet Street  
London, EC4A 2BE

J P Morgan International Bank  
1 Knightsbridge  
London, SW1P 9UH

Allianz Global Investors GmbH  
199 Bishopsgate  
London, EC2M 3TY

Royal London Cash Management  
55 Gracechurch Street  
London, EC3V 0RL

#### Chartered Surveyors

Cluttons  
Seacourt Tower, West Way  
Oxford, OX2 0JJ

Carter Jonas  
Anchor House, 269 Banbury Rd  
Oxford, OX2 7LL

Stephenson & Son  
York Auction Centre, Murton  
York, YO19 5GXX

#### Auditor

Grant Thornton UK LLP  
3140 Rowan Place, John Smith Drive  
Oxford Business Park South  
Oxford, OX4 2WB

#### Bankers

HSBC  
65 Cornmarket Street  
Oxford, OX1 3HY

Barclays  
54 Cornmarket Street  
Oxford, OX1 3HB

#### Solicitors

Blake Morgan  
Seacourt Tower, West Way  
Oxford, OX2 0FB

Farrer & Co  
Lincoln's Inn Fields  
London, WC2A 3LH

#### College address

High Street,  
Oxford OX1 4BH

#### E- Links

Web Home Page: [www.univ.ox.ac.uk](http://www.univ.ox.ac.uk)  
Facebook: [facebook.com/universitycollegeoxford](https://www.facebook.com/universitycollegeoxford)  
Twitter: [@UnivOxford](https://twitter.com/UnivOxford)  
YouTube: [www.youtube.com/universitycollegeox](https://www.youtube.com/universitycollegeox)  
Vimeo: [vimeo.com/universitycollegeox](https://vimeo.com/universitycollegeox)

## **UNIVERSITY COLLEGE**

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

**Year ended 31 July 2015**

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2015 under the Charities Act 2011 together with the audited financial statements for the year.

#### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The College of the Great Hall of the University of Oxford, of ancient foundation and later incorporated by a Royal charter of 15 February 1573, is known as University College, ("the College"). It is a chartered charitable corporation.

The College is registered with the Charities Commission (registered number 1141259).

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**

The College is governed by its statutes which are made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1573, and the Universities of Oxford and Cambridge Act 1923. New statutes have been drawn up and were presented to the University's Committee on Statutes before the Privy Council for approval on the 2 November 2015. University approval has been given and they will now be sent to the Privy Council for formal approval by Her Majesty in Council. These new statutes replace and supercede in their entirety the existing ones in connection with a comprehensive review of the College's governance and administrative arrangements. In particular to formally state in the governing document the College's charitable object, identify the College's charity trustees, establish appropriate procedures for managing conflicts of interest and introduce a Remuneration Committee to oversee trustee benefits, including remuneration and other benefits provided to members of the Governing Body and Fellows of the College.

##### **Governing Body**

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is Her Majesty the Queen. The Governing Body is self-appointing, with the decision to elect a new trustee being taken by a vote of two-thirds of those present and voting at a meeting of the Governing Body.

New members of the Governing Body are elected as a consequence of their appointment to a Tutorial, Professorial or other relevant fellowship.

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 Master and is advised by the four main operational committees.

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

New members of the Governing Body are recruited following interview and selection procedures for the associated academic post and inducted into the workings of the College, including Governing Body policy and procedures, by the Senior Tutor who provides them with notes of guidance and oral advice.

Members of the Governing Body are provided with trustee training by external advisers and college officers.

##### **Organisational management**

The members of the Governing Body meet nine times a year to make decisions on the recommendations of the four committees. The work of developing their policies and monitoring the implementation of these is carried out by the four committees:

- The Academic Committee meets up to four times a term and discusses all aspects of academic policy and practice, including academic appointments, applications for sabbatical leave and special leave, teaching arrangements and quality assurance and undergraduate and graduate admissions and performance. The

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2015

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Committee also keeps abreast of academic developments in the central University and by liaison with other colleges through the Conference of Colleges.

- The Finance Committee discusses the financial affairs of the College and meets three times a term. The Finance Committee reviews the financial implications of recommendations made by the other standing committees of the College as well as receiving reports from its two sub-committees; the remuneration committee and the investment committee. The former makes authoritative recommendations concerning main salary scales and other matters involving the remuneration of persons who are also trustees. The latter considers the College's investment strategy for its endowments and makes recommendations for its implementation. The investment committee includes four expert external members. In this year, they were, John Authers, Tim del Nevo, Gavin Ralston and Tim Tacchi.
- The General Purposes Committee considers a range of operational issues and also acts as a link between the students and the main college committees.
- The Development Committee considers the College's fundraising initiatives and its ongoing links with Old Members of the College.

The day-to-day running of the College is delegated to the senior officers listed on page 4 above, supported by their staff in the Domestic Bursary, Treasury and Works Department, Academic Office and Development Office.

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

The College administers many special trusts, as detailed in Notes 16 and 17 to the financial statements.

The College also has a wholly owned non-charitable subsidiary, Micklehall Limited, whose annual profits are donated to the College under the Gift Aid Scheme. Its aims, objectives and achievements are covered in the relevant sections of this report. An application to have Micklehall Limited dissolved was made to Companies House on 29 October 2015 as it has no current activities to pursue and the development project it was set up for has been successfully completed.

The College, though autonomous, may be regarded as a member 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 Master. Financial risks are assessed by the Finance Committee and investment risks are monitored by the Investment Committee. In addition, the Domestic Bursar regularly reviews health and safety issues with other departmental heads. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas.

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

The College has established an audit committee and its duties include monitoring the effectiveness of the College's internal control and risk management systems. The members of the audit committee are Bill Child (Chair), Robin Nicholas, Bill Roscoe, and two external members Minesh Shah & Alastair White. Further discussion on financial risk is contained in Note 26.

## **UNIVERSITY COLLEGE**

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

**Year ended 31 July 2015**

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## **OBJECTIVES AND ACTIVITIES**

### **Charitable Objects and Aims**

The College's Object is to promote the advancement of university education, learning and research as a College in the University of Oxford (including maintaining its historic buildings and other patrimony, pastoral care of its students, and public liturgy).

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:

- Provide lectures, teaching facilities and individual or small group tuition and supervision to its students;
- Provide pastoral and academic support, and library facilities; and
- To advance research by providing research fellowships to outstanding academics at the early stages of their careers and sabbatical leave to established academics to carry out research.

The aims set for the College's subsidiary are to help finance the achievement of the College's aims as above.

### **Activities and objectives of the College**

The College's principal activity is the provision of University level education and research.

### **Our key objectives for the year included:**

- i. To continue to develop and enhance the quality of our tutorial provision;
- ii. To enhance the performance of our students in public examinations through the quality of the teaching and the provision of pastoral support and by selecting those who will thrive most in the academic environment of the collegiate University;
- iii. To advance research through the filling of junior research fellowships and by providing the other Fellows of the College with research time through the provision of sabbatical and research leave and research funding;
- iv. To strengthen our links with the secondary education sector and to increase our efforts to attract applications from academically outstanding students through our schools liaison strategy;
- v. To continue to provide bursaries and scholarships to students of limited financial means and to develop further bridging support to facilitate the transition from secondary to tertiary education and to help in particular those from educationally disadvantaged backgrounds;
- vi. To continue a targeted programme of access and recruitment activities;
- vii. To continue our efforts to attract the most outstanding graduate students and seek to provide fully funded studentships for as many of them as possible;
- viii. To enhance our support for the clinical part of the Medical Sciences degree.

### **Public benefit**

The College remains committed to the aims of promoting the advancement of University education, learning and research, including the provision of pastoral care to its students, the maintenance of historic buildings, and the maintenance of an extensive Library and Archive as a resource for students, Fellows of the College, other members of the University and of other colleges, visiting school children and alumni, as well as for the

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2015

public, by arrangement. The College has a chapel open to the public; whilst the College's objects include public liturgy, members of the college have a wide variety of faiths or none.

#### ACHIEVEMENTS AND PERFORMANCE

The following table summarises the degrees awarded to members of the College during the year:

Degrees Awarded	2014-15	2013-14
Undergraduate	115	104
1 <sup>st</sup> & Upper 2 <sup>nd</sup> Class	91%	89%
Taught Graduate	28	46
Research Graduate	38	46

The total of scholarships, prizes, grants, bursaries and hardship awards in 2015 was £543k (2014: £449k) including Oxford Opportunity Bursary payments (Note 5). In addition, further awards totalling £88k (2014: £68k) were made by the Univ. Old Members' Trust and specific Old Members to students of the College. Further information on these awards is set out below:

% Receiving Awards	2014-15	2013-14
Graduates*	27%	18%
Undergraduates*	23%	22%

\*excludes those receiving small awards e.g. book grants etc.

The College has continued to expand its provision of graduate studentships in 2014-15 using newly endowed studentship funds leveraged by the University's Graduate Scholarship Matched Fund, and by linking College funds with Departmental and Divisional funding to create a large number of fully funded graduate studentships.

Dropout rates at the College continue to be exceptionally low compared to the national average of 7.0% in 2013/14 (HESA Non-continuation following year of entry 2012-13).

	2014-15	2013-14
<b>% of Undergraduates that do not continue their course after the first year</b>	1.87%	1.92%

The College's schools liaison activity continues. During 2014-15 the College carried out 108 schools liaison activities and events. Focus has been on increasing the number of visits we make to schools and number of school visits hosted in College. Successful visits have been made by the Schools Liaison and Access Officer as well as by tutors and undergraduates. Significant time and resources continue to be put into the Digital Outreach website Staircase12 (launched in December 2013). Four video book reviews were finalised in October 2014 and a further four videos, filmed in summer 2015, should be ready for release in Michaelmas Term 2015. Work is also in progress to make the website mobile and tablet responsive. The Ambassador scheme continues to be an asset. During 2014-15 the scheme enlarged to over 80 students. In addition to helping with tours of the College and carrying out independent visits to schools, the Ambassadors took part in the third 'Roadshow' to Stoke-on-Trent in July 2015.

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2015

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Research is a duty of all academic fellows. The College further supports research by granting sabbatical leave and special leave to fellows for specific research activities. The College continues to employ outstanding researchers at an early stage of their careers. In 2014-15 there were 6.90 FTE junior researchers employed by the College (2014: 6.42 FTE). The College also specifically allocated £112k (2014: £117k) for the purchase of books/equipment and conference attendance to support both junior and senior fellows in their research efforts.

The first four students to do the clinical part of the Clinical Medicine degree at the College for many years were admitted with effect from 2014. This followed the College's decision to make a significant strategic investment in Clinical Medicine. A Clinical Fellow and Tutor was appointed and a supporting team of medical consultants was put together. Students will benefit from close academic and pastoral oversight during the fourth, fifth and sixth years of the degree, as well as from personalised career advice.

### FINANCIAL REVIEW

In this year, there were two major themes. The College embarked upon a major improvement of its accommodation facilities and the College issued a long term bond.

During the year extensive work was done on a major refurbishment of the 1962 Goodhart Building. Including 12 new rooms, 57 rooms with en suite facilities were provided, together with kitchens for use of the residents. These facilities complement the historic rooms on the College's Main Site with modern rooms of a high standard. The cost was £6.9m and was supported by £0.3m of donations by the year end, with more donations still being received.

Subsequently to the year end, the project in north Oxford, adjacent to the College's Stavertonia site, received the necessary planning permissions. The project has been the product of a joint effort with Fairfield Residential Home ("Fairfield"), a local charity, under which planning permissions were sought for a new home for the elderly and adjacent to that, for new student accommodation. Under the agreement with Fairfield, the College will acquire 2 acres of land. The cost of this, including related costs, will be £9 million. The accommodation will be used for graduate students, and, coupled with a new stock of graduate scholarships, should be an attractive offering.

This capital expenditure will be funded from a mixture of liquidity set aside for the purpose and fund-raising for the new accommodation on the Fairfield site. The College will grant a long lease over the land required for the new home for the elderly.

In April 2015, the College issued bonds in the amount of £40 million, maturing in 2065, at a coupon of 3.068%. This private placement was arranged by Credit Suisse and allowed the College to bring in long term external capital on favourable terms. The proceeds are gradually being invested in commercial property and quoted equities, with the aim of building up a surplus of investment income on the new assets, over the cost of servicing the debt, thereby providing over the long term support for College operations in the future.

As is seen in the Consolidated Statement of Financial Activities, it was a comparatively strong year for both investment income and gains and fund raising.

Investment is covered in more detail on page 11, but it may be noted that in this year, there were investment capital gains of £5.583m (2014: £0.949m). Investment properties contributed to performance.

Legacies and donations received totalled £5.235m (2014: £4.731m). Fundraising for graduate scholarships was important and the College's stock of fully-funded scholarships has risen to 30. These utilise fully both the challenge element of matching gifts and the scope to draw matching funds from University of Oxford sources.

In the balance sheet, total funds rose by £10m to £157m.

The balance sheet has no debt other than the bond, and substantial liquidity, particularly as a result of the gradual investment of the bond proceeds. At year end, £62.0m (2014: £29.9m) was held in government bonds and £9.6m (2014: £12.6m) in deposits and Treasury bills.

## UNIVERSITY COLLEGE

### Report of the Governing Body

Year ended 31 July 2015

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#### 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 free reserves at the year-end amounted to £3.126m (2014: £4.676m), representing retained unrestricted income reserves excluding an amount of £24.111m for the book value of fixed assets less associated funding arrangements.

The College also holds certain designated funds for educational & research purposes - see note 17.

#### Investment policy, objectives and performance

The College's investment objectives are:

- Funding current spending at an appropriate drawing rate, our long term guideline is 4%;
- Growing the capital sufficiently to keep pace with inflation; and
- If possible to make additional returns to help fund capital expenditure.

To meet these objectives the College's investments are managed so as to maintain diversification across a range of asset classes in order to produce an appropriate balance between risk and return. The investment strategy and policy are carried out by the Estates Bursar and external advisers under the guidance of the Investment Committee. At the year end, the College's long term investments, combining the securities and property investments, totalled £170.881m (2014: £128.073m). The overall total investment return was 8.33% over the year (2014: 4.7%). Since the inception of the Investment Committee (31 July 2002) the annualised return to 31 July 2015 is 8.6% pa.

#### FUTURE PLANS

The College's future plans as agreed by the Governing Body are:

- i. to strengthen the intellectual environment in which our undergraduate and graduate students are educated;
- ii. to strengthen our links with the secondary educational sector and promote the exceptional quality of the education offered to our undergraduates with a view to attracting the best students from all sectors;
- iii. to provide excellent welfare and disability support to our students, with a view to helping them achieve their full intellectual and educational capacity;
- iv. to continue to provide means-tested bursaries to students from disadvantaged backgrounds, and to provide bridging support to those from educationally disadvantaged backgrounds who may be in need of it;
- v. to continue to fund-raise for fully funded graduate studentships, and to compete in an international market for the most outstanding graduate students;
- vi. to continue to support the research of our Fellows; and
- vii. to continue to put in place measures for improving the performance of our undergraduates in public examinations.

## **UNIVERSITY COLLEGE**

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

**Year ended 31 July 2015**

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#### **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

The Charities Act 2011 requires the trustees to prepare financial statements for each financial year. The trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The trustees 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 charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the College's statutes. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 2 December 2015 and signed on its behalf by:

Sir Ivor Crewe

Master

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

We have audited the financial statements of University College for the year ended 31 July 2015 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. 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 12, 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 charity's affairs as at 31 July 2015, and of its 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.

**UNIVERSITY COLLEGE**

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

**Matters on which we are required to report by exception**

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- 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**

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

# UNIVERSITY COLLEGE

## Statement of Accounting Policies

Year ended 31 July 2015

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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 comprising the consolidation of the College and its wholly owned subsidiary Micklehall Limited. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Statement of Recommended Practice on Accounting and Reporting by Charities ("the Charities SORP 2005"). The results of the subsidiary as included in the consolidated income, expenditure and results of the College are disclosed in Note 11. The accounts of the University College Old Members' Trust ("OMT") have not been consolidated because the College does not control its activities. The net assets of the OMT as at 31 July 2015 were £10.49m (2014: £10.21m). Its incoming resources for the year then ended were £189k (2014: £254k) and it contributed £280k (2014: £249k) to the College during the year.

### 2. Basis of accounting

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Charities SORP 2005 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, other investments, and research centres.

### 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 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 gifts in kind or donated assets 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 under the effective interest rate method.

Dividend income and similar distributions are accounted for in the period in which they become receivable when the right to the income has been established.

Income from investment properties is accounted for on a straight line basis 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 staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

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

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

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

# UNIVERSITY COLLEGE

## Statement of Accounting Policies

Year ended 31 July 2015

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### 7. Leases

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

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

### 8. Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £10,000 together with expenditure on equipment costing more than £10,000 is capitalised and carried in the balance sheet at historical cost (except for Research Centres which are re-valued annually and carried at market value).

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

### 9. 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
Leasehold properties	50 years or period of lease if shorter
Educational papers and documents	50 years
Fixtures, fittings and equipment	5 years

Freehold land is not depreciated. The costs of maintenance are charged in the SOFA in the period in which they are incurred.

### 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 exchange of contracts.

Listed investments are valued at their closing bid prices as at the balance sheet date. Investments such as private equity funds which have no readily identifiable market value are included at the most recent valuations from their respective managers. These use significant unobservable inputs in their valuation techniques.

Gains and losses arising on the investments are credited or charged to the SOFA and are allocated to the appropriate fund according to the "ownership" of the underlying assets.

### 11. Stocks

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

### 12. Foreign currencies

Transactions denominated in foreign currencies during the year are translated at prevailing rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates applying at the Balance Sheet date. The resulting exchange differences are taken to the SOFA.

## UNIVERSITY COLLEGE

### Statement of Accounting Policies

Year ended 31 July 2015

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#### 13. Fund accounting

The total funds of the College and its subsidiary 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 object 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 funds 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 its discretion determine to spend all or part of the capital.

#### 14. Pension costs

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

#### 15. Financial Instruments

##### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through the statement of financial activities ("SOFA") which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- available-for-sale (AFS) financial assets.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below. All income and expenses relating to financial assets that are recognised in the SOFA are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

## UNIVERSITY COLLEGE

### Statement of Accounting Policies

Year ended 31 July 2015

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#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The College's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

#### **AFS financial assets**

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The College's AFS financial assets include listed securities and debentures. All AFS financial assets are measured at fair value. Gains and losses are recognised in the SOFA as investment gains or losses.

#### **Classification and subsequent measurement of financial liabilities**

The College's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

#### **16. Cash and Cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

University College  
Consolidated Statement of Financial Activities  
For the year ended 31 July 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000	2014 Total £'000
<b>INCOMING RESOURCES</b>						
<b>Resources from charitable activities</b>	1					
Teaching, research and residential		5,681	230	-	5,911	5,919
		<u>5,681</u>	<u>230</u>	<u>-</u>	<u>5,911</u>	<u>5,919</u>
<b>Resources from generated funds</b>						
Legacies and donations		672	1,160	3,403	5,235	4,731
Investment income	2	117	4,661	-	4,778	4,234
		<u>789</u>	<u>5,821</u>	<u>3,403</u>	<u>10,013</u>	<u>8,965</u>
<b>Other incoming resources</b>		21	-	-	21	18
<b>Total Incoming Resources</b>		<u>6,491</u>	<u>6,051</u>	<u>3,403</u>	<u>15,945</u>	<u>14,902</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>	3					
Fundraising		330	289	221	840	782
Investment management costs		90	92	442	624	736
Bond interest payable		316	-	-	316	-
		<u>736</u>	<u>381</u>	<u>663</u>	<u>1,780</u>	<u>1,518</u>
<b>Charitable activities</b>	3					
Teaching, research and residential		4,462	4,811	81	9,354	8,950
		<u>4,462</u>	<u>4,811</u>	<u>81</u>	<u>9,354</u>	<u>8,950</u>
<b>Governance costs</b>	6	113	-	-	113	130
<b>Total Resources Expended</b>		<u>5,311</u>	<u>5,192</u>	<u>744</u>	<u>11,247</u>	<u>10,598</u>
<b>Net incoming resources before transfers</b>		1,180	859	2,659	4,698	4,304
Transfers between funds	16	8,251	498	(8,749)	-	-
<b>Net incoming resources before other gains and losses</b>		<u>9,431</u>	<u>1,357</u>	<u>(6,090)</u>	<u>4,698</u>	<u>4,304</u>
Investment gains/(losses)	9,10	-	218	5,365	5,583	949
<b>Net movement in funds for the year</b>		<u>9,431</u>	<u>1,575</u>	<u>(725)</u>	<u>10,281</u>	<u>5,253</u>
Fund balances brought forward	16	23,392	8,357	115,376	147,125	141,872
<b>Funds carried forward at 31 July</b>	16	<u>32,823</u>	<u>9,932</u>	<u>114,651</u>	<u>157,406</u>	<u>147,125</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

University College  
Consolidated and College Balance Sheets  
As at 31 July 2015

	Notes	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	8	24,828	18,433	24,828	18,433
Property investments	9	52,025	48,903	52,025	48,883
Securities and other investments	10	118,856	79,170	118,856	79,149
		<u>195,709</u>	<u>146,506</u>	<u>195,709</u>	<u>146,465</u>
<b>CURRENT ASSETS</b>					
Stocks		84	83	84	83
Debtors	12	1,706	1,835	1,706	1,870
Cash at bank and in hand		3,550	2,733	3,548	2,754
		<u>5,340</u>	<u>4,651</u>	<u>5,338</u>	<u>4,707</u>
<b>CREDITORS: falling due within one year</b>	13	<b>4,160</b>	4,032	<b>4,160</b>	4,031
<b>NET CURRENT ASSETS</b>		<u><b>1,180</b></u>	<u>619</u>	<u><b>1,178</b></u>	<u>676</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>196,889</b>	147,125	<b>196,887</b>	147,141
<b>CREDITORS: falling due after more than one year</b>	14	<b>39,483</b>	-	<b>39,483</b>	-
Provisions for liabilities	15	-	-	-	77
<b>NET ASSETS</b>		<u><b>157,406</b></u>	<u>147,125</u>	<u><b>157,404</b></u>	<u>147,064</u>
<b>FUNDS OF THE COLLEGE</b>					
	16				
<b>Endowment funds</b>		<b>114,651</b>	115,376	<b>114,651</b>	115,376
<b>Restricted funds</b>		<b>9,932</b>	8,357	<b>9,932</b>	8,357
<b>Unrestricted funds</b>					
Designated funds		29,697	18,716	29,697	18,716
General funds		3,126	4,676	3,124	4,615
		<u>157,406</u>	<u>147,125</u>	<u>157,404</u>	<u>147,064</u>

The financial statements were approved and authorised for issue by the Governing Body of University College on  
2 December 2015.

Trustee: Sir Ivor Crewe

Trustee: Frank Marshall

University College  
Consolidated Cash Flow Statement  
For the year ended 31 July 2015

	Notes	2015 Group £'000	2014 Group £'000
<b>Net cash outflow from operations</b>	22	<u>(2,787)</u>	<u>(2,786)</u>
<b>Returns on investments and servicing of finance</b>			
Income from investments		4,778	4,234
Finance costs paid		(326)	(11)
		<u>4,452</u>	<u>4,223</u>
<b>Capital expenditure and financial investment</b>			
New endowment capital received		3,403	3,144
Payments for tangible fixed assets		(6,576)	(4,257)
Proceeds from sales of tangible fixed assets		125	254
Payments for investments		(81,917)	(26,372)
Proceeds from sales of investments		40,638	27,440
		<u>(44,327)</u>	<u>209</u>
<b>Management of liquid resources</b>			
Net additions to cash		3,779	(1,401)
		<u>3,779</u>	<u>(1,401)</u>
<b>Financing</b>			
Proceeds from bond issue		39,700	-
		<u>39,700</u>	<u>-</u>
<b>Increase in cash in the year</b>		<u>817</u>	<u>245</u>
<b>Reconciliation of net cash flow to movement in net (debt)/funds</b>			
Increase in cash in the year		817	245
Transfers to investment cash		(3,779)	1,401
(Increase)/decrease in bond finance		(39,700)	-
<b>Change in net (debt)/funds</b>		<u>(42,662)</u>	<u>1,646</u>
<b>Net funds at 1 August</b>		12,623	10,977
<b>Net (debt)/funds at 31 July</b>		<u>(30,039)</u>	<u>12,623</u>

University College  
Notes to the financial statements  
For the year ended 31 July 2015

**1 INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
<b>Teaching, research and residential</b>					
Tuition fees - UK and EU students	1,541	-	-	<b>1,541</b>	1,529
Tuition fees - Overseas students	684	-	-	<b>684</b>	684
Other HEFCE support	290	-	-	<b>290</b>	300
Other academic income	102	230	-	<b>332</b>	379
College residential income	3,064	-	-	<b>3,064</b>	3,027
	<u>5,681</u>	<u>230</u>	<u>-</u>	<u><b>5,911</b></u>	<u>5,919</u>

The above analysis includes fees and other academic income of £1,663k (2014: £1,673k) received via the University of Oxford under the CFF scheme in addition to College fees received directly.

**2 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
Agricultural rent	2	95	-	<b>97</b>	97
Commercial rent	63	2,518	-	<b>2,581</b>	2,474
Other property income	1	22	-	<b>23</b>	99
Equity dividends	24	942	-	<b>966</b>	829
Income from fixed interest stocks	27	1,076	-	<b>1,103</b>	721
Interest on fixed term deposits and cash	-	8	-	<b>8</b>	14
	<u>117</u>	<u>4,661</u>	<u>-</u>	<u><b>4,778</b></u>	<u>4,234</u>

**3 ANALYSIS OF RESOURCES EXPENDED**

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	<b>2015 Total £'000</b>	2014 Total £'000
<b>Costs of generating funds</b>					
Fundraising	456	301	83	<b>840</b>	782
Investment management costs	-	496	128	<b>624</b>	736
Bond interest payable	-	-	316	<b>316</b>	-
<b>Total costs of generating funds</b>	<u>456</u>	<u>797</u>	<u>527</u>	<u><b>1,780</b></u>	<u>1,518</u>
<b>Charitable expenditure</b>					
Teaching, research and residential	3,901	4,546	907	<b>9,354</b>	8,950
<b>Total charitable expenditure</b>	<u>3,901</u>	<u>4,546</u>	<u>907</u>	<u><b>9,354</b></u>	<u>8,950</u>
<b>Governance costs</b>	<u>38</u>	<u>23</u>	<u>52</u>	<u><b>113</b></u>	<u>130</u>
<b>Total resources expended</b>	<u>4,395</u>	<u>5,366</u>	<u>1,486</u>	<u><b>11,247</b></u>	<u>10,598</u>

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. Contribution is calculated annually in accordance with regulations made by the Council. The teaching research and residential costs include College Contribution payable of £101k (2014:£129k).

**4 SUPPORT COSTS**

	Generating Funds and £'000	Teaching Research Residential £'000	<b>2015 Total £'000</b>	2014 Total £'000
Financial and domestic admin	204	443	<b>647</b>	639
IT	6	124	<b>130</b>	124
Depreciation	-	452	<b>452</b>	430
Profit on sale of fixed assets	-	(121)	<b>(121)</b>	(15)
Bond interest payable	316	-	<b>316</b>	-
Other finance charges	1	9	<b>10</b>	11
	<u>527</u>	<u>907</u>	<u><b>1,434</b></u>	<u>1,189</u>

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 staff time spent on each activity.  
Interest and other finance charges are attributed according to the purpose of the related financing.

**5 GRANTS AND AWARDS**

	Unrestricted Funds £'000	Restricted Funds £'000	<b>2015 Total £'000</b>	2014 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	188	230	<b>418</b>	335
Bursaries and hardship awards	102	23	<b>125</b>	114
	<u>290</u>	<u>253</u>	<u><b>543</b></u>	<u>449</u>

The above costs are included within the charitable expenditure on teaching, research and residential.  
Students of this college received £195k in bursaries (2014:£208k), and £40k in fee waivers (2014:£30k) under the Oxford Bursaries scheme while the cost to the College for its share of the scheme is £102k (2014:£102k).

**6 GOVERNANCE COSTS**

	<b>2015 £'000</b>	2014 £'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	<b>17</b>	22
Legal and other fees on constitutional matters	<b>6</b>	20
Other governance costs	<b>90</b>	88
	<u><b>113</b></u>	<u>130</u>

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 - see Note 19.

Included in the total resources expended are £30k (2014: £3k) relating to auditor's remuneration for non-audit services.

University College  
Notes to the financial statements  
For the year ended 31 July 2015

7 STAFF COSTS

	2015 £'000	2014 £'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	4,225	4,054
Social security costs	282	274
Pension costs	600	553
	<u>5,107</u>	<u>4,881</u>

	2015	2014
The average number of permanent employees of the College, excluding Trustees, on a full time equivalent basis was as follows.		
Tuition and research	24	22
College residential	61	55
Fundraising	7	7
Support	11	12
Total	<u>103</u>	<u>96</u>

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

	2015	2014
University Lecturers	22	20
CUF Lecturers	9	9
Other teaching and research	2	3
Other	6	6
Total	<u>39</u>	<u>38</u>

The College also benefits from temporary staff, agency workers and 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.

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

£60,001-£70,000	<u>2</u>	<u>1</u>
The number of the above employees with retirement benefits accruing was as follows:		
In defined benefits schemes	<u>2</u>	<u>1</u>
The College contributions to defined contribution pension schemes totalled	<u>£0</u>	<u>£2,000</u>

**8 TANGIBLE FIXED ASSETS**  
**College & Group**

	Land and buildings: Research Centres	Land and buildings: General	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At start of year	1,263	19,720	1,495	22,478
Additions	-	6,500	76	6,576
Transfer from investment properties	-	275	-	275
Disposals	-	(10)	-	(10)
<b>At end of year</b>	<b>1,263</b>	<b>26,485</b>	<b>1,571</b>	<b>29,319</b>
<b>Depreciation</b>				
At start of year	213	2,861	971	4,045
Charge for the year	(75)	382	145	452
On disposals	-	(6)	-	(6)
<b>At end of year</b>	<b>138</b>	<b>3,237</b>	<b>1,116</b>	<b>4,491</b>
<b>Net book value</b>				
<b>At end of year</b>	<b>1,125</b>	<b>23,248</b>	<b>455</b>	<b>24,828</b>
At start of year	1,050	16,859	524	18,433

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.

Research Centres are valued at market value and valuations have been made by the College's land agent, Cluttons, an independent firm of Chartered Surveyors as at 31 July 2015 and total £1.125m (2014: £1.050m). General Land & Buildings are held at historic cost and have an insurance valuation of £165m (2014: £154m).

**9 PROPERTY INVESTMENTS**

Group	Agricultural	Commercial	2015	2014
	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	4,616	44,287	48,903	44,176
Additions and improvements at cost	-	349	349	2,400
Disposals net proceeds & transfers	-	(275)	(275)	-
Revaluation gains in the year	595	2,453	3,048	2,327
<b>Valuation at end of year</b>	<b>5,211</b>	<b>46,814</b>	<b>52,025</b>	<b>48,903</b>
<b>College</b>			<b>2015</b>	<b>2014</b>
	Agricultural	Commercial	Total	Total
	£'000	£'000	£'000	£'000
Valuation at start of year	4,616	44,267	48,883	44,156
Additions and improvements at cost	-	369	369	2,400
Disposals net proceeds & transfers	-	(275)	(275)	-
Revaluation gains in the year	595	2,453	3,048	2,327
<b>Valuation at end of year</b>	<b>5,211</b>	<b>46,814</b>	<b>52,025</b>	<b>48,883</b>

During the year one property was transferred at market value (£275k) from property investments to functional land & buildings. Estates land and property valuations as at 31 July 2015 have been made by the College's land agents, three independent firms of Chartered Surveyors: Cluttons, Carter Jonas and Stephenson & Son. The basis of valuation being market valuation.

University College  
Notes to the financial statements  
For the year ended 31 July 2015

10 SECURITIES AND OTHER INVESTMENTS	Group		College	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Valuation at start of year	79,170	82,615	79,149	82,594
Additions to investments at cost	81,568	23,972	81,568	23,972
Disposals	(40,638)	(27,440)	(40,638)	(27,440)
(Decrease)/increase in cash held by fund manager	(3,779)	1,401	(3,758)	1,401
Increase/(decrease) in value of investments	2,535	(1,378)	2,535	(1,378)
<b>Investments at end of year</b>	<b>118,856</b>	<b>79,170</b>	<b>118,856</b>	<b>79,149</b>

Group investments comprise:	Held outside	Held in	2015	2014
	the UK £'000	the UK £'000	Total £'000	Total £'000
Equity investments	19,675	24,827	44,502	35,549
Property funds	-	2,056	2,056	-
Fixed interest stocks	22,698	39,308	62,006	29,961
Alternative and other investments	3,963	218	4,181	3,770
Fixed term deposits and cash	-	6,111	6,111	9,890
<b>Total group investments</b>	<b>46,336</b>	<b>72,520</b>	<b>118,856</b>	<b>79,170</b>

Investments valued at more than 10% of the portfolio at the year end are:  
Chariguard UK Equity Income Fund £19.2m (16.2%).

11 SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Micklehall Limited, a property ownership and development company. The results of Micklehall Limited and its assets and liabilities at the year end were as follows. An application to have the company struck off was submitted on 29 October 2015.

	£'000
Turnover	20
Expenditure	5
Donation to College under gift aid	-
Result for the year	<u>15</u>
Total assets	2
Total liabilities	-
Net funds at the end of year	<u>2</u>

12 DEBTORS

	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	629	1,056	629	1,056
Amounts owed by College members	259	242	259	242
Amounts owed by Group undertakings	-	-	-	35
Loans falling due within one year	67	62	67	62
Prepayments and accrued income	672	402	672	402
Other debtors	79	73	79	73
	<u>1,706</u>	<u>1,835</u>	<u>1,706</u>	<u>1,870</u>

All amounts are short term. All of the College's trade and other receivables have been reviewed for indicators of impairment.

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13 CREDITORS: falling due within one year

	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
Trade creditors	1,596	1,026	1,596	1,026
Taxation and social security	93	97	93	97
College contribution	130	150	130	150
Accruals and deferred income	2,333	2,724	2,333	2,724
Other creditors	8	35	8	34
	<b>4,160</b>	<b>4,032</b>	<b>4,160</b>	<b>4,031</b>

14 CREDITORS: falling due after more than one year

	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
Bond	39,483	-	39,483	-
	<b>39,483</b>	<b>-</b>	<b>39,483</b>	<b>-</b>

On 28 April 2015 the College issued £40m of 3.068% unsecured bonds due April 2065 ("the bonds"). The bonds were issued at par. The proceeds of issue, less directly attributable transaction costs, amounted to £39.472m. Interest is payable on 28 April and 28 October each year. The bonds are listed on the London Stock Exchange. Unless previously redeemed, the bonds will be redeemed at their principal amount of £40m on 28 April 2065. The bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the bonds are measured at amortised cost under the effective interest method.

15 PROVISIONS FOR LIABILITIES

	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
At start of year	-	-	77	77
Charged in the Statement of Financial Activities	-	-	(17)	-
Settled in the year	-	-	(60)	-
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77</b>

The above provision relates to the write down on the amounts recoverable by the College

## 16 FUNDS OF THE GROUP MOVEMENTS

	At 1 August 2014 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2015 £'000
<b>Endowment Funds - Permanent</b>						
Dr Radcliffe's Linton Estate (1714)	10,657	-	(41)	-	560	11,176
Oxford Radcliffe Scholarships (2013)	4,165	2,000	(24)	-	299	6,440
Univ 20/20 Strategy (2007)	4,969	-	(18)	-	242	5,193
J G Weir (1954)	3,958	-	(15)	-	208	4,151
Univ 20/20 Endowment (2007)	3,888	7	(15)	-	200	4,080
Radcliffe Travelling Fellow(1858)	3,743	-	(15)	-	197	3,925
John Freeston Trust (1592)	2,407	-	(9)	-	126	2,524
Maintenance Trust Fund (1932)	1,769	-	(7)	-	93	1,855
Sir E A Wallis Budge (1935)	1,602	-	(6)	-	84	1,680
The Bouverie Trust (1979)	1,559	-	-	-	-	1,559
Sanderson Modern History Fellow (2012)	1,536	-	(6)	-	81	1,611
McConnell Laing Classics (1999)	1,411	-	(6)	-	79	1,484
Margaret Candfield English (1997)	1,402	-	(5)	-	74	1,471
Tacchi Fellowship (2008)	1,152	-	(5)	-	64	1,211
Dunhill Foundation Trust (1988)	1,140	-	(4)	-	60	1,196
Schrecker Slavonic Studies (2007)	1,124	-	(4)	-	60	1,180
O.M. Organic Chemistry Fellow (1990)	1,119	-	(4)	-	58	1,173
Harold Salvesen Junior Fellow(1964)	1,098	-	(4)	-	57	1,151
Scott JRF Fund (2001)	1,038	-	(4)	-	60	1,094
Swire Graduate History Scholarship (2012)	1,021	-	(4)	-	53	1,070
Modern History Fund (1999)	1,014	2	(3)	-	44	1,057
Beaverbrook Fund (1979)	1,025	-	-	-	-	1,025
Robert Mynors (1922)	976	-	(3)	-	51	1,024
47 Other Funds	16,484	737	(62)	-	838	17,997
<b>Endowment Funds - Expendable</b>						
Univ. Capital Fund	40,596	33	(378)	(8,749)	1,536	33,038
Hoffman Law Fellowship	1,213	201	(5)	-	63	1,472
38 Other Funds	3,310	423	(97)	-	178	3,814
<b>Total Endowment Funds</b>	<b>115,376</b>	<b>3,403</b>	<b>(744)</b>	<b>(8,749)</b>	<b>5,365</b>	<b>114,651</b>
<b>Restricted Funds</b>						
Geary Hill Fund (1987)	1,311	37	(51)	8	66	1,371
Radcliffe Travelling Fellow(1858)	1,044	110	(8)	24	48	1,218
136 Other Funds	6,002	5,904	(5,133)	466	104	7,343
<b>Total Restricted Funds</b>	<b>8,357</b>	<b>6,051</b>	<b>(5,192)</b>	<b>498</b>	<b>218</b>	<b>9,932</b>
<b>Unrestricted Funds</b>						
General	4,676	5,704	(4,596)	(2,658)	-	3,126
Fixed Asset Designated Fund	13,211	-	-	10,900	-	24,111
Major Repair Fund	1,294	-	-	-	-	1,294
Master's Stipend Fund	1,210	-	-	-	-	1,210
Overbrook Foundation	1,019	68	(39)	-	-	1,048
14 Other Funds	1,982	719	(676)	9	-	2,034
<b>Total Unrestricted Funds</b>	<b>23,392</b>	<b>6,491</b>	<b>(5,311)</b>	<b>8,251</b>	<b>0</b>	<b>32,823</b>
<b>Total Funds</b>	<b>147,125</b>	<b>15,945</b>	<b>(11,247)</b>	<b>0</b>	<b>5,583</b>	<b>157,406</b>

## 17 FUNDS OF THE COLLEGE DETAILS

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

**Dr Radcliffe's Linton Estate (1714)** fund established out of the legacy of Dr John Radcliffe in 1714 to support a variety of College activities.  
**Oxford Radcliffe Scholarships (2013)** fund established to endow graduate scholarships.

**Univ 20/20 Strategy (2007)** established as part of the College's re-endowment campaign to provide support for the college's strategy.

**J G Weir (1954)** fund established to provide for a fellowship for the purposes of teaching or research.

**Univ 20/20 Endowment (2007)** established as part of the College's re-endowment campaign to provide a new permanent endowment fund.

**Radcliffe Travelling Fellow (1858)** fund established to provide for medical research fellowships.

**John Freeston Trust (1592)** fund established out of the legacy of John Freeston in 1592 to support the College and Normanton Grammar School.

**Maintenance Trust Fund (1932)** provides for the income of the fund to be applied for or towards the upkeep, maintenance and repair of the College buildings and properties.

**Sir E A Wallis Budge (1935)** fund established out of bequest of Sir Wallis Budge in 1935 to found a scholarship fellowship or lectureship in Egyptology.

**The Bouverie Trust (1979)** fund established to support the study of English at the College.

**Sanderson Modern History Fellow (2012)** fund established to endow a fellowship in Modern History.

**McConnell Laing Classics (1999)** established as part of the College's 750th anniversary campaign to provide for a fellowship in Classics.

**Margaret Candfield English Fellowship** established in 1997 to provide for a fellowship in English.

**Tacchi Fellowship Fund** established in 2008 to provide for a fellowship at the College.

**Dunhill Foundation Trust (1988)** fund established in 1988 to provide for a fellowship at the College in Physiology.

**Schrecker Slavonic Studies (2007)** fund established in 2007 to provide support for Slavonic Studies at the College by endowing the Schrecker-Barbour Fellowship in Slavonic & Eastern European Studies.

**O.M. Organic Chemistry Fellow** fund established in 1990 through the generosity of Old Members' of the College to provide a fellowship in Organic Chemistry.

**Harold Salvesen Junior Fellow (1964)** fund established to endow a junior fellowship at the College.

**Swire Graduate History Scholarship (2012)** fund for graduate scholarships.

**Scott JRF (2001)** fund established to endow two junior research fellowships at the College

**Modern History Fellowship (1999)** fund established to support tutorial fellowship in History.

**Beaverbrook Fund** established in 1979 for the general support of the College activities.

**Robert Mynors (1922)** fund exists to support a fellowship in Social Sciences.

### Endowment Funds - Expendable:

**Univ. Capital Fund** is the consolidation of gifts and donations which can be used for the general purposes of the College.

**Hoffman Law Fellowship** fund established to support the costs of a fellow in Law.

### Restricted Funds:

**Geary Hill Fund (1987)** established to provide a fund for the benefit of the undergraduates at the College.

**Radcliffe Travelling Fellow (1858) income** fund established to provide for medical research fellowships.

### Unrestricted Funds:

**General fund** represents the accumulated income from the College's activities and other sources that are available for the general purposes of the College.

**Fixed Asset Designated fund** represented by the fixed assets of the College and therefore are not available for expenditure on the College's general purposes.

**Major Repair Fund** is designated for major repairs to College Buildings.

**Master's Stipend Fund** is designated for provision of the stipend of the Master of the College.

**Overbrook Foundation** fund is used at the discretion of the Master to support a range of educational and research projects.

## 18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	24,828	-	-	24,828
Property investments	-	1,370	50,655	52,025
Securities and other investments	6,815	8,562	103,479	118,856
Net current assets	1,180	-	-	1,180
Creditors falling due after more than one year	-	-	(39,483)	(39,483)
	<u>32,823</u>	<u>9,932</u>	<u>114,651</u>	<u>157,406</u>

## 19 TRUSTEE 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 the 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. Tutorial fellows are paid on the College's scale according to skill and experience, with most being a joint appointment with the University of Oxford.

The College's Remuneration Committee makes authoritative recommendations on all matters involving trustees to the Finance Committee and comprises the Master, the Estates Bursar, a Professorial Fellow and the Senior Tutor and considers amendments to the College Scale and other stipends and allowances generally following national pay awards. It is appropriately reconstituted when the remuneration of member officers is considered. Trustees of the College fall into the following categories:

- Tutorial Fellows
- Professorial Fellows
- Special Supernumerary Fellows
- Senior Research Fellows
- Chaplain

There are also 5 trustees; The Master, Estates Bursar, Domestic Bursar, Senior Tutor and Development Director who work full time on management and fundraising.

Some trustees who are Tutorial Fellows are eligible for College housing schemes. 13 trustees live in the College or College owned houses or flats. 15 receive an allowance for housing which is disclosed within the salary figures below. 6 trustees live in houses owned jointly with the College.

Some trustees receive additional allowances for additional work carried out as part time college officers, e.g. Dean. These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,344k (2014:£1,344k).

The total of pension contributions is £190k (2014:£188k).

Range	2014-15		2013-14	
	Number of trustees/ fellows	Gross remuneration, taxable benefits and pension contributions	Number of trustees/ fellows	Gross remuneration, taxable benefits and pension contributions
£1-£999	4	2,398	4	2,658
£1,000-£1,999	4	4,599	2	3,049
£2,000-£2,999	1	2,601	1	2,180
£3000-£3999	2	6,685	2	7,426
£4,000-£4,999	-	-	1	4,555
£6,000-£6,999	2	12,828	1	6,140
£7,000-£7,999	-	-	1	7,867
£8,000-£8,999	1	8,939	-	-
£9,000-£9,999	-	-	2	18,813
£11,000-£11,999	2	23,372	2	23,611
£12,000-£12,999	4	49,421	3	38,303
£14,000-£14,999	1	14,348	1	14,850
£16,000-£16,999	-	-	1	16,731
£17,000-£17,999	1	17,210	-	-
£19,000-£19,999	1	19,850	-	-
£21,000-£22,000	-	-	2	43,680
£23,000-£23,999	2	47,538	2	47,105
£24,000-£24,999	5	122,035	5	120,869
£25,000-£25,999	3	76,653	2	50,348

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19 Continued	2014-15		2013-14	
	Number of trustees/fellows	Gross remuneration, taxable benefits and pension contributions	Number of trustees/fellows	Gross remuneration, taxable benefits and pension contributions
£26,000-£26,999	1	26,532	1	26,271
£28,000-£28,999	1	28,557	1	28,347
£34,000-£34,999	-	-	1	34,562
£36,000-£36,999	1	36,488	-	-
£37,000-£37,999	1	37,387	-	-
£41,000-£41,999	-	-	1	41,539
£42,000-£42,999	2	85,200	1	42,056
£46,000-£46,999	-	-	1	46,515
£47,000-£47,999	2	95,296	1	47,249
£48,000-£48,999	1	48,977	1	48,462
£49,000-£49,999	-	-	1	49,057
£52,000-£52,999	-	-	1	52,565
£54,000-£54,999	1	54,919	1	54,101
£55,000-£55,999	3	166,898	1	55,167
£63,000-£63,999	-	-	1	63,161
£65,000-£65,999	-	-	1	65,033
£66,000-£66,999	1	66,331	-	-
£80,000-£80,999	-	-	2	161,658
£81,000-£81,999	1	81,656	-	-
£82,000-£82,999	1	82,538	-	-
£99,000-£99,999	-	-	1	99,328
£101,000-£101,999	1	101,693	1	101,327
£103,000-£103,999	1	103,327	-	-
£107,000-£107,999	-	-	1	107,142
£109,000-£109,999	1	109,208	-	-
Total	52	1,533,484	51	1,531,725

20 PENSION SCHEMES

The College participates in the Universities Superannuation Scheme ("USS") and the University of Oxford Staff Pension Scheme ("OSPS") on behalf of 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, 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 the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be 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 unaudited actuarial valuation of the USS was carried out at 31 March 2014 and published in July 2015. This valuation showed a funding deficit of £5,300m and a long term employer contribution rate of 18%. The valuation takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members will accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 pa; member contributions will be 8% of salary; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section of which the first 1% of salary is to be matched by the employer. Further details about the changes may be found on USS's website, [www.uss.co.uk](http://www.uss.co.uk). For the period up to 1 April 2016 the employers' deficit contribution will be 0.7% pa of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of salaries for the period 1 April 2016 to 31 March 2031. On the assumptions made and once the salary threshold and defined contribution section are introduced this gives rise to deficit contributions of at least 2.1% pa of salaries.

20 Continued

OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries, and 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%, with this increase being implemented over the next three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.

The pension charge for the year includes contributions payable to the USS of £355k (2014:£343k) and contributions payable to the OSPS of £245k (2014:£208k).

21 TAXATION

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

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

	2015 £'000	2014 £'000
<b>Net incoming resources for the year</b>	<b>4,698</b>	4,304
Elimination of non-operating cash flows:		
- Investment income	(4,778)	(4,234)
- Endowment donations	(3,403)	(3,144)
- Financing costs	326	11
Depreciation	452	430
Profit on sale of fixed assets	(121)	(15)
(Increase)/decrease in stock	(1)	10
Decrease/(increase) in debtors	129	(1,045)
(Decrease)/Increase in creditors	(89)	897
<b>Net cash outflow from operations</b>	<b>(2,787)</b>	<b>(2,786)</b>

23 ANALYSIS OF CHANGES IN NET FUNDS

	2014 £'000	Cash flow £'000	2015 £'000
Cash at bank and in hand	2,733	817	<b>3,550</b>
Other investments cash	9,890	(3,779)	<b>6,111</b>
Bond finance	-	(39,700)	<b>(39,700)</b>
	<b>12,623</b>	<b>(42,662)</b>	<b>(30,039)</b>

24 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July 2015 for future capital projects totalling £1.86m (2014:£nil).

25 RELATED PARTY TRANSACTIONS

The College though autonomous, may be regarded as part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS 8 ("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.

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25 continued

The College has properties with the followings net book values (cost to College less depreciation) owned jointly with trustees under joint equity ownership agreements between the trustee and the College.

	2015 £'000	2014 £'000
Professor N Yeung	120	106
Associate Professor B Jackson	297	310
Professor A Johnston	189	197
Associate Professor J Rowbottom	247	243
Professor Y W Teh	222	226
Associate Professor N Nikolov	242	247

All joint equity properties are subject to sale on the departure of the trustee from the College.

26 Financial assets and liabilities

Financial assets by reporting category under FRS26 are as follows:

	AFS (FV) £'000	Loans and receivables (amortised cost) £'000	Financial Liabilities (amortised cost) £'000	Total £'000
31 July 2015				
<b>Financial assets</b>				
Bonds	62,006	-		62,006
Other investments	56,850	-		56,850
Other long term financial assets	-	-		-
Other short-term financial assets				
Derivative financial instruments	-	-		-
Trade and other receivables	-	1,034		1,034
Cash and cash equivalents	-	3,550		3,550
	<u>118,856</u>	<u>4,584</u>	<u>-</u>	<u>123,440</u>
31 July 2015				
<b>Financial Liabilities</b>				
Non-current borrowings	-	-	39,483	39,483
Current borrowings				
Trade and other payables	-	-	1,734	1,734
	<u>-</u>	<u>-</u>	<u>41,217</u>	<u>41,217</u>
31 July 2014				
<b>Financial assets</b>				
Bonds	29,961	-	-	29,961
Other investments	49,209	-	-	49,209
Other long term financial assets	-	-	-	-
Other short-term financial assets				
Derivative financial instruments	-	-	-	-
Trade and other receivables	-	1,433		1,433
Cash and cash equivalents	-	2,733		2,733
	<u>79,170</u>	<u>4,166</u>	<u>-</u>	<u>83,336</u>
31 Jul 2014				
<b>Financial Liabilities</b>				
Non-current borrowings	-	-	-	-
Current borrowings				
Trade and other payables	-	-	1,211	1,211
	<u>-</u>	<u>-</u>	<u>1,211</u>	<u>1,211</u>

**27 Financial Instruments Risk**

The College is exposed to various risks in relation to financial instruments. The College's financial assets and liabilities by category are summarised in Note 26. The main types of risk are market risk, credit risk, liquidity risk and interest rate risk.

**Market Risk Analysis**

The College is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk, and certain other price risks, which result both from its operating and investing activities.

**Foreign Currency Sensitivity**

Most of the College's operating transactions are carried out in pounds sterling. Exposure to currency exchange rates arise from the College's purchases and sales of investments denominated in foreign currencies. To mitigate the College's exposure to foreign currency risk the Investment committee monitor regularly review the currency allocations and recommend rebalancing.

Forward exchange contracts are only entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

Foreign currency denominated financial assets and liabilities which expose the College to currency risk are disclosed below. The amounts shown are those reported to the Investment Committee translated into pounds sterling at the closing rate.

At 31 July the College's investment assets had the following principal exposures

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Pounds sterling	65.1%	58.5%
US dollar	21.5%	31.7%
Japanese Yen	3.1%	0.0%
Euro	2.9%	3.6%
Other currencies	7.4%	6.2%
	<u>100.0%</u>	<u>100.0%</u>

	<b>USD</b>	<b>Yen</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
31 July 2015				
Financial assets	25,557	3,699	12,199	41,455
Financial liabilities	-	-	-	-
Total Exposure	<u>25,557</u>	<u>3,699</u>	<u>12,199</u>	<u>41,455</u>

Impact on the net movement of funds for the year 2014/15:

10% US dollar appreciation	2,556
10% Japanese Yen appreciation	370

31 July 2014

Financial assets	25,085	-	7,763	32,848
Financial liabilities	-	-	-	-
Total Exposure	<u>25,085</u>	<u>-</u>	<u>7,763</u>	<u>32,848</u>

Impact on the net movement of funds for the year 2013/14

10% US dollar appreciation	2,508
10% Japanese Yen appreciation	-

**Risk Management policies and procedures**

Currency positions in the investment portfolio are reviewed regularly by the Estates Bursar and monitored by the investment committee. Currency exposure is managed within the asset allocation strategy.

**Credit risk**

Credit risk is the risk that the College would incur a financial loss if a counterparty were to fail to discharge its obligations to the College.

**Credit risk exposure**

The College is exposed to credit risk in respect of its financial assets held with various counterparties. The following table details the maximum exposure to credit risk at 31 July:

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27	continued	<b>2015</b>	2014
		<b>£'000</b>	£'000
	Equity investments	44,502	35,549
	Property funds	2,056	-
	Fixed interest stocks	62,006	29,961
	Alternative and other investments	4,181	3,770
	Cash & Cash equivalents	9,661	12,623
	Trade and other receivables	1,706	1,835
	Total financial assets exposed to credit risk	<u>124,112</u>	<u>83,738</u>

**Risk management policies and procedures**

The College aims to minimise its counterparty credit risk exposure by monitoring the size of its credit exposure to, and the creditworthiness of, counterparties, including setting exposure limits and maturities within its investment portfolio primarily. The creditworthiness and financial strength of trading customers e.g. new tenants, is assessed at inception. All new students have to provide a financial guarantee statement indicating the availability of funds to meet fees and living costs. Counterparties for investment assets and bank accounts are selected based on their financial ratings, regulatory environments and specific circumstances.

**Liquidity Risk**

Liquidity risk is the risk that the College will encounter difficulties raising cash to meet its obligations when they fall due. Obligations are associated with financial liabilities and capital commitments.

**Risk management policies and procedures**

The majority of the investment assets by the College are investments in quoted securities and in funds that are readily realisable. The College regularly monitors its liabilities and commitments and ensures it holds appropriate levels of liquid assets.

The following table summarise the maturity of the College's undiscounted contractual payments

	Three months or less	Between three months and a year	Between one and five years	More than five years	Total
	£'000	£'000	£'000	£'000	£'000
As at 31 July 2015					
Bond liabilities	614	614	4,909	95,224	101,361
Other creditors	3,168	229	74	-	3,471
Total at 31 July 2015	<u>3,782</u>	<u>843</u>	<u>4,983</u>	<u>95,224</u>	<u>104,832</u>
As at 31 July 2014					
Bond liabilities	-	-	-	-	-
Other creditors	1,428	3,249	2,274	-	6,951
Total at 31 July 2014	<u>1,428</u>	<u>3,249</u>	<u>2,274</u>	<u>-</u>	<u>6,951</u>

**Interest rate risk**

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in market interest rates (i.e. for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (i.e. for floating rate assets or liabilities).

**Interest rate exposure and sensitivity**

As stated in the accounting policies, the College's bond liabilities are measured at book value (the difference to being measured at amortised cost using the effective interest rate method is trivial). The College has only minimal amounts held on variable rate.

Interest rate risk is focused on the potential impact of interest rate changes on the fair value of investments in fixed interest securities.

At 31 July 2015 the College held £62.0m (2014: £30.0m) of government bonds with fixed interest.

**Risk management policies and procedures**

The College takes into account the possible effects of a change in interest rates on fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions.

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#### Other price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price (other than those arising from currency risk or interest rate risk), caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

This is a key risk for the College because of the significance of the endowment funds in supporting the academic activities of the College and the requirement to maintain their value in real terms into the future.

At 31 July 2015 total endowment funds were £114.6m (2014:£115.4m) - see notes 16 & 17 for further detail on the endowment funds.

#### Concentration of exposure to other price risk

As the majority of the College's investment assets are carried at fair value, all changes in market conditions will directly affect the College's net assets. The split of investment assets at the reporting date is shown in notes 9 & 10.

#### Fair Value

Debtors and current liabilities are stated in both the College and Group balance sheets at book values which are not materially different from their fair values. The bond liabilities are measured at book value (the difference to being measured at amortised cost using the effective interest method is trivial). The book values of the both the College's and Group's other financial assets and liabilities shown on the balance sheet are the same as the fair values.

The following table categorises the fair values of the Group's investment assets based on the inputs to the valuation. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1: Valued using quoted prices in active markets for identical assets,

Level 2: Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1,

Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

#### Fair value measurement using the FRS 29 fair value hierarchies

Investment assets at fair value as at 31 July 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Property investments	-	52,025	-	52,025
Equity investments	44,502	-	-	44,502
Property funds	-	2,056	-	2,056
Fixed interest stocks	62,006	-	-	62,006
Alternative and other investments	-	-	4,181	4,181
<b>Total investment assets at fair value at 31 July 2015</b>	<b>106,508</b>	<b>54,081</b>	<b>4,181</b>	<b>164,770</b>

Investment assets at fair value as at 31 July 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Property investments	-	48,903	-	48,903
Equity investments	35,549	-	-	35,549
Property funds	-	-	-	-
Fixed interest stocks	29,961	-	-	29,961
Alternative and other investments	-	-	3,770	3,770
<b>Total investment assets at fair value at 31 July 2014</b>	<b>65,510</b>	<b>48,903</b>	<b>3,770</b>	<b>118,183</b>

A reconciliation of the opening and closing balances for Level 3 assets measured at fair value is detailed in the table below:

	£'000
Fair value 1 August 2014	3,770
Purchases less sales proceeds	(345)
Total gains/(losses) recognised in the SOFA	756
Fair value 31 July 2015	<u>4,181</u>

**27** continued

Alternative and other investments comprise predominately private equity funds. The fair values of these held through pooled funds and partnerships are based on the most recent valuations of the underlying investments as supplied to the College by the administrators of those funds or partnerships. Significant unobservable inputs are used in these valuations. The College considers that no reasonably foreseeable change to key assumptions in the Level 3 valuations would result in a significant change on fair value.  
(Details are provided for the Group only given that there is an immaterial difference between the College & the Group figures).

**28 POST BALANCE SHEET EVENTS**

The College had entered into a conditional contract for the acquisition of land and buildings prior to the year end. Those conditions have been fulfilled since 31 July 2015. The cost of the land & buildings and associated expenses is expected to be £9m.