

Charity Registration No. 1143479

# Worcester College

Annual Report and Financial Statements

Year ended 31 July 2016

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

### Governing Body, Officers and Advisers

Year ended 31 July 2016

#### 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> 2016, are listed below together with details for those who also held College Officerships:

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Prof Sir Jonathan Bate	Provost	•	•		•		•	•
Prof Donald Fraser			•		•		•	•
Prof David Bradshaw	Retired on 31-07-16				•			
Dr Simon Cowan	Vice Provost (to 30-09-16)	•	•	•	•	•	•	•
Dr Peter Darrah					•	•		
Prof Susan Gillingham					•			
Prof Tony Blakeborough					•			
Prof Heather Viles					•			
Dr Kate Tunstall					•	•	•	•
Prof Roger Heath-Brown	Retired on 30-09-16			•				
Prof Robert Saxton					•			
Prof Ernesto Macaro								•
Prof Donal Nolan	Tutor for Graduates			•	•	•		
Dr Nir Vulkan			•		•			
Prof Judith Freedman								
Prof Andrew Carr								
Dr Ben Morgan	Dean			•	•		•	
Dr John Parrington					•			
Dr Richard Earl	Tutor for Admissions				•			
Dr Scott Scullion	Senior Tutor	•		•	•			
Prof Deborah Cameron								
Dr Josephine Quinn					•			
Prof Andreas Willi								
Dr Rory Bowden	Garden Master	•				•		
Prof Julian Roberts	Senior Treasurer of Clubs							
Prof Endre Süli		•			•			
Prof Robert Gildea								
Dr Grant Ritchie		•			•			
Prof Bob Harris					•			
Dr Paul Azzopardi					•	•		
Prof Andrew Price								
Dr Mark Howarth				•	•			
Dr David Steinsaltz		•	•		•	•		
Dr Conrad Leyser					•			
Dr Laura Ashe		•			•		•	
Dr Gabriel Stylianides								
Prof Kim Dora	Tutor for Women			•	•			
Dr Antonis Papachristodoulou		•			•			
Prof Hongseok Yang					•	•		
Dr Michail Peramatzis					•	•		•
Dr Zofia Stemplowska					•			
Dr Felix Parra Diaz					•			
Dr Afifi al-Akiti								
Prof Sadie Creese								
Mr Jonathan Forrest	Finance and Estates Bursar	•	•		•	•	•	
Dr Josephine van Zeben					•		•	

## WORCESTER COLLEGE

### Governing Body, Officers and Advisers

Year ended 31 July 2016

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#### MEMBERS OF THE GOVERNING BODY (continued)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dr James Edwards	•			•			
Prof Andrew Stephen	Appointed 1-10-15						
Dr Steven Methven	Appointed 1-10-15			•			
Mrs Coleen Day	Appointed 15-6-16	•			•	•	

During the year the activities of the Governing Body were carried out through seven 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) 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.

Human Resources Committee has 7 internal and 1 external members.

Further committees are primarily concerned with managing or administering a service; Chapel Committee, Library Committee, IT Committee, Housing & Accommodation Committee, Main Quad Building Committee and Travel Grants Committee.

The Joint Consultative Committee comprising membership from Governing Body, senior staff and Officers of the Middle and Junior Common Rooms discusses matters affecting Middle and Junior Common Room members. Such matters include (but are not limited to) the domestic management of the College, food service provision, and sports and recreational facilities.

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:

Mr Mark Bainbridge	Librarian (appointed 1-9-15)
Mrs Coleen Day	Director of Development and Alumni Relations
Mr Jonathan Forrest	Finance and Estates Bursar
Mr Andrew Jardine	Interim Domestic Bursar (from 7-5-16)
Mr Tim Lightfoot	Domestic Bursar (left 6-5-16)
Dr Jo Parker	Librarian (left 31-8-15)
Ms Patricia Pease	College Accountant
Mr Steven Scott	Domestic Bursar (joined 18-7-16)
Mr Jonathan Young	IT Manager

## **WORCESTER COLLEGE**

**Governing Body, Officers and Advisers**

**Year ended 31 July 2016**

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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

#### **Surveyor**

Carter Jonas  
Mayfield House  
256 Banbury Road  
Summertown  
Oxford, OX2 7DE

#### **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 2016**

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2016 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 3.

**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.

### **Remuneration of Members of the Governing Body and Senior College Staff**

Members of the Governing Body who are primarily Fellows are teaching and research employees of the College and receive no remuneration or benefits from their trusteeship of the College. Those trustees that are also employees of the College receive remuneration for their work as employees of the College. This is set based on the advice of the College's Remuneration Committee, which has a majority of external members. Where possible, remuneration is set in line with that awarded to the University's academic staff.

The remuneration of senior college staff is approved by Governing Body on the recommendation of Remuneration Committee.

### **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 Finance Committee (and Investment Sub-Committee)**  
The Finance Committee is responsible for business related to the financial management of the College, including financial 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 4 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 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 take place in week 1 of each term. It is chaired by the Vice-Provost.
- **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 and 5 of each term. 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, the Finance and Estates Bursar and the Chaplain. It is chaired by the Senior Tutor.
- **The Domus Committee**  
This committee is responsible for business related to the fabric and buildings of the College and for its general management. Meetings take place in week 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 fund-raising, alumni relations and conferences. Meetings take place in week 0 of Hilary and Trinity terms. It is chaired by the Vice-Provost.
- **The Nominating Committee**  
The Nominating Committee proposes membership of committees and appointments to College Officer positions and usually meets once year.

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

**WORCESTER COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2016**

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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.

**Group structure and relationships**

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

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.

A proportion of the College's endowed funds are held at arm's length in the Worcester College Oxford Endowment Trust, which is not controlled by the College but which has the support of the College as its principal charitable objective. The Trust has agreed under a memorandum of understanding to make the College an annual grant (currently at 4.25% of the value of the Trust's assets at year end).

The College also administers many special trusts, as detailed in Notes 17 and 18 to the financial statements.

**OBJECTIVES AND ACTIVITIES**

Worcester College promotes freedom of thought and expression, academic integrity and a willingness (indeed an expectation) to challenge ideas and in turn to be challenged. The College is an academic community providing a stimulating and supportive teaching and learning environment for students (of all levels), with modern facilities and a range of opportunities for extra-curricular activity. The College's educational provision complements the educational opportunities available to our students within the departments and faculties of the University of Oxford. In particular the College operates a tutorial system where each student's education is steered by research-active academics whom the students meet (usually either individually or in pairs) on a weekly basis. In this way the College provides an informing, inspiring and also challenging learning environment.

For centuries Worcester College has prepared students of outstanding talent and potential for graduation in a wide range of academic disciplines. Alumni have gone on to lead fulfilling professional lives and, individually and collectively, have made major contributions in their chosen fields including in commerce, the professions, in the arts, science and engineering, in medicine, faith communities, the military and in public service.

**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 has considered the Charity Commission's guidance on public benefit and in keeping with its objects, the College's aims for the public benefit are:

- To advance education, including extending access

Working with the University of Oxford's departments and faculties, the College educated 601 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.



**WORCESTER COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2016**

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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 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.

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. Services are also sometimes sung by 'Frideswide Voices', a new choir for girl choristers, aged 7-14, co-founded by the Chaplain in 2014.

Interfaith services are offered on a regular basis and all services are promoted, internally and externally, 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. In addition, the Chaplain and Chapel Warden convene inter-disciplinary seminars on 'Music and Theology', part of an international academic network on the subject.

## **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 2015-16 academic year. Worcester College 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 100 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 2015 and the field of candidates from which students were selected showed strong academic ability and potential. In addition to those admitted by Worcester College, a number of applicants were also offered places by other colleges as a result of the intercollegiate mechanisms that aim to ensure application outcome is not affected by college choice.

The overall proportion of candidates who applied to Worcester College (or were allocated through the open application scheme) and were made offers by the University was 23%, compared to the university-wide figure of 20%. The composition of offers made in 2015 for 2016 entry was: 52% male: 48% female; 91% UK students and 9% EU/overseas (representing a total of 10 different nationalities). Of the UK students, 62% were educated in the State sector and 38% in the Independent sector.

### **Fellowship and Staff**

The Governing Body comprised the Provost, 33 Official Tutorial Fellows, 1 Official Non-Tutorial Fellow, 6 Professorial Fellows and 8 Supernumerary Fellows. In addition, there were a further Supernumerary Fellow (without Governing Body membership), 9 Senior Research Fellows and 10 Junior Research Fellows.

Teaching was further supported by a number of College Lecturers, including 10 Stipendiary appointments and external tuition was provided by tutors from across the collegiate university. Fifteen terms of sabbatical or special leave for research purposes were granted to a total of 9 Fellows. A total of 190 non-academic staff (by headcount, not FTE) supported the College's activities.

### **Student Numbers and Progress**

During the 2015-16 academic year there were 428 undergraduates, 146 graduates and 27 JYA students in College, a total of 601 students. In Finals, Worcester's undergraduates obtained 42 Firsts, 69 Upper Seconds and 6 Lower Seconds, placing the College 9th 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 were also provided to support other activities including field trips, medical electives, undergraduate research / conference travel, book bursaries, sports bursaries and language tuition. A total of £196k was disbursed during the year (2015: £168k).

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**Report of the Governing Body**  
**Year ended 31 July 2016**

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**Development**

In 2013-14, 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. 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 (with Campaign progress to date) is as follows:

- £25 million to permanently endow twelve Tutorial and Research Fellowships, together with the endowment of the Old Library (£16,331,801 pledged to date of which £11,480,569 has been received);
- £10 million to produce an annual return that will endow a rich complement of undergraduate and graduate scholarships, bursaries, hardship funds, access initiatives and outreach activity to ensure that the opportunities of the College are made available to a full diversity of candidates of the highest potential (£1,612,287 pledged to date of which £782,809 has been received);
- £25 million for the maintenance and enhancement of our historic buildings and grounds together with the creation of the Sultan Nazrin Shah Centre incorporating the Tuanku Bainun Auditorium and an array of student facilities and meeting rooms (£16,513,716 pledged to date of which £15,362,891 has been received);
- £40 million to be applied to general endowment, creating a sufficient annual return to assure the College's long-term sustainability and the growth of excellence (£12,184,700 pledged to date of which £4,375,600 has been received).

Campaign progress to date:

- a total of £46,642,504 signed pledges (of which £32,001,869 has been received);
- plus £27,950,000 from seven lead legacy pledges;
- £4,000,000 'Clarendon Match' funding for fellowships; and
- £1,400,000 for a scholarship held by Princeton University.

The 'Clarendon Match' fund is held by the University (within a ring-fenced portion of the University's holding in the Oxford Endowment Fund) to endow the University portion of joint College/University Tutorial Fellowships, thus assuring the permanent retention of Tutorial Fellowships in relevant disciplines at Worcester, without cross-subsidy from the College to the University.

The Campaign total inclusive of major legacy pledges is £74,592,504 (the total inclusive of 'Clarendon Match' and Princeton scholarship is £79,992,504). The above Campaign figures include pledges to, and cash received by Worcester College Oxford Endowment Trust. The unaudited assets of the Trust at 31 July 2016 (the majority of which are invested by Oxford University Endowment Management) stood at £8,804,784.

Major gifts this year included the endowment of the senior Tutorial Fellowship in Engineering and a new Senior Research Fellowship in Geopolitics, as well as the endowment of three Graduate Scholarships, one of them for a Worcester graduate to study at Princeton University.

In addition to the Campaign figures notes above, a total of 965 Old Members contributed to the College by way of donations to the Annual Fund, principally for bursaries and student support.

The College is deeply grateful to all its generous donors.

**WORCESTER COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2016**

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**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 income and endowments for the year were £14,017k compared to £17,215k in 2014/15. This included £6,155k received in donations and legacies (compared with £9,579k in 2014/15) representing several substantial donations, and including funding for the construction of the new auditorium.

The College's charitable objects continue to be met with resources expended on charitable activities for the year of £8,747k (2015: £8,948k). 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 £6,748k (2015: £6,417k).

The College achieved its public benefit aims and objectives with expenditure on charitable activities of £8,747k (2015: £8,948k) exceeding incoming resources from charitable activities of £6,748k (2015: £6,417k) by £1,999k (2015: £2,531k). This spending gap was met principally from resources from generated funds including investment income, trading income, legacies and donations.

The College has reviewed its trading activities, and plans to increase the level of surpluses that can be applied to its charitable Objects, by significantly increasing its commercial conferencing business. As part of this plan the College is investing in new conferencing facilities that will come on stream in 2016/17. Until that time the College intends gradually to 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 fire and electrical upgrading, and the refurbishment of student accommodation (bedrooms and bathrooms).

The majority of the College's securities and other investments are managed by Oxford University Endowment Management Limited (OUEM) and total £29,035k.

**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 delivery of services.

The College's General reserve (excluding Pension reserve) at the year-end amounted to £25,900k (2015: £26,130k), represented by £21,801k of fixed assets, £1,167k of property investments and £2,932k of free reserves. The free reserves are available to fund operating expenditures in the event of interruption to College income.

The Pension reserve of £(1,484)k represents a commitment to pay additional pension contributions over a 20 year period. The College is confident that it can meet these contributions from projected future cash flows without significant impact on planned levels of charitable activity, therefore in line with Charity Commission guidance, this commitment does not impact free reserves.

Of the designated reserves £704K 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.

**WORCESTER COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2016**

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**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 £29,350k, which during the year achieved a return of 8.2%.

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 does not have plans significantly to adjust either the size of its student body or the range of subjects offered for study. It will continue to deliver teaching and learning through the tutorial system, to support research, fund scholarships and scholarly activity and to recognise scholarly achievement, support students in financial hardship and provide for the spiritual welfare of its students through its chapel provision. The College will continue to fund access work and work toward equality of opportunity and diversity within our academic community.

The College will continue fundraising activities, building on the considerable momentum created by a very successful Tercentenary Campaign year. The Campaign is ahead of its targets at this stage. Attention in the year is expected to broaden somewhat to include solicitation of gifts just below the major gifts category. Work will also continue to develop the Annual Fund particularly, though not exclusively, through telephone fundraising activities. The College will explain our activities and plans to alumni and prospective donors in a series of events to be held throughout the year, through publications and through the College website which was redesigned and re-launched in the year ending July 2016.

The Campaign has been very successful to date endowing fellowships. A remaining challenge though is to fund the extensive refurbishment works needed in areas of the College estate. Donors will be encouraged to assist in that work.

Operationally the College will continue to seek efficiencies and to improve the quality of services provided to all Members, whether relating to catering, accommodation or the provision of contemporary facilities.

During the year the construction of the new auditorium and seminar room complex (the Sultan Nazrin Shah Centre) will be complete and in use from Hilary Term 2017. Over the next few years the College expects to grow its conferencing income significantly. Staging and hosting academic conferences directly acquits some of the College's charitable objects. Non-academic conferences are hosted in order to generate surpluses to apply to the College's charitable activities.

## **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. Under that law the Governing Body have prepared the financial statements in accordance United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 income or expenditure 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue to operate.

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the College and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 30 November 2016 and signed on its behalf by:

Professor Sir Jonathan Bate  
Provost

## **WORCESTER COLLEGE**

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

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#### **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 2016 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) including FRS 102 "The Financial Reporting Standard Application in the UK and Republic of Ireland".

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 13, 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 2016, and of the group's resources, including its income and expenditure, 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.

Mark Bishop (Senior Statutory Auditor)

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

# WORCESTER COLLEGE

## Statement of Accounting Policies

Year ended 31 July 2016

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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 Statement of Cash Flows for the College and its wholly owned subsidiaries Worcester College Enterprises Ltd and Worcester College Society.

No separate SOFA has been presented for the College alone as currently permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements. A summary of the results and financial position of the charity and each of its subsidiaries for the reporting year are in note 12

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 College's individual and consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The College is a public benefit entity for the purposes of FRS 102 and a registered charity. The College has therefore also prepared its individual and consolidated financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102 The Charities SORP (FRS102)).

The College has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 August 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 July 2015. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is provided in note 30.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the measurement of investments and certain financial assets and liabilities at fair value with movements in value reported within the Statement of Financial Activities (SOFA). The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

### 3. Going concern

The Governing Body assesses whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to the events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governing Body makes this assessment in respect of a period of at least one year from the date of authorisation for issue for the financial statements and have concluded that the College has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College's ability to continue as a going concern, thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

### 4. Accounting judgements and estimation uncertainty

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Governing Body to have most significant effect on amounts recognised in the financial statements.

The College participates in a multi-employer defined benefit pension plan. In the judgement of the Governing Body, there is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 21).

The College carries investment property at fair value in the balance sheet, with changes in fair value being recognised in the income and expenditure section of the SOFA. Independent valuations are obtained to determine fair value at the balance sheet date.



**5. Accounting judgements and estimation uncertainty** (continued)

Before legacies are recognised in the financial statements, the Governing Body has to exercise judgement as to what constitutes sufficient evidence of entitlement to the bequest. Sufficient entitlement exists once notification of payment has been received from the executor(s) of the estate or estate accounts are available which indicate there are sufficient funds in the estate after meeting liabilities for the bequest to be paid.

With respect to the next financial year, the most significant areas of uncertainty that affect the carrying value of assets held by the College and its subsidiaries are the level of investment return and the performance of investment markets.

**6. Income Recognition**

All income is recognised once the College has entitlement to the income, the economic benefit is probable and the amount can be reliably measured.

**a) Income from fees, HEFCE support and other charges for services**

Fees receivable, less any scholarships, bursaries or other allowances granted from the College's unrestricted funds, HEFCE support and charges for services and use of the premises are recognised in the period in which the related service is provided.

**b) Income from donations, grants and legacies**

Donations and grants that do not impose specific future performance-related or other specific conditions are recognised on the date on which the charity has entitlement to the resource, the amount can be reliably measured and the economic benefit to the College of the donation or grant is probable. Donations and grants subject to performance-related conditions are recognised as and when those conditions are met. Donations and grants subject to other specific conditions are recognised as those conditions are met or their fulfilment is wholly within the control of the College and it is probable that the specified conditions will be met.

Legacies are recognised following grant of probate and once the College has received sufficient information from the executor(s) of the deceased's estate to be satisfied that the gift can be reliably measured and that the economic benefit to the College is probable.

Donations, grants and legacies accruing for the general purposes of the College are credited to unrestricted funds.

Donations, grants and legacies which are subject to conditions as to their use imposed by the donor or set by the terms of an appeal are 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 in kind (as distinct from cash or other monetary assets), they are measured at the fair value of those assets at the date of the gift.

**c) Investment income**

Interest on bank balances is accounted for on an accrual basis with interest recognised in the period to which the interest relates.

Dividend income and similar distributions are recognised on the date the share interest becomes ex-dividend or when the right to the dividend can be established.

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

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.

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

## **7. Expenditure**

Expenditure is accounted for on an accruals basis. A liability and related expenditure is recognised when a legal or constructive obligation commits the College to expenditure that will probably require settlement, the amount of which can be reliably measured or estimated.

Grants awarded that are not performance-related are charged as an expense as soon as a legal or constructive obligation for their payment arises. Grants subject to performance-related conditions are expensed as the specified conditions of the grant are met.

All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure categories in the Statement of Financial Activities (the SOFA).

Support costs which include governance costs (costs of complying with constitutional and statutory requirements) and other indirect costs are apportioned to expenditure categories in the SOFA 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.

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

## **8. Tangible fixed assets**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings which is directly attributable to bringing the asset to its working condition for its intended use, together with expenditure on equipment costing more than £2,000, is capitalised.

Where a part of a building or equipment is replaced and the costs capitalised, the carrying value of those parts replaced is derecognised and expensed in the SOFA.

Other expenditure on equipment incurred in the normal day-to-day running of the College and its subsidiaries 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
Building improvements	50 years
Equipment, Fixtures and Fittings	4 - 10 years

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

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

## **10. Investments**

Investment properties are initially recognised at their cost and subsequently measured at their fair value (market value) at each reporting date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are initially measured at their cost and subsequently measured at their fair value at each reporting date. Fair value is based on their quoted price at the balance sheet date without deduction of the estimated future selling costs.

**10. Investments (continued)**

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the SOFA as 'gains or losses on investments' and are allocated to the fund holding or disposing of the relevant investment.

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

**12. Foreign currencies**

The functional and presentation currency of the College and its subsidiaries is the pound sterling.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the reporting date are recognised in the income and expenditure section of the SOFA.

**13. Total Return investment accounting**

The College statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of standard 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 component of the endowment known as the unapplied total return that can be either be retained for investment or released to income at the discretion of the Governing Body.

**14. Fund accounting**

The total funds of the College and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the origins of the funds and the terms set by the donors or set by the terms of an appeal. 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 specified that the funds are to be used for particular earmarked funds for specific purposes of the College. 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 or permitted the capital to be maintained and with the intention that the income will be used for specific purposes within the College's objects.

Permanent endowment funds arise where donors specify that the funds are to be retained as capital for the permanent benefit of the College. Any part of the total return income arising from the capital that is allocated to income 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 that they have been given, for the long term benefit of the College. However, the Governing Body may at their discretion determine to spend all or part of the capital.

**15. Pension costs**

The costs of retirement benefits provided to employees of the College through two multi-employer defined pension schemes are accounted for as if these were defined contribution schemes as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The College's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

In addition, a liability is recognised at the balance sheet date for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

The College also operates a defined contribution pension scheme/group personal pension plan/contributes to the personal pension arrangements of certain employees. Contributions to these arrangements are charged to the SOFA in the period in which they are payable.

**WORCESTER COLLEGE**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2016**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	<b>2016 Total £'000</b>	2015 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Charitable activities</b>	1					
Teaching, research and residential		6,748	0	0	<b>6,748</b>	6,417
<b>Other trading income</b>	3	346	0	0	<b>346</b>	366
<b>Donations and legacies</b>	2	963	1,913	3,279	<b>6,155</b>	9,579
<b>Investment income</b>	4	122	61	524	<b>707</b>	742
<b>Other income</b>		61	0	0	<b>61</b>	111
<b>Total income</b>		<u>8,240</u>	<u>1,974</u>	<u>3,803</u>	<b><u>14,017</u></b>	<u>17,215</u>
<b>EXPENDITURE ON:</b>						
<b>Charitable activities</b>	5					
Teaching, research and residential		7,963	235	549	<b>8,747</b>	8,948
<b>Generating funds:</b>	5					
Fundraising		473	14	0	<b>487</b>	452
Trading expenditure		117	0	0	<b>117</b>	177
Investment management costs		40	0	0	<b>40</b>	73
<b>Total expenditure</b>		<u>8,593</u>	<u>249</u>	<u>549</u>	<b><u>9,391</u></b>	<u>9,650</u>
<b>Net income/(expenditure) before gains</b>		(353)	1,725	3,254	<b>4,626</b>	7,565
Net gains on investments		258	133	1,496	<b>1,887</b>	10,000
<b>Net income/(expenditure)</b>		<u>(95)</u>	<u>1,858</u>	<u>4,750</u>	<b><u>6,513</u></b>	<u>17,565</u>
Transfers between funds		0	0	0	<b>0</b>	0
<b>Net movement in funds for the year</b>		<u>(95)</u>	<u>1,858</u>	<u>4,750</u>	<b><u>6,513</u></b>	<u>17,565</u>
Fund balances brought forward	17	27,371	14,042	25,105	<b>66,518</b>	48,953
<b>Funds carried forward at 31 July</b>	17	<u>27,276</u>	<u>15,900</u>	<u>29,855</u>	<b><u>73,031</u></b>	<u>66,518</u>

**WORCESTER COLLEGE**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2016**

	Notes	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	34,611	27,831	34,611	27,831
Property investments	10	2,940	13,556	2,940	13,556
Securities and other investments	11	29,350	27,682	29,035	27,366
		<u>66,901</u>	<u>69,069</u>	<u>66,586</u>	<u>68,753</u>
<b>CURRENT ASSETS</b>					
Stocks		120	143	120	143
Debtors	14	794	803	1,084	1,115
Cash at bank and in hand		8,884	9,664	8,565	9,343
		<u>9,798</u>	<u>10,610</u>	<u>9,769</u>	<u>10,601</u>
<b>CREDITORS: falling due within one year</b>	15	<b>(2,184)</b>	<b>(1,595)</b>	<b>(2,167)</b>	<b>(1,582)</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u><b>7,614</b></u>	<u>9,015</u>	<u><b>7,602</b></u>	<u>9,019</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>74,515</b>	78,084	<b>74,188</b>	77,772
<b>CREDITORS: falling due after more than one year</b>	16	<b>0</b>	<b>(10,000)</b>	<b>0</b>	<b>(10,000)</b>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		<u><b>74,515</b></u>	<u>68,084</u>	<u><b>74,188</b></u>	<u>67,772</u>
<b>Defined benefit pension scheme liability</b>		<b>(1,484)</b>	<b>(1,566)</b>	<b>(1,484)</b>	<b>(1,566)</b>
<b>NET ASSETS</b>		<u><b>73,031</b></u>	<u>66,518</u>	<u><b>72,704</b></u>	<u>66,206</u>
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>	17	<b>29,855</b>	25,105	<b>29,855</b>	25,105
<b>Restricted funds</b>		<b>15,900</b>	14,042	<b>15,573</b>	13,730
<b>Unrestricted funds</b>					
Designated funds		2,860	2,807	2,860	2,807
General funds (excluding pension reserve)		25,900	26,130	25,900	26,130
Pension reserve		(1,484)	(1,566)	(1,484)	(1,566)
		<u><b>73,031</b></u>	<u>66,518</u>	<u><b>72,704</b></u>	<u>66,206</u>

The financial statements were approved and authorised for issue by the Governing Body of Worcester College on 30 November 2016.

Professor Sir Jonathan Bate, Provost

Jonathan Forrest, Finance and Estates Bursar

**WORCESTER COLLEGE**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 July 2016**

	Notes	2016 Group £'000	2015 Group £'000
<b>Net cash provided by (used in) operating activities</b>	23	<u>113</u>	<u>2,592</u>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		707	742
Proceeds from the sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		(7,514)	(2,637)
Proceeds from sale of investments		10,835	1,050
Purchase of investments		0	(6,250)
		<u>4,028</u>	<u>(7,095)</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(10,000)	0
Receipt of endowment		3,279	1,357
Receipt of restricted income capital grants		1,800	5,500
<b>Net cash used in financing activities</b>		<u>(4,921)</u>	<u>6,857</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(780)</u>	<u>2,354</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		9,664	7,310
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>8,884</u>	<u>9,664</u>

**WORCESTER COLLEGE**  
**Notes to the Financial Statements**  
**For the year ended 31 July 2016**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Teaching, research and residential</b>		
Unrestricted Funds		
Tuition fees - UK and EU students	1,944	1,845
Tuition fees - Overseas students	402	268
Other fees	345	428
Other HEFCE support	103	386
Other academic income	130	111
College residential income	3,824	3,379
	<u>6,748</u>	<u>6,417</u>

The above analysis includes £2,003k received from Oxford University from publicly accountable funds under the College Funding Formula Scheme (2015: £1,975k).

Under the terms of the undergraduate student support package offered by the University of Oxford to students from lower income households, the College share of fees waived amounted to £41k (2015: £46k). These are not included in the fee income reported above.

**2 DONATIONS AND LEGACIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Unrestricted funds	963	1,754
Restricted funds	1,913	6,468
Endowed funds	3,279	1,357
	<u>6,155</u>	<u>9,579</u>

**3 INCOME FROM OTHER TRADING ACTIVITIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Subsidiary company trading income	268	271
Other trading income	78	95
	<u>346</u>	<u>366</u>

**4 INVESTMENT INCOME**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Unrestricted funds		
Equity dividends	1	1
Interest on fixed term deposits and cash	56	24
Other investment income	65	16
	<u>122</u>	<u>41</u>
Restricted funds		
Interest on fixed term deposits and cash	0	27
Other investment income	61	44
	<u>61</u>	<u>71</u>
Endowed funds		
Other investment income	524	630
	<u>524</u>	<u>630</u>



**WORCESTER COLLEGE**  
**Notes to the Financial Statements**  
**For the year ended 31 July 2016**

**5 ANALYSIS OF EXPENDITURE**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Charitable expenditure</b>		
Direct staff costs allocated to :-		
Teaching, research and residential	<b>4,121</b>	4,628
Other direct costs allocated to:-		
Teaching, research and residential	<b>2,992</b>	2,840
Support and governance costs allocated to:-		
Teaching, research and residential	<b>1,634</b>	1,480
	<b>8,747</b>	8,948
<b>Expenditure on raising funds</b>		
Direct staff costs allocated to :-		
Fundraising	<b>296</b>	278
Trading expenditure	<b>0</b>	15
Investment management costs	<b>0</b>	29
Other direct costs allocated to:-		
Fundraising	<b>161</b>	148
Trading expenditure	<b>115</b>	162
Support and governance costs allocated to:-		
Fundraising	<b>30</b>	26
Trading expenditure	<b>2</b>	2
Investment management costs	<b>40</b>	42
	<b>644</b>	702
	<b>9,391</b>	9,650

The 2015 resources expended of £9,650k represented £9,033k from unrestricted funds, £117k from restricted funds and £500k from endowed funds.

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 and research costs include College Contribution payable of £4k (2015-£0k).

**6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS**

	Generating Funds	Teaching Research & Residential	<b>2016 Total</b>
	£'000	£'000	£'000
Financial and domestic admin	50	420	<b>470</b>
Human resources	12	117	<b>129</b>
IT	8	178	<b>186</b>
Depreciation	0	734	<b>734</b>
Bank interest payable	0	102	<b>102</b>
Other finance charges	0	57	<b>57</b>
Governance costs	2	26	<b>28</b>
	<b>72</b>	<b>1,634</b>	<b>1,706</b>

**WORCESTER COLLEGE**  
**Notes to the Financial Statements**  
**For the year ended 31 July 2016**

**6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS (continued)**

	Generating Funds £'000	Teaching Research & Residential £'000	2015 Total £'000
Financial and domestic admin	39	205	244
Human resources	31	180	211
IT	0	200	200
Depreciation	0	662	662
Bank interest payable	0	196	196
Other finance charges	0	17	17
Governance costs	0	20	20
	<b>70</b>	<b>1,480</b>	<b>1,550</b>

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.

	2016 £'000	2015 £'000
<b>Governance costs comprise:</b>		
Auditor's remuneration – audit services	23	18
Auditor's remuneration – tax advisory services	2	2
Legal and other fees on constitutional matters	0	0
Other governance costs	4	0
	<b>29</b>	<b>20</b>

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.

**7 GRANTS AND AWARDS**

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

		2016 £'000	2015 £'000
<b>Unrestricted funds</b>			
Grants to individuals:	Scholarships, prizes and grants	35	49
	Bursaries and hardship awards	8	4
		<b>43</b>	<b>53</b>
<b>Restricted funds</b>			
Grants to individuals:-	Scholarships, prizes and grants	10	0
	Bursaries and hardship awards	143	115
		<b>153</b>	<b>115</b>
<b>Total grants and awards</b>		<b>196</b>	<b>168</b>

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 the College received £319k in bursaries in 2015-16 (2014-15: £307k). Some of those students also received fees waivers amounting to £154k (2014-15: £145K).

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**8 STAFF COSTS**

The aggregate payroll costs for the year were as follows:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Salaries and wages	<b>4,134</b>	3,989
Social security costs	<b>311</b>	262
Pension costs	<b>550</b>	648
	<b>4,995</b>	4,899

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

	<b>2016</b>	2015
Tuition and research	<b>16</b>	16
College residential	<b>64</b>	65
Fundraising	<b>4</b>	4
Support	<b>14</b>	15
Total	<b>98</b>	100

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

	<b>2016</b>	2015
University Lecturers	<b>16</b>	17
CUF Lecturers	<b>12</b>	12
Other teaching and research	<b>6</b>	7
Other	<b>3</b>	2
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 are included as a separate note in these financial statements.

There were no employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) exceeded £60k during 2016 and 3 in 2015.

**9 TANGIBLE FIXED ASSETS**

<b>Group and College</b>	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	<b>Total £'000</b>
<b>Cost</b>			
At start of year	33,587	1,042	<b>34,629</b>
Additions	7,265	249	<b>7,514</b>
<b>At end of year</b>	<b>40,852</b>	<b>1,291</b>	<b>42,143</b>
<b>Depreciation</b>			
At start of year	5,984	814	<b>6,798</b>
Charge for the year	631	103	<b>734</b>
<b>At end of year</b>	<b>6,615</b>	<b>917</b>	<b>7,532</b>
<b>Net book value</b>			
<b>At end of year</b>	<b>34,237</b>	<b>374</b>	<b>34,611</b>
At start of year	27,603	228	<b>27,831</b>

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**9 TANGIBLE FIXED ASSETS** (continued)

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.

**10 PROPERTY INVESTMENTS**

<b>Group and College</b>	<b>2016</b>	2015
	<b>Total</b>	Total
	<b>£'000</b>	£'000
Valuation at start of year	<b>13,556</b>	6,331
Disposals net proceeds	<b>(10,835)</b>	(1,050)
Revaluation gains in the year	<b>219</b>	8,275
<b>Valuation at end of year</b>	<b>2,940</b>	13,556

A formal valuation of the College properties was prepared by Charles Mason MRICS of Carter Jonas LLP as at 31 July 2015. This valuation was updated to 31 July 2016 based on information provided by the Finance and Estates Bursar by Mark Charter MRICS of Carter Jonas LLP.

The College has carried out a review of the Investment Properties which now consist of Joint Equity properties and commercially let properties.

**11 SECURITIES AND OTHER INVESTMENTS**

<b>Group investments</b>	<b>2016</b>	2015
	<b>£'000</b>	£'000
Valuation at start of year	<b>27,682</b>	19,707
New money invested	<b>0</b>	6,250
Increase in value of investments	<b>1,668</b>	1,725
<b>Consolidated investments at end of year</b>	<b>29,350</b>	27,682
Investments held by subsidiaries	<b>315</b>	316
<b>College investments at end of year</b>	<b>29,035</b>	27,366

**Group investments comprise:**

	Held outside the UK £'000	Held in the UK £'000	<b>2016</b>	2015
			<b>Total</b>	Total
			<b>£'000</b>	£'000
Equity investments	0	315	<b>315</b>	316
Global multi-asset funds	19,391	9,644	<b>29,035</b>	27,366
<b>Total consolidated investments</b>	<b>19,391</b>	<b>9,959</b>	<b>29,350</b>	27,682

**Material investments**

Investments valued at more than 10% of the portfolio at the year-end:	Percentage of Portfolio	<b>Market Value</b>
		<b>2016</b>
		<b>£'000</b>
Oxford University Endowment Management - Endowment Fund	94%	<b>27,542</b>

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**12 PARENT AND 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 College and subsidiaries, and their assets and liabilities at the year-end were as follows.

<b>Worcester College</b>	<b>2016</b> <b>£'000</b>
Income	13,993
Expenditure	(9,382)
Gains	1,888
Result for the year	<u>6,499</u>
Total assets	76,355
Total liabilities	(3,651)
Net funds at the end of year	<u>72,704</u>
<b>Worcester College Enterprises Ltd</b>	<b>2016</b> <b>£'000</b>
Turnover	268
Expenditure	(117)
Donation to College under gift aid	(151)
Result for the year	<u>0</u>
Total assets	277
Total liabilities	(277)
Net funds at the end of year	<u>0</u>
<b>Worcester College Society</b>	<b>2016</b> <b>£'000</b>
Income	21
Grants payable to College	(5)
Governance	(2)
Result for the year	<u>14</u>
Total assets	381
Total liabilities	(54)
Net funds at the end of year	<u>327</u>

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**13 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 Trust for investment	Unapplied Total Return	Total	Expendable Endowment	Total Endowments
	£'000	£'000	£'000	£'000	£'000
<b>At the beginning of the year:</b>					
Gift component of the permanent endowment	3,794	0	3,794	0	<b>3,794</b>
Unapplied total return	0	3,703	3,703	0	<b>3,703</b>
Expendable endowment	0	0	0	17,608	<b>17,608</b>
<b>Total Endowments</b>	<b>3,794</b>	<b>3,703</b>	<b>7,497</b>	<b>17,608</b>	<b>25,105</b>
<b>Movements in the reporting period:</b>					
Gift of endowment funds	3,019	0	3,019	260	<b>3,279</b>
Investment return: total investment income	0	156	156	368	<b>524</b>
Investment return: realised and unrealised gains and losses	0	447	447	1,049	<b>1,496</b>
Other transfers	300	0	300	(300)	<b>0</b>
<b>Total</b>	<b>3,319</b>	<b>603</b>	<b>3,922</b>	<b>1,377</b>	<b>5,299</b>
Unapplied total return allocated to income in the reporting period	0	(159)	(159)	0	<b>(159)</b>
Expendable endowments transferred to income	0	0	0	(390)	<b>(390)</b>
<b>Net movements in reporting period</b>	<b>3,319</b>	<b>444</b>	<b>3,763</b>	<b>987</b>	<b>4,750</b>
<b>At end of the reporting period:</b>					
Gift component of the permanent endowment	7,113	0	7,113	0	7,113
Unapplied total return	0	4,147	4,147	0	4,147
Expendable endowment	0	0	0	18,595	18,595
<b>Total Endowments</b>	<b>7,113</b>	<b>4,147</b>	<b>11,260</b>	<b>18,595</b>	<b>29,855</b>

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**14 DEBTORS**

	<b>2016 Group £'000</b>	2015 Group £'000	<b>2016 College £'000</b>	2015 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	154	307	142	236
Amounts owed by College members	51	71	51	71
Amounts owed by Group undertakings	0	0	315	387
Loans repayable within one year	7	7	7	7
Prepayments and accrued income	514	87	501	83
Other debtors	68	267	68	267
	<b>794</b>	<b>739</b>	<b>1,084</b>	<b>1,051</b>
<b>Amounts falling due after more than one year:</b>				
Other debtors	0	64	0	64
	<b>794</b>	<b>803</b>	<b>1,084</b>	<b>1,115</b>

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

	<b>2016 Group £'000</b>	2015 Group £'000	<b>2016 College £'000</b>	2015 College £'000
Trade creditors	1,087	927	1,087	922
Amounts owed to College Members	259	192	259	192
Taxation and social security	205	184	205	184
Accruals and deferred income	521	144	518	140
Other creditors	112	148	98	144
	<b>2,184</b>	<b>1,595</b>	<b>2,167</b>	<b>1,582</b>

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

	<b>2016 Group £'000</b>	2015 Group £'000	<b>2016 College £'000</b>	2015 College £'000
Bank loans	0	10,000	0	10,000

An unsecured five year loan of £10m taken out in December 2013, with an interest rate of 1.4% over Libor (or over a fixed rate), was repaid in full, in November 2015.

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**17 MOVEMENTS OF THE COLLEGE FUNDS**

	At 1 August 2015	Incoming Resources £'000	Resources Expended £'000	Gains / (Losses) £'000	Transfers £'000	At 31 July 2016 £'000
<b>Endowment Funds</b>						
<b>Permanent</b>						
Permanent 1	1,676	35	49	100	0	1,762
Permanent 2	1,319	28	35	78	0	1,390
Permanent 3	919	19	8	56	0	986
Permanent 4	711	261	0	42	0	1,014
Other Permanent Funds	2,872	2,832	67	170	300	6,107
						0
<b>Expendable</b>						0
Expendable 1	6,208	162	107	370	0	6,633
Expendable 2	1,521	32	45	90	0	1,598
Expendable 3	1,365	28	60	82	0	1,415
Expendable 4	1,371	29	45	81	0	1,436
Expendable 5	1,163	159	0	70	0	1,392
Expendable 6	800	39	0	48	0	887
Expendable 7	1,134	30	0	67	0	1,231
Expendable 8	476	14	7	28	0	511
Other Expendable Funds	3,570	135	126	214	(300)	3,493
						0
<b>Total Endowment Funds</b>	<b>25,105</b>	<b>3,803</b>	<b>549</b>	<b>1,496</b>	<b>0</b>	<b>29,855</b>
<b>Restricted Funds</b>						
Restricted 1	9,915	1,500	0	0	0	11,415
Restricted 2	1,581	0	0	0	0	1,581
Restricted 3	703	110	0	41	0	854
Restricted 4	147	3	149	9	0	10
Restricted 5	46	1	11	4	0	40
Restricted 6	97	23	2	6	0	124
Other Restricted Funds	1,240	316	81	74	0	1,549
Subsidiary	313	21	6	(1)	0	327
<b>Total Restricted Funds</b>	<b>14,042</b>	<b>1,974</b>	<b>249</b>	<b>133</b>	<b>0</b>	<b>15,900</b>
<b>Unrestricted Funds</b>						
General Reserve	21,438	7,958	8,407	219	0	21,208
Revaluation Reserve	4,692	0	0	0	0	4,692
Fixed Asset Designated Fund	2,156	0	0	0	0	2,156
Designated Reserves	651	14	0	39	0	704
Pension Reserve	(1,566)	0	(82)	0	0	(1,484)
Subsidiary	0	268	268	0	0	0
<b>Total Unrestricted Funds</b>	<b>27,371</b>	<b>8,240</b>	<b>8,593</b>	<b>258</b>	<b>0</b>	<b>27,276</b>
<b>Total Funds</b>	<b>66,518</b>	<b>14,017</b>	<b>9,391</b>	<b>1,887</b>	<b>0</b>	<b>73,031</b>

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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**18 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 the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
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	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.

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**19 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2016 Total £'000</b>
Tangible fixed assets	23,957	10,654	0	<b>34,611</b>
Property investments	1,167	953	820	<b>2,940</b>
Securities and other investments	0	315	29,035	<b>29,350</b>
Net current assets	3,636	3,978	0	<b>7,614</b>
Defined benefit pension scheme liability	(1,484)	0	0	<b>(1,484)</b>
	<b>27,276</b>	<b>15,900</b>	<b>29,855</b>	<b>73,031</b>

  

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2015 Total £'000</b>
Tangible fixed assets	22,908	4,923	0	<b>27,831</b>
Property investments	8,645	0	4,911	<b>13,556</b>
Securities and other investments	3,790	3,698	20,194	<b>27,682</b>
Net current assets	3,594	5,421	0	<b>9,015</b>
Bank loan	(10,000)	0	0	<b>(10,000)</b>
Defined benefit pension scheme liability	(1,566)	0	0	<b>(1,566)</b>
	<b>27,371</b>	<b>14,042</b>	<b>25,105</b>	<b>66,518</b>

**20 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 Fellows, Professorial Fellows, Supernumerary Fellows, and Official Non-Tutorial Fellow.

There are three trustees who work almost full time on management and fundraising (Finance and Estates Bursar full time, Provost 0.8 full time equivalent and Director of Development).

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. Four trustees lived in houses owned jointly with the College, as detailed in Note 26.

Some trustees receive additional allowances for additional work carried out as part time College Officers, for example, the Vice Provost, Senior Tutor and Dean. These amounts are included within the remuneration figures below. The total remuneration and taxable benefits as shown below is £1,331k (2014-15: £1,221k). The total of pension contributions is £188k (2014-15: £163k).

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**20 TRUSTEES' REMUNERATION (continued)**

**Remuneration paid to trustees**

Range	2015-16		2014-15	
	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £
£3,000 to £3,999	0	0	1	3,670
£7,000 to £7,999	1	7,246	1	7,174
£10,000 to £10,999	1	10,684	1	10,212
£11,000 to £11,999	4	46,606	3	34,336
£12,000 to £12,999	2	25,353	2	24,783
£14,000 to £14,999	0	0	1	14,294
£15,000 to £15,999	1	15,923	0	0
£17,000 to £17,999	1	17,905	0	0
£18,000 to £18,999	0	0	2	37,517
£19,000 to £19,999	3	58,788	2	39,202
£20,000 to £20,999	4	82,000	6	122,132
£21,000 to £21,999	1	21,553	1	21,100
£25,000 to £25,999	1	25,697	0	0
£27,000 to £27,999	0	0	1	27,920
£28,000 to £28,999	0	0	1	28,852
£32,000 to £32,999	0	0	1	32,474
£33,000 to £33,999	2	66,362	1	33,204
£40,000 to £40,999	1	40,808	1	40,466
£41,000 to £41,999	0	0	1	41,881
£42,000 to £42,999	1	42,543	0	0
£44,000 to £44,999	1	44,501	1	44,356
£46,000 to £46,999	1	46,065	1	46,993
£47,000 to £47,999	0	0	2	95,373
£48,000 to £48,999	1	48,960	1	48,821
£49,000 to £49,999	1	49,577	0	0
£50,000 to £50,999	2	101,962	3	151,718
£51,000 to £51,999	0	0	1	51,550
£52,000 to £52,999	1	52,218	1	52,808
£54,000 to £54,999	1	54,635	0	0
£55,000 to £55,999	1	55,971	0	0
£57,000 to £57,999	1	57,520	0	0
£66,000 to £66,999	1	66,232	0	0
£81,000 to £81,999	1	81,689	0	0
£84,000 to £84,999	1	84,647	0	0
£86,000 to £86,999	0	0	1	86,753
£123,000 to £123,999	0	0	1	123,715
£125,000 to £125,999	1	125,674	0	0

Twelve trustees are not employees of the College and do not receive remuneration.

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

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

**Trustee expenses**

No fellow claimed any expenses for work as a trustee.

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**20 TRUSTEES' REMUNERATION (continued)**

**Other transactions with trustees**

During the year the partners of some trustees were paid for providing tutorials for students of the College.

**Key management remuneration**

The total remuneration paid to key management was £611k (2015: £588k).

Key management are considered to be the College officers as identified on page 2 of these financial statements plus the Domestic Bursar and the Development Director.

**21 PENSION SCHEMES**

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the 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). 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 FRS 102 the College accounts for the schemes as if they were defined contribution schemes.

Both schemes have put in place agreements for additional contributions to fund their past service deficits. In accordance with the provisions of FRS 102 the College has recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

The College is also contributing to the NEST scheme for staff ineligible to join USS or OSPS.

**Universities Superannuation Scheme**

The pension charge for the year includes £268k (2015 - £258k) in relation to the USS. This represents contributions of £264k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £4k.

USS's actuarial valuation as at 31 March 2014 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 the 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 re-valued 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 per annum, with the threshold applying from 1 October 2016; 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% (8% employee, 12% employer) of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is to be matched by employer contributions. Further details about the changes may be reviewed on USS' website, [www.uss.co.uk](http://www.uss.co.uk). For the period up to 1 April 2016 the employer deficit contribution was 0.7% p.a. 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 from 1 April 2016 to 31 March 2031. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 2.1% per annum of salaries. At 31 March 2016 USS reported that the funding deficit had increased to £10.0 billion (83% funded) from £8.2bn (86% funded) at 31 March 2015.

USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years. USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% pa thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% pa less an inflation risk premium) less RPI/CPI gap of 0.8% p.a. As noted above the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (DB) (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards defined contribution benefits including employer matching contributions and certain investment management costs relating to the DC section.

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**21 PENSION SCHEMES** (continued)

A provision of £472k has been made at 31 July 2016 (2015 - £468k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the USS website [www.uss.co.uk](http://www.uss.co.uk)

**Oxford Staff Pension Scheme**

The pension charge for the year includes £273k (2015 - £381k) in relation to the OSPS. This represents contributions of £358k payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £-85k.

OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries with a funding deficit of £173m. The University of Oxford, 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 three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026. At 31 March 2015 the scheme reported a funding deficit of £213.4m (71% funded) compared to £134.8m (77% funded) as at 31 March 2014. The next triennial valuation is due with an effective date of 31 March 2016.

The OSPS employer contribution rate required for future service benefits alone at the date of the valuation was 20.1% of total pensionable salaries. It was agreed that employers increase their contribution rate by 0.5% each year to 1 August 2017 to 23.5%.

A provision of £1,013k has been made at 31 July 2016 (2015 - £1,098k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the University of Oxford website <http://www.admin.ox.ac.uk/finance/epp/pensions/schemes/osps/>.

**Pension charge for the year**

The pension charge recorded by the College during the accounting period was equal to the contributions payable after allowance for the deficit recovery plan as follows:

<b>Scheme</b>	<b>2016</b> <b>£'000</b>	2015 £'000
Universities Superannuation Scheme	<b>268</b>	258
University of Oxford Staff Pension Scheme	<b>273</b>	381
Other Schemes Contributions	<b>9</b>	9
	<b>550</b>	<b>648</b>

Included in other creditors and accruals are pension contributions payable of £83k (2015: £72k).

**22 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 purposes that are exclusively charitable.

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.

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Net income / (expenditure)</b>	<b>4,626</b>	7,565
Elimination of non-operating cash flows:		
– Investment income	<b>(707)</b>	(742)
– Endowment donations	<b>(3,279)</b>	(1,357)
– Restricted income (capital)	<b>(1,800)</b>	(5,500)
Depreciation	<b>734</b>	662
Decrease / (increase) in stock	<b>23</b>	(25)
Decrease / (increase) in debtors	<b>9</b>	1,890
(Decrease) / increase in creditors	<b>589</b>	(248)
(Decrease) / increase in pension scheme liability	<b>(82)</b>	347
<b>Net cash provided by (used in) operating activities</b>	<b>113</b>	<b>2,592</b>

**24 FINANCIAL INSTRUMENTS**

The following financial instruments are held at amortised cost:

	<b>2016</b>	2015	<b>2016</b>	2015
	<b>Group</b>	Group	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Financial assets</b>				
Trade debtors	<b>154</b>	307	<b>142</b>	236
Amounts owed by group undertakings	<b>0</b>	0	<b>315</b>	387
Other debtors	<b>126</b>	410	<b>126</b>	410
Accrued income	<b>120</b>	30	<b>435</b>	26
	<b>400</b>	747	<b>1,018</b>	1,059
<b>Financial liabilities</b>				
Trade creditors	<b>1,087</b>	927	<b>1,087</b>	922
Other creditors	<b>576</b>	524	<b>562</b>	520
Accruals	<b>521</b>	144	<b>518</b>	140
	<b>2,184</b>	1,595	<b>2,167</b>	1,582

**25 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July for capital projects totalling £1,571k (2015: £7,504k).

**26 RELATED PARTY TRANSACTIONS**

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. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS102.

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 102, 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.

Four 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>2016</b>	2015
	<b>£'000</b>	£'000
Dr J Parrington	<b>735</b>	700
Dr J Quinn	<b>660</b>	550
Dr G Ritchie	<b>478</b>	410
Prof B Harris	<b>722</b>	694

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**26 RELATED PARTY TRANSACTIONS (continued)**

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

A proportion of the College's endowed funds are held at arm's length in the Worcester College Oxford Endowment Trust, which is not controlled by the College but which has the support of the College as its principal charitable objective. The Trust has agreed under a memorandum of understanding to make the College an annual grant (currently at 4.25% of the value of the Trust's assets at year end).

**27 CONTINGENT LIABILITIES**

There were no known contingent liabilities.

**28 POST BALANCE SHEET EVENTS**

There are no post balance sheet events to report.

**29 ULTIMATE CONTROLLING PARTY**

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

**30 TRANSITION TO FRS102**

The College adopted FRS102 for the year ended 31 July 2016 and has re-stated the comparative prior year amounts. The transition date is 1<sup>st</sup> August 2014.

The most significant change is the recognition of a liability in respect of the deficit reduction arrangements for multi-employer pension defined benefit pension schemes that are accounted for as defined contribution schemes.

FRS 102 explicitly requires accrued compensated absences to be accounted for. An accrual in respect of accrued holiday pay for non-academic staff has been recognised in the financial statements.

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2015 Total £'000
<b>Effect on the SOFA</b>				
Net income / expenditure as previously stated	7,690	6,530	3,736	<b>17,956</b>
Recognition of pension deficit	(347)	0	0	<b>(347)</b>
Accrued holiday pay for non-academic staff	(44)	0	0	<b>(44)</b>
	<u>7,299</u>	<u>6,530</u>	<u>3,736</u>	<u><b>17,565</b></u>

	1 August 2014 Group £'000	31 July 2015 Group £'000	1 August 2014 College £'000	31 July 2015 College £'000
<b>Net Funds</b>				
Net funds as previously stated	50,172	68,128	49,879	<b>67,815</b>
<b>Unrestricted funds</b>				
Recognition of pension deficit	(1,219)	(1,566)	(1,219)	<b>(1,566)</b>
Accrued holiday pay for non-academic staff	0	(44)	0	<b>(44)</b>
Net funds as restated	<u>48,953</u>	<u>66,518</u>	<u>48,660</u>	<u><b>66,205</b></u>