

Balliol College

Annual Report and Financial Statements

Year ended 31 July 2016

Registered Charity No. 1144032

Balliol College
Annual Report and Financial Statements
Contents

	Pages
Governing Body, Officers and Advisers	2 - 5
Report of the Governing Body	6 - 12
Independent Auditor's Report	13 - 14
Statement of Accounting Policies	15 - 17
Consolidated Statement of Financial Activities	18
Consolidated and College Balance Sheets	19
Consolidated Statement of Cash Flows	20
Notes to the Financial Statements	21 - 35

Balliol 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 trustees under charity law. The members of the Governing Body who served in office as Governors during the year or subsequently are detailed below. The activities of the Governing Body are carried out through five committees and the membership of these committees during last year for each Fellow is also shown below. Most other committees in the College are sub-committees of either the Academic Committee or Executive Committee.

- (1) Tutorial Board
- (2) Academic Committee
- (3) Academic Progress Committee
- (4) Executive Committee
- (5) Remuneration Committee

Fellow	Date of appointment/resignation	(1)	(2)	(3)	(4)	(5)
Sir Drummond Bone		•	•	•	•	•
Dr LJ Abrams	Retired 30 September 2016	•				
Dr J Balakrishnan						
Dr W Barford		•	•			
Prof JC Belich			•			
Dr B Blonder	Appointed 1 October 2016					
Prof MJ Burton						
Dr DJ Butt		•	•			
Dr C Cartis		•				
Prof RP Choudhury						
Dr D Clifton						
Mr RH Collier					•	•
Prof C Conn						
Dr MH Conway		•				•
Dr E Elkind						
Prof TAO Endicott						
Prof RW Field		•				
Dr P Filippakopoulos	Resigned 30 September 2015					
Dr JA Forder		•			•	
Prof B Foster						
Dr J-P Ghobrial		•	•			
Prof IA Goldin						
Prof LJM Green						

Balliol College
Governing Body, Officers and Advisers
Year ended 31 July 2016

		(1)	(2)	(3)	(4)	(5)
Prof FC Hamdy						
Dr SK Hazareesingh		•		•		
Dr N Hilliard	Appointed 1 October 2016					
Prof AJ Hurrell			•			
Mr WB Jones	Resigned 30 September 2015					
Dr AD Kelly		•				
Revd B Kinsey		•		•		
Prof Dame FC Kirwan		•	•	•		
Dr GI Lamond		•			•	
Dr EF Lombardi		•	•			
Dr DM Lucas		•		•		
Prof A Lukas		•				
Dr O Magidor	Resigned 30 September 2016	•			•	
Dr S Marnette		•				
Prof TF Melham		•			•	
Dr L Miguelez Cavero						
Prof CZ Minkowski		•				
Dr DE Moulton		•			•	
Dr K Murray					•	
Prof TH Noe		•				
Mr R Norman	Appointed 1 October 2016					
Dr A O'Bannon	Resigned 30 June 2015					
Prof DC O'Brien		•	•			•
Prof DM O'Hare		•				
Dr R Ovenden						
Dr S Paoli						
Dr SP Perry		•				
Dr SM Peterson						
Dr R Quarrell		•			•	
Dr AJH Reichold		•			•	
Ms J Roadknight					•	
Dr MJ Robinson		•				
Dr SM Shimeld		•	•			

Balliol College**Governing Body, Officers and Advisers****Year ended 31 July 2016**

		(1)	(2)	(3)	(4)	(5)
Dr BD Simmons	Resigned 14 th February 2016					
Dr SA Skinner		•		•	•	
Dr A Smyth		•				
Dr J-C Tan		•				
Prof R Thomas		•				
Prof LN Trefethen					•	
Dr NZ Trott		•	•	•	•	
Prof P Tufano						
Dr A Venkatkrishnan						
Prof DA Vines	Retired 30 September 2016	•				
Dr LJ Walker		•	•			
Prof DMW Wallace	Resigned 30 September 2016	•	•	•		
Prof TH Wilson						
Prof S Zacchetti						
Prof M Zaccolo		•			•	

COLLEGE SENIOR STAFF

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

Dr NZ Trott	Academic Registrar and Senior Tutor
Mr RH Collier	Finance Bursar
Ms J Roadknight	Domestic Bursar

COLLEGE ADVISERS**Investment managers**

Oxford Investment Partners, Towers Watson Ltd, 21 Tothill Street, London, SW1H 9LL

Partners Capital LLP, 5th Floor, 5 Young Street, London, W8 5EH

Vanguard Asset Management Ltd, 4th Floor, The Walbrook Building, 25 Walbrook, London, EC4N 8AF

Cazenove Capital Management, 12 Moorgate, London, EC2R 6DA

Cordea Savills LLP, Lansdowne House, 57 Berkeley Square, London, W1J 6ER

Credit Suisse (UK) Limited, One Cabot Square, London. E14 4QJ

Balliol College

Governing Body, Officers and Advisers

Year ended 31 July 2016

Independent Auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 4th Floor, One Reading Central, 23 Forbury Road, Reading, RG1 3JH

Bankers

The Co-operative Bank Plc, 13 New Road, Oxford, OX1 1LG

Solicitors

Knights, Midland House, West Way, Botley, Oxford, OX2 0PH

Withy King LLP, North Bailey House, New Inn Hall Street, Oxford, OX1 2EA

Surveyors

Savills plc, Wytham Court, 11 West Way, Botley, Oxford, OX2 0QL

College address

Balliol College, Broad Street, Oxford, OX1 3BJ

Website

www.balliol.ox.ac.uk

Balliol College
Report of the Governing Body
Year ended 31 July 2016

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 consolidated financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Master and Scholars of Balliol College in the University of Oxford, which is known as Balliol College ("the College"), are a charitable body having that name. The College was founded in the 13th century and is registered with the Charity Commission for England and Wales (registered number 1144032).

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Statutes originally granted in 1282, and subsequently approved by the foundation deed of 1284. In their most recent version they stand as approved by Her Majesty in Council, 9 April 2008, in accordance with the 1923 Oxford and Cambridge Act. The process of registering as a charity revealed that the Statutes required a number of amendments, work on this is well advanced.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, which are as made from time to time by order of Her Majesty in Council in accordance with the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by a range of committees. The College enjoys the unique privilege of electing its own Visitor, a post currently occupied by the Right Honourable Lord Reed, PC.

Recruitment and training of Members of the Governing Body

New Members of the Governing Body (Trustees) are recruited as Fellows, and are inducted into the workings of the College according to the nature of their Fellowship and by attending Governing Body meetings. The duties and responsibilities of Trustees are explained fully to incumbent Fellows and form part of the induction process.

Remuneration of Members of the Governing Body and Senior College Staff

Members of the Governing Body are primarily teaching and research employees of the College or University and receive no remuneration or benefits from their trusteeship of the College. There are also five trustees who work on management and fundraising, the Master, Senior Tutor/Academic Registrar, Development Director and Domestic Bursar who all work full-time, and the Finance Bursar who is part-time.

Trustees that are also employees of the College receive remuneration for their work as employees of the College which is set based on the advice of the College's Remuneration Committee. The Remuneration Committee consists of four external members and four internal members and is chaired by the Visitor. Remuneration is normally set in line with that awarded to the University's academic staff.

Organisational management

The Governing Body understands the importance of being kept informed on current issues in the sector, and charity regulation and legislation form a regular part of Governing Body business. A College office of Fellow for Charity Matters is in place to facilitate this. A code on the Handling of Conflict of Interests is available to all Fellows.

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

- Tutorial Board meets once a term and includes all the College's Tutorial Fellows and members of the Academic Progress Committee. Tutorial Board has the power to decide many matters of academic policy but for several years much of this work has been delegated to the Academic Committee and it has now further delegated decisions about the academic progress of individual students to an Academic Progress Committee.
- Academic Committee concentrates on academic policy and meets weekly during term. It has an approximately equal number of College Officers and non-officers as its membership. Full Academic Committee, which meets approximately once a term, includes student representation.

Balliol College

Report of the Governing Body

Year ended 31 July 2016

- Academic Progress Committee deals with decisions about the progress of individual students and can apply academic disciplinary measures. Its membership consists of the Master, Vice-Master (Academic), Senior Tutor, Dean and Chaplain, four Tutorial Fellows and, ex officio, the Praefectus and Domestic Bursar.
- Executive Committee deals primarily with the College's budget and its administration and meets weekly during term. It also has an approximately equal number of College Officers and non-officers as its membership and includes student representation.
- Remuneration Committee, with the Visitor as chair and with four other external and four internal members, meets termly in order to give oversight and counsel to the College's Governing Body with respect to the pay and benefits of its trustees and officers.

Most other committees in College are sub-committees of either the Academic Committee or Executive Committee. There are however two important exceptions, and both of them report direct to meetings of the Governing Body (referred to as College Meeting within the College):

The Chapel and Patronage Committee oversees the College Chapel and the several ecclesiastical livings for which the College retains a historic responsibility.

The Nominating Committee makes recommendations to College Meeting on who are to be College Officers and what the membership of committees should be.

The day-to-day running of the College is overseen by the Master. Academic matters are delegated primarily to Dr N Trott (Academic Registrar and Senior Tutor) and administrative and financial matters to Mr R Collier (Finance Bursar) and Ms J Roadknight (Domestic Bursar).

Group structure and relationships

The College administers many special trusts and has one wholly owned non-charitable subsidiary, Balliol College Developments Limited, which is a company providing building contractor, conference and other event services on College premises whose annual profits are donated to the College under the Gift Aid Scheme.

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.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's Objects are to advance education, religion, learning and research, and to be a College within the University of Oxford.

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 provide for members of the University of Oxford a college wherein they may participate in the educational facilities offered by, and study for degrees in, the University of Oxford.
- To do all such other things as are incidental or conducive to advancing education, learning and research in Oxford or elsewhere.
- The aims set for the College's subsidiary are to help finance the achievement of the College's aims as above.

Activities and objectives of the College

The College exists to advance education at both undergraduate and graduate levels; to facilitate and to encourage scholarship and research at the very highest levels; to promote excellence in learning; to maintain a chapel and chaplaincy, and to serve as patron to its numerous livings.

Public benefit

The College remains committed to the aim of providing public benefit in accordance with its Objects, and has continued to conduct its affairs during the year to 31 July 2016 in furtherance of these aims.

Balliol College

Report of the Governing Body

Year ended 31 July 2016

Education and Learning

The College draws on its endowments and other income to provide undergraduate education in a wide range of subjects, within the context of the University of Oxford, to students recruited to the College on the basis of their academic record and promise. Balliol employs Tutors and Lecturers to teach them; administrative and pastoral staff to support them; and offers an array of academic and other educational facilities, including a Library, musical and theatrical spaces, diverse sporting facilities, and multiple environments for recreation, reflection, self-improvement, and debate. Graduate students have access to the same College facilities and services. To advance the education of its students the College offers a wide range of bursaries and scholarships, many established by endowment, and operates a generous programme of hardship grants, awarded on the basis of financial need by a Student Finance Committee. The oldest college in continuous existence on the same site in the University of Oxford, Balliol occupies a beautiful and historic site in the middle of the city with buildings dating from the fifteenth century. The College is normally open daily to the public, with access to the grounds and (as practicable) to the main public spaces. A brief history to the College is available to visitors.

Numerous Balliol events are also open to the public, including services in Chapel, occasional lectures and talks, and, every Sunday evening during term a concert in the College Hall, continuing a tradition of Balliol concerts that began in 1885. Balliol has long sought to make a contribution to the wider educational world. It appoints (normally from among its Fellowship) a representative on the Court of the University of Bristol; Trustees to Blundell's School and to Ludlow College; Trustees to the Keith Rae Trust; Trustees to the Balliol Society (which supports the College's charitable activities); Trustees to the Balliol Educational Trust; and Trustees to the Chalet Trust.

Research

The College materially supports the research of its academic staff by a programme of sabbatical leave from tutorial duties, and by making available reasonable funds to support academic pursuits, and to subsidise research and publication (Statutes VIII.5). The Balliol Interdisciplinary Institute ("BII") was established in September 2010 to cultivate and support interdisciplinary research, straddling the humanities, the social sciences and the physical and medical sciences. The Institute gives senior members and graduate students the opportunity to propose and develop advanced research that requires contributions from more than one discipline.

At its annex in Holywell Manor, the College offers an academically stimulating home to a large and international community of graduate research students, admitted to their courses from a distinguished application by the University of Oxford, and a large number of PGT students on taught graduate courses. Graduate supervision is frequently undertaken by Fellows of the College. Holywell Manor offers a popular space for recreation, intellectual exchange, and debate.

The work of Balliol research students is additionally supported by a generous programme of graduate scholarships, many established by endowment, and the College makes numerous additional financial awards on the basis of unexpected hardship, administered by its Student Finance Committee. The College contributes to the research activity of the University by (for example) hosting the Oxford Internet Institute, and by administering the Numata Fund which supports Buddhist studies in Oxford.

The College has large and distinguished research collections under its curatorship, which it is pleased to make as fully available as possible. Its extensive collections of medieval and modern literary, political, and scientific papers are cared for in its specially constructed Historic Collections Centre at St Cross, Holywell. The Centre also houses the College's extensive Archives, a valuable source for historians of the nation as well as of Balliol and the University of Oxford. The College also cares for numerous paintings, especially portraits of former members; some pieces of silver, also mostly commemorative; and various objets d'art. The College has published several catalogues of its diverse holdings, in print and latterly on-line, and cataloguing continues. Bona fide researchers, including interested members of the public, are welcome to consult material in the College's care by appointment. The College has a liberal policy of lending items to exhibitions upon request.

Numerous scholarly projects have come to fruition with the College's ready collaboration, including (among others) editions of several medieval texts, editions of the poets Browning, Arnold, Clough, and Hopkins, and many other books and articles that demonstrate Balliol's ambitions to facilitate and extend scholarship and learning.

Religion

The College maintains a Chaplaincy by Statute (VII.8), the Chaplain normally being a resident Fellow of the College. The Chapel offers services throughout the academic term which are open to the public. The College retains its position as Patron of twenty livings across England, a role which it assumes with proper diligence and care, keeping in close and supportive contact with its parishes, welcoming their representatives periodically to the College, and offering assistance in their activities as requested.

FUTURE PLANS

The core elements of the College's future plans are as follows;

- To continue its principal activity to provide, promote and engage in education, learning and research.
- To continue those activities which support the public benefit aims.
- To improve the quality of all its provisions made by the College to its students, Fellows and others.
- To conduct development activities in order to secure the long-term future of the College.

In particular the College feels it would be an advantage for its undergraduate students to be offered College rooms for their entire time on course, which would require nearly 100 new rooms to be built. In addition there is heavy pressure on graduate accommodation across the University, and some of our accommodation is now nearing life-expiry. There is an opportunity to develop our site bounded by St Cross Road, Jowett Walk and the Master's Field in a way that would solve these problems. During the year the College has secured £35m finance, through the private placement of a bond (see note 15) to fund this development.

ACHIEVEMENTS AND PERFORMANCE

Selected highlights of the 2015/16 year:

The past academic year has seen the Balliol website become responsive – in answer partly to the dominance of mobile technology and partly to the gauntlet laid down by google that non-responsive sites would be de-prioritized on mobile devices. A site of another sort, that of the Master's Field, pre-occupied the College; and its plans, now well advanced with Niall McLaughlin Architects, will seek permission to build around 200 new student rooms and living facilities around the perimeter of the cricket pitch. Balliol has been party to at least two new academic initiatives in the past year: it has admitted, for a 2nd BA in PPE, one of the three first Rhodes Scholars to have come to Oxford from mainland China, and it has founded, via termly levies from JCR and MCR members that are match funded by Old Members and topped up by the College, one of the first scholarships for undergraduates to be directed specifically to applicants of refugee origin or status. Closer to home, the College continued its access programme for Year 12 students in the maintained sector, and its own Day Nursery for pre-school children retained its Ofsted Outstanding rating.

In other innovations, the College held its first Donors' Day, the JCR Picture Fund purchased a Grayson Perry engraving that was hung in the refurbished Buttery, an alumnus put Oxford at the forefront of the drive towards a driverless car, and students elected all-women representatives to the positions of President and Vice-President in both the Junior and the Middle Common Rooms.

The College's public appearances included fielding a team on University Challenge, hosting the lunch that followed the swearing-in of the new Vice-Chancellor, a Balliol Interdisciplinary Institute-linked proposal for a new science of dating by dendrology, a British Academy lecture by a Junior Research Fellow, and an intervention in the EU referendum debate.

In Memoriam:

A memorial service was held, in Balliol Chapel, for Carol Clark; a British Academy memoir of Maurice Keen was published; and the College said goodbye to two of its most distinguished Honorary Fellows, Eric Lubbock, Lord Avebury and the Rt Hon Lord Healey.

In much happier circumstances, the College also bade farewell to retiring staff of long-standing, including two members of the College Office and, after 52 years of service, the College Accountant.

Academic appointments:

The College made a significant number of new appointments and elections to Fellowships. Several were made to replace departing Tutorial Fellows – two in Philosophy, one in Economics – and others to retain Balliol's connection with University professorial positions, the Director of the Oxford Martin School and the Chair of Internet Studies. In addition to recruiting a non-stipendiary Junior Research Fellow as usual, the College launched its Career Development Fellowship programme – salaried fixed-term posts for the most talented early career academics, which combine research and teaching, and were made possible by generous alumni. Thanks to them, three fresh post-holders, in English, Economics, and Engineering, are joining the College this year. Finally, the College has elected to its Fellowship a College Lecturer whose role in the Mathematics Institute includes outreach to school-age students and the public understanding of science.

Among its academic visitors for 2015/16, Balliol welcomed Eastman Professor Peter McCullagh, Winant Professor Lisa Miller, and as Oliver Smithies Visiting Fellows/Lecturers Paul Kosmin, John Horne, and Philippe Toint.

Balliol College

Report of the Governing Body

Year ended 31 July 2016

Select honours and distinctions to Balliol Old Members:

Balliol people featured in both the New Year and the Queen's Birthday Honours in 2016 – the latter including a knighthood to Honorary Fellow and Shakespeare scholar Professor Stanley Wells CBE, whose award came in an especially significant 90th year for Her Majesty and 400th year for Shakespeare. The Australia Day honours list 2016 conferred the Member (AM) of the Order of Australia on Dr Bronte Adams (Balliol 1986), while Professor Grégoire Webber (Balliol 2004) was awarded one of Canada's highest civilian honours, the Meritorious Service Medal (and subsequently appointed Legal Affairs Advisor to the Minister of Justice and Attorney General of Canada). In the UK, two Balliol alumni received ministerial appointments in the new government of July 2016, Emeritus Fellow Jane Stapleton (1981) was elected Master of Christ's College, Cambridge, Tom Rowley (2008) won Young Journalist of the Year at the Press Awards for 2015, and Ian Bergson (2005) was awarded the Eldon Scholarship for 2016. Best of all, perhaps, Jessica Bruce, née Leitch (2002), set a new world record for running a marathon while pushing a buggy.

Select honours and distinctions to current Balliol Fellows and tutors:

In 2016, two Balliol Fellows received Recognition of Distinction awards, three Fellows of the five Balliol nominees won OUSU Teaching Awards, and Emeritus Fellow and Lecturer in Systems Biology Piers Nye won a 2015 Lifetime Achievement Teaching Excellence Award. A Royal Society of Chemistry Tilden Prize went to Dermot O'Hare (SCG Fellow, Professor of Chemistry and Tutor in Inorganic Chemistry), who earlier in 2016 had also picked up an Oxford MPLS Impact Award. A Breakthrough Prize in Fundamental Physics was awarded to Special Supernumerary (and former Tutorial) Fellow David Wark and alumnus Nick Jelley (Balliol 1965) for work which was also recognised as having made a contribution to the 2015 Nobel Prize for Physics.

Turning to university administration and the Master, Sir Drummond Bone was appointed a Pro-Vice-Chancellor with effect from Trinity Term 2016.

Select achievements of Balliol students:

Balliol's 7th-place ranking in the 2016 Norrington Table testified to an excellent set of Finals results, with 37 of 97 undergraduates gaining a First. English especially distinguished itself, with five Firsts, three of which also merited University Gibbs Prizes for top performances in the Final Honour School. Further Gibbs Prizes were awarded in Greats, History, and Medical Sciences, and for pre-Finals examinations in half a dozen subjects. Balliol finalists also took prizes for the best results in Economics. In a pleasing symmetry, the inaugural award of the Sir Peter Morris Prize in Surgery – which is named for an Emeritus Fellow of Balliol – went to a Balliol student, while another medical undergraduate won the Sir Roger Bannister Neurology Prize. One of the College's graduates was elected a Title A Fellow at Trinity College, Cambridge, and one of its JRFs a Fellow and Lecturer in Medieval English at Christ's.

The past year saw varied sporting triumphs: victory in the men's final of the Christ Church Oliver Wyman Regatta, Cuppers wins in women's basketball and canoe polo, and the Cuppers Plate for the men's rugby. Balliol members contributed to varsity wins for Oxford's snooker and pool, and Australian Rules Football, teams. Half-blues were earned for handball (for the first time) and archery.

Last, but by no means least, Fine Art student Emily Freeman had one of her paintings – and associated sketches – hung in Hall, a first for a woman and a student artist.

Oxford's first place ranking among global universities, announced recently, was attributed partly to its collegiate system. Balliol is proud to have a share in that achievement.

FINANCIAL REVIEW

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 and to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted services.

Total funds of the College and its subsidiary at the year-end amounted to £119m (2015: £110m). This includes endowment capital of £101m and unspent restricted income funds totalling £2m. Free reserves at the year-end amounted to £4m (2015: £6m), representing retained unrestricted income reserves excluding an amount of £13m for the book value of tangible fixed assets, designated maintenance funds and the pension funding agreement reserve.

Risk management

The College has on-going processes which operated through-out the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College and its subsidiary in undertaking their activities. The College considers its principal risks to be the health and safety risks in operating a large site, the protection of sensitive data and the recruitment and retention of high calibre staff. When it is not able to address risk issues using internal

Balliol College
Report of the Governing Body
Year ended 31 July 2016

resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee. Financial risks are assessed by the Executive Committee and investment risks are monitored by the Investment Committee. In addition, the Bursar and domestic staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas.

The Governing Body, who have ultimate responsibility for managing any risks faced by the College, have reviewed the processes in place for managing risk and the principal identified risks to which the College and its subsidiaries are exposed and have concluded that adequate systems are in place to manage these risks.

Investment policy, objectives and performance

The Investment Committee continues to review the strategy that the College has put in place: generation of income, risk reduction, diversification and the building of returns which reflect Balliol's financial requirements, and which has been revised with external investment consultants Lane, Clark & Peacock. The Investment Committee has seen a number of reasons to continue our existing strategies in 2015.

To meet these objectives the College's investments 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. Under the total return accounting basis, it is the Governing Body's policy to extract as income 3.75% of the value of the endowment. However to smooth and moderate the amounts withdrawn this 3.75% is calculated on the weighted and indexed average of the endowment over a four year period using the value as at the 31 March each year.

The College's invested assets, excluding the investment of the bond proceeds, generated a total gross return during the year to 31 July 2016 of 9% (2015: 12.3%). The greater part of the endowment is invested in well-diversified holdings in the capital markets; 26% is in a multi-asset class portfolio with Partners Capital, 21% is held with Oxford University Endowment Management, 17% in low-cost equity trackers with Vanguard, 11% with Towers Watson, consisting largely of maturing private equity investments, 9% in UK property by means of units in the Charities Property Fund. In addition 8% is held with an Absolute return manager, Ruffer Investments, 5% invested in bond funds with Schroders, and the remaining 3% is held in a range of smaller investments and cash.

In December 2015 the College issued a private placement bond to fund the development of additional student accommodation around the Mater's Field. The placement, of £35m, at a fixed rate of 3.37% for a period of 45 years, was invested in low-risk investments with the aim of drawing down capital when the funds are required for the project. This transaction is reflected in the financial statements and the impact on the results for this financial year are summarised below:

Balance sheet	Balance sheet	Bond impact	Balance sheet without bond
	£000	£000	£000
Fixed assets and investments*	151,639	35,649	115,990
Current assets	5,774	-	5,774
Creditors: Amounts falling due within one year**	2,040	170	1,870
Creditors: Amounts falling due after more than one year***	34,720	34,720	-
Defined benefit pension scheme liability	1,686	-	1,686
Net impact	118,629	759	118,208

* Bond proceeds invested

** Interest accrued at year end

*** Bond due for repayment in 2060, carried at amortised cost

Balliol College
Report of the Governing Body
Year ended 31 July 2016

SOFA	Total funds	Bond impact	SOFA without bond
	£000	£000	£000
Income	13,435	-	13,435
Expenditure *	11,988	904	11,084
Gains/losses **	7,050	649	6,401
Net income/(expenditure)	8,497	255	8,752

* Interest charge in the year and professional fees associated with the placement

** Valuation gain on the invested proceeds

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 judgments 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.
- 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 9th November 2016 and signed on its behalf by:

Sir Drummond Bone (The Master)

Balliol College

Independent auditors' report to the trustees of Balliol College

Report on the financial statements

OUR OPINION

In our opinion, Balliol College's group financial statements and parent charity financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 July 2016 and of the group's incoming resources and application of resources and of the group's cash flows, 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 section 144 of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and college balance sheets as at 31 July 2016;
- the consolidated statement of financial activities for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Sufficiency of accounting records and information and explanations received

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the college; or
- the college financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under the Charities Act 2011 we are required 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. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the trustees

As explained more fully in the Statement of Accounting and Reporting Responsibilities set out on page 13, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Balliol College

Independent auditors' report to the trustees of Balliol College

Report on the financial statements

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30) of The Charities

(Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the college's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

29 November 2016

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

- (a) The maintenance and integrity of the Balliol College website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (a) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Balliol College
Statement of Accounting Policies
Year ended 31 July 2016

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 subsidiary Balliol College Developments Limited. No separate SOFA or statement of cash flows have been presented for the College alone as currently permitted by FRS102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

A summary of the results and financial position of the charity and its subsidiary for the reporting year are set out in note 11.

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' (FRS 102).

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 financial statements in accordance with FRS 102' (The Charities SORP (FRS 102)).

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 28.

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. Accounting judgments and estimation uncertainty

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

Before legacies are recognised in the financial statements, the Governing Body has to exercise judgment 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.

The investments held by the College are included at fair value. These valuations are based on information prepared by the relevant investment managers.

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

4. Basis of consolidation

The consolidated statement of financial activities, the consolidated balance sheet and the consolidated cash flow statement include the financial statements of the College and its subsidiary made up to 31 July 2016, using uniform accounting policies. Intra group transactions are eliminated fully on consolidation.

5. Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the trustees when there has been an indication of potential impairment.

Balliol College
Statement of Accounting Policies
Year ended 31 July 2016

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

Fees receivable, HEFCE support and charges for services and use of the premises, less any scholarships, bursaries or other allowances granted by the College, but including contributions received from restricted funds, are accounted for in the period in which the related service is provided.

7. Incoming resources from donations and legacies

Voluntary income is accounted for when the College has entitlement to the funds, the amount can be reliably quantified and can be reliably quantified and receipt is probable.

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

Voluntary income which is subject to specific wishes of the donor is credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where voluntary income is received otherwise than in cash, it is valued at the market value of the underlying assets received at the date of receipt.

8. Investment income

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

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

9. Expenditure

Expenditure is accounted for on an accruals basis. Indirect expenditure is apportioned to expenditure categories based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

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

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

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

10. Tangible fixed assets

Major expenditure on the acquisition, construction or enhancement of land and buildings and expenditure on equipment costing more than £10,000 is capitalised and carried in the balance sheet at historical cost. The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition.

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

11. 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 land and buildings, including major extensions	50 years
Building improvements	10 - 30 years
Kitchen equipment	5 years

A full year's depreciation is charged in year of purchase. Freehold land is not depreciated. The costs of maintenance is charged in the Statement of Financial Activities in the period in which it is incurred.

12. Investments

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

Balliol College
Statement of Accounting Policies
Year ended 31 July 2016

Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

13. Stocks

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

14. Foreign currencies

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

15. Total Return investment accounting

The College statutes authorise the College to adopt a 'total return' basis for the investment of its endowment. The College can invest its endowments without regard to the capital/income distinctions of trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year.

16. Fund accounting

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

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

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

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Expendable endowment funds are similar to permanent endowment in that they have been given, or the College has determined based on the circumstances that they have been given, for the long term benefit of the College. However, the Governing Body may at their discretion determine to spend all or part of the capital. Any income arising from the capital will be accounted for as unrestricted funds unless the donor has placed restricted the use of that income, in which case it will be accounted for as a restricted fund.

17. Pension costs

The costs of retirement benefits provided to employees of the College through two multi-employer defined benefit pension schemes are accounted for as if these were defined contribution schemes in accordance with the requirements of FRS102. The College's contributions to these schemes are charged in the period in which the salaries to which the contributions relate are payable. Both schemes have agreed deficit funding plans in place to and a liability has been recognised based on assumptions on the increase in pay levels and changes in staff numbers.

18. Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets or financial liabilities. The College and Group only have financial assets and liabilities that are classified as basic financial instruments. Most basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, which is not materially different to amortised cost. The long-term bond, entered into in December 2015, is subsequently measured at amortised cost using the effective interest method.

Balliol College
Consolidated Statement of Financial Activities
For the year ended 31 July 2016

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000	2015 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:	1					
Teaching, research and residential		5,632	-	-	5,632	5,510
Other trading income	3	2,129	1	-	2,130	1,788
Donations and legacies	2	986	659	1,728	3,373	3,066
Investments						
Investment income	4	83	4	2,020	2,107	1,807
Total return allocated to income	12	1,237	2,122	(3,359)	-	-
Other income		17	176	-	193	179
Total income		10,084	2,962	389	13,435	12,350
EXPENDITURE ON:						
Charitable activities:	5					
Teaching, research and residential		9,037	1,197	-	10,234	9,533
Raising funds:						
Fundraising		170	585	-	755	724
Trading expenditure		999	-	-	999	834
Investment management costs		-	-	-	-	3
Total expenditure		10,206	1,782	-	11,988	11,094
Net income / (expenditure) before gains / (losses)		(122)	1,180	389	1,447	1,256
Net gains/(losses) on investments	10	649	-	6,401	7,050	8,699
Net income / (expenditure)		527	1,180	6,790	8,497	9,955
Transfers between funds	16	(1,588)	(669)	2,257	-	-
Net movement in funds for the year		(1,061)	511	9,047	8,497	9,955
Fund balances brought forward	16	16,909	1,619	91,942	110,470	100,515
Funds carried forward at 31 July		15,848	2,130	100,989	118,967	110,470

The notes on pages 21 to 35 are an integral part of these financial statements.

Balliol College
Consolidated and College Balance Sheets
As at 31 July 2016

	Note	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
FIXED ASSETS					
Tangible assets	9	11,917	11,032	11,917	11,032
Investments	10	139,722	95,182	139,722	95,182
Total fixed assets		151,639	106,214	151,639	106,214
CURRENT ASSETS					
Stocks		30	31	30	31
Debtors	13	1,687	974	1,409	1,194
Investments		2,494	4,454	2,494	4,454
Cash at bank and in hand		1,563	1,832	1,176	1,233
Total current assets		5,774	7,291	5,109	6,912
LIABILITIES					
Creditors: Amounts falling due within one year	14	2,040	1,363	1,713	1,121
NET CURRENT ASSETS		3,734	5,928	3,396	5,791
TOTAL ASSETS LESS CURRENT LIABILITIES		155,373	112,142	155,035	112,005
CREDITORS: Amounts falling due after more than one year	15	34,720	-	34,720	-
NET ASSETS BEFORE PENSION LIABILITY		120,653	112,142	120,315	112,005
Defined benefit pension scheme liability	21	1,686	1,672	1,686	1,672
TOTAL NET ASSETS		118,967	110,470	118,629	110,333
FUNDS OF THE COLLEGE					
Endowment funds	16	100,989	91,942	100,989	91,942
Restricted funds	16	2,130	1,619	2,130	1,619
Unrestricted funds					
Designated funds	16	13,027	12,142	13,027	12,142
General funds	16	4,507	6,439	4,169	6,302
Pension reserve	21	(1,686)	(1,672)	(1,686)	(1,672)
TOTAL FUNDS		118,967	110,470	118,629	110,333

The financial statements were approved and authorised for issue by the Governing Body of Balliol College on 9th November 2016

Sir Drummond Bone, Master

Richard H Collier, Finance Bursar

The notes on pages 21 to 35 are an integral part of these financial statements.

Balliol College
Consolidated Statement of Cash Flows
For the year ended 31 July 2016

		2016	2015
	Note	£'000	£'000
Cashflows from operating activities:			
Net cash used in operating activities	23	(1,790)	(784)
Cash flows from investing activities			
Dividends, interest and rents from investments		2,107	1,781
Purchase of property, plant and equipment		(1,504)	(1,694)
Proceeds from sale of investments		1,668	1,370
Purchase of investments		(39,158)	(4,229)
Net cash used in investing activities		(36,887)	(2,772)
Cash flows from financing activities			
Cash inflows from new borrowing		34,720	-
Receipt of endowment		1,728	1,815
Net cash provided by financing activities		36,448	1,815
Change in cash and cash equivalents in the reporting year		(2,229)	(1,741)
Cash and cash equivalents at the beginning of the reporting year		6,286	8,027
Cash and cash equivalents at the end of the reporting year	24	4,057	6,286

The notes on pages 21 to 35 are an integral part of these financial statements.

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

1 INCOME FROM CHARITABLE ACTIVITIES

	2016 £'000	2015 £'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	1,748	1,653
Tuition fees - Overseas students	732	790
Other fees	14	14
Other HEFCE support	230	284
Other academic income	151	129
College residential income	2,757	2,640
	<u>5,632</u>	<u>5,510</u>
Total Teaching, Research and Residential	<u>5,632</u>	<u>5,510</u>
Total income from charitable activities	<u>5,632</u>	<u>5,510</u>

The above analysis includes £2,678k received from the University of Oxford from publicly accountable funds under the CFF Scheme (2015: £2,707k).

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 the fees waived amounted to £34k. These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2016 £'000	2015 £'000
Donations and Legacies		
Unrestricted funds	986	886
Restricted funds	659	365
Endowment funds	1,728	1,815
	<u>3,373</u>	<u>3,066</u>

3 OTHER TRADING INCOME

	2016 £'000	2015 £'000
Conference, catering and trading income	2,130	1,788
	<u>2,130</u>	<u>1,788</u>

4 INVESTMENT INCOME

	2016 £'000	2015 £'000
Unrestricted funds		
Other investment income	67	74
Bank interest	16	14
	<u>83</u>	<u>88</u>
Restricted funds		
Other investment income	3	1
Bank interest	1	15
	<u>4</u>	<u>16</u>
Endowment funds		
Other investment income	2,020	1,703
	<u>2,020</u>	<u>1,703</u>
Total investment income	<u>2,107</u>	<u>1,807</u>

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

5 ANALYSIS OF EXPENDITURE

	2016 £'000	2015 £'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	4,666	4,698
Other direct costs allocated to:		
Teaching, research and residential	3,487	3,572
Support and governance costs allocated to:		
Teaching, research and residential	2,081	1,263
Total charitable expenditure	10,234	9,533
Expenditure on raising funds		
Direct staff costs allocated to:		
Fundraising	446	456
Trading expenditure	690	589
Other direct costs allocated to:		
Fundraising	270	237
Trading expenditure	264	243
Support and governance costs allocated to:		
Fundraising	39	31
Trading expenditure	45	2
Investment management costs	-	3
Total expenditure on raising funds	1,754	1,561
Total expenditure	11,988	11,094

The 2015 resources expended of £11094k represented £8468k from unrestricted funds, £2626k from restricted funds and £0k 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. Contributions are calculated annually in accordance with regulations made by the Council of the University of Oxford.

The teaching and research costs include College Contribution payable of £87k (2015 - £52k).

Foreign exchange gains of £57k (2015: £23k) are reflected in the net income/(expenditure).

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	2016 Total £'000
Financial administration	84	469	553
IT	-	139	139
Depreciation	-	619	619
Other finance charges	-	773	773
Governance costs	-	81	81
	84	2,081	2,165

	Generating Funds £'000	Teaching and Research £'000	2015 Total £'000
Financial administration	30	449	479
Human resources	-	46	46
IT	-	128	128
Depreciation	-	540	540
Governance costs	6	100	106
	36	1,263	1,299

Financial and domestic administration, IT and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs and profit or loss on disposal of fixed assets are attributed according to the use made of the underlying assets. Interest and other finance charges are attributed according to the purpose of the related financing. Governance costs are allocated according to the type of work undertaken.

	2016 £'000	2015 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	55	42
Auditor's remuneration - other services	23	-
Legal and other fees on constitutional matters	3	-
Other governance costs	-	64
	81	106

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.

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

7	GRANTS AND AWARDS	2016 £'000	2015 £'000
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During the year the College funded research awards and bursaries to students from its restricted and unrestricted funds as follows:

Unrestricted funds

Grants to individuals:

Scholarships, prizes and grants

141 59

Bursaries and hardship awards

139 135

Total unrestricted

280 194

Restricted funds

Grants to individuals:

Scholarships, prizes and grants

346 466

Bursaries and hardship awards

123 108

Total restricted

469 574

Total grants and awards

749 768

The above costs are included within expenditure on charitable activities.

Included within the above is the cost to the College of the Oxford Bursary scheme. Students of the College received £100k (2015: £105k) from this scheme.

8	STAFF COSTS	2016 £'000	2015 £'000
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The aggregate staff costs for the year were as follows.

Salaries and wages

5,196 4,405

Social security costs

477 319

Pension costs: Defined benefit schemes

715 1,270

6,388 5,994

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

	2016 Number	2015 Number
Tuition and research	22	22
College residential	100	94
Fundraising	7	6
Support	10	10
Total	<u>139</u>	<u>132</u>

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

	2016 Number	2015 Number
University Lecturers	21	19
CUF Lecturers	9	10
Other teaching and research	12	15
Other	6	6
Total	<u>48</u>	<u>50</u>

No staff were paid over £60,000 during the current or prior year. Details of the remuneration and reimbursed expenses of the College Trustees are included as a separate note in these financial statements.

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

9 TANGIBLE ASSETS

Group and College	Assets under the course of construction £'000	Freehold land and buildings £'000	Total £'000
Cost			
At start of year	-	15,367	15,367
Additions	674	830	1,504
Disposals	-	-	-
At end of year	674	16,197	16,871
Depreciation and impairment			
At start of year	-	4,335	4,335
Depreciation charge for the year	-	619	619
At end of year	-	4,954	4,954
Net book value			
At end of year	674	11,243	11,917
At start of year	-	11,032	11,032

No assets are held under finance leases.

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.

Houses and flats belonging to the College are intrinsically linked to the College so it is not considered appropriate to give a separate valuation of these properties.

10 INVESTMENTS

All investments are held at fair value.

	2016 £'000	2015 £'000
Group investments		
Valuation at start of year	95,182	83,624
New money invested	39,158	4,229
Amounts withdrawn	(1,668)	(1,370)
Increase in value of investments	7,050	8,699
Group investments at end of year	139,722	95,182
Investment in subsidiaries	-	-
College investments at end of year	139,722	95,182

Group investments comprise:	Held outside the UK £'000	Held in the UK £'000	2016 Total £'000	Held outside the UK £'000	Held in the UK £'000	2015 Total £'000
Equity investments	21,957	786	22,743	26,497	1,881	28,378
Global multi-asset funds	14,918	6,345	21,263	10,786	6,809	17,595
Property funds	1,335	13,058	14,393	823	11,782	12,605
Fixed interest stocks	39,257	28,994	68,251	7,306	5,359	12,665
Alternative and other investments	7,436	1,955	9,391	15,828	3,507	19,335
Fixed term deposits and cash	699	2,982	3,681	791	3,813	4,604
Total group investments	85,602	54,120	139,722	62,031	33,151	95,182

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

11 PARENT AND SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Balliol College Developments Limited (Company number 04495361), a company providing building contractor, conference and other event services on the College premises.

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

	Balliol College Developments Limited
	£'000
Income	2,223
Expenditure	(2,024)
Result for the year	199
Total assets	659
Total liabilities	(460)
Net funds at the end of year	199

12 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns. The investment return to be applied as income is calculated as 3.75% (2015: 3.75%) of the weighted average of the value of the relevant investments as at 31 March in each of the last four years. The preserved (frozen) value of the invested endowment capital represents its open market value in 2012 together with all subsequent endowments valued at date of gift.

	Trust for Investment £'000	Permanent Endowment Unapplied Total Return £'000	Total £'000	Expendable Endowment £'000	Total Endowments £'000
At the beginning of the year:					
Gift component of the permanent endowment	1,566	-	1,566		1,566
Unapplied total return	-	1,518	1,518		1,518
Expendable endowment				88,858	88,858
Total Endowments	1,566	1,518	3,084	88,858	91,942
Movements in the reporting year:					
Gift of endowment funds	-	-	-	1,728	1,728
Recoupment of trust for investment	-	-	-	-	-
Allocation from trust for investment	-	-	-	-	-
Investment return: total investment income	34	-	34	1,986	2,020
Investment return: realised and unrealised gains and losses	129	-	129	6,272	6,401
Other transfers	-	106	106	2,151	2,257
Total	163	106	269	12,137	12,406
Unapplied total return allocated to income in the reporting period	(57)	-	(57)	(3,302)	(3,359)
Net movements in reporting year	106	106	212	8,835	9,047
At end of the reporting year:					
Gift component of the permanent endowment	1,672	-	1,672	-	1,672
Unapplied total return	-	1,624	1,624	-	1,624
Expendable endowment	-	-	-	97,693	97,693
Total Endowments	1,672	1,624	3,296	97,693	100,989

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

13 DEBTORS

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Amounts falling due within one year:				
Trade debtors	423	139	173	68
Amounts owed by College members	103	81	103	81
Amounts owed by Group undertakings	-	-	110	291
Prepayments and accrued income	1,161	754	1,023	754
	<u>1,687</u>	<u>974</u>	<u>1,409</u>	<u>1,194</u>

14 CREDITORS: Amounts falling due within one year

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Trade creditors	467	535	340	292
Amounts owed to College Members	56	71	56	71
Taxation and social security	181	241	204	241
College contribution	236	223	236	223
Accruals and deferred income	993	78	770	78
Other creditors	107	215	107	216
	<u>2,040</u>	<u>1,363</u>	<u>1,713</u>	<u>1,121</u>

15 CREDITORS: falling due after more than one year

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Bond notes	34,720	-	34,720	-
	<u>34,720</u>	<u>-</u>	<u>34,720</u>	<u>-</u>

In December 2015 the College entered into an unsecured note purchase agreement for £35m at a fixed rate of 3.37% with interest being payable half-yearly. The notes are due for repayment after 45 years, in December 2060.

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

16 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2016 £'000
Endowment Funds - Permanent						
War Memorial Fund 1920	1,566	34	-	(57)	129	1,672
Endowment Funds - Expendable						
General Fund	31,532	809	-	1,182	1,389	34,912
700th Anniversary Fund	10,020	220	-	(366)	832	10,706
Alfred Douglas Stone Fund	639	14	-	(24)	54	683
Andrew Graham Fellow in Economics	1,159	195	-	(42)	96	1,408
Asoke Kumar Sarkar Fell in Class Indol	1,080	24	-	(40)	91	1,155
Cecil Spring-Rice Memorial Fund 1926	490	11	-	(18)	40	523
Classics Fellowship Fund	2,560	76	-	(93)	213	2,756
Dervorguilla Fund	4,706	103	-	(172)	390	5,027
Dyson Fellowship in Greek Culture	619	14	-	(22)	51	662
Endowment Fund 1904	2,406	53	-	(88)	200	2,571
Foley-Bejar Scholarship Fund	1,783	39	-	(65)	148	1,905
History Fellowships Fund	3,032	70	-	(111)	252	3,243
James Beeland Rogers Jr Schol Fund	760	98	-	(28)	63	893
James Irvine Fund	-	750	-	-	-	750
Jowett Centenary Fund	2,238	49	-	(82)	185	2,390
Jowett Fellowships Fund	792	17	-	(29)	65	845
JT Hamilton Legacy Fund	799	18	-	(29)	66	854
Julian Huxley Memorial Fund	537	12	-	(19)	45	575
Leveson Gower Bequest	623	14	-	(22)	50	665
Management Studies Fellowship Fund	897	20	-	(33)	75	969
Mr Snell's Trust	723	16	-	(26)	60	773
Numata Fund for Buddhist Studies	2,616	57	-	(94)	217	2,796
Oxford Internet Institute Fund	3,422	75	-	(125)	283	3,655
Roy Skinner Fund	995	22	-	(36)	82	1,063
Victor Hugo Fund 2008	496	36	-	(18)	41	555
War Memorial Appeal Fund 1947	829	18	-	(30)	69	886
William Westerman Fund	873	19	-	(32)	72	932
Other fellowship funds	2,771	441	-	(118)	233	3,327
Other purpose funds	1,648	147	-	(73)	137	1,859
Other student support funds	9,331	277	-	(392)	773	9,989
Total Endowment Funds - Group and College	91,942	3,748	-	(1,102)	6,401	100,989
Restricted Funds						
Trust Funds accumulated balances	1,692	43	(1,472)	1,453	-	1,716
Other operational funds	(73)	797	(310)	-	-	414
Total Restricted Funds - Group and College	1,619	840	(1,782)	1,453	-	2,130
Unrestricted Funds						
General	6,302	5,120	(7,551)	(351)	649	4,169
Fixed asset designated fund	11,032	1,504	(619)	-	-	11,917
Designated maintenance funds	1,110	-	-	-	-	1,110
Pension reserve	(1,672)	-	(14)	-	-	(1,686)
Total Unrestricted Funds - College	16,772	6,624	(8,184)	(351)	649	15,510
General	137	2,223	(2,022)	-	-	338
Total Unrestricted Funds - Group	16,909	8,847	(10,206)	(351)	649	15,848
Total Funds	110,470	13,435	(11,988)	-	7,050	118,967

The total return applied to income, as shown on the Consolidated Statement of Financial Activities under incoming resources, is included within the transfers column.

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

17 FUNDS OF THE COLLEGE DETAILS

The following is a summary of the origins and purposes of each of the Funds. Only Funds which have a capital value in excess of £500,000 are separately identified.

Endowment Funds - Permanent:

War Memorial Fund 1920

Capital balance of past donations to the War Memorial Fund 1920 where the related income, but not the original capital, can be used for the restricted purpose of the charity

Endowment Funds - Expendable:

General Fund

Capital balance of a consolidation of past gifts, donations and bequests where related income, or income and capital, can be used for the restricted purpose of the charity

Endowment Fund 1904

Capital balance of the endowment appeal of 1904

700th Anniversary Fund

Capital balance of the 1963 appeal to celebrate the 700th anniversary of the College

Dervorguilla Fund

Capital balance of gifts and donations to the 1980's Lady Dervorguilla Appeal

Cecil Spring-Rice Memorial Fund

Established in 1926 to support travel scholarships

Jowett Centenary Fund

Capital balance of gifts and donations to the 1990's appeal to celebrate the Jowett centenary

Classics Fellowship Fund

As a result of an appeal to support College expenditure on classics fellowships

Dyson Fellowship in Greek Culture

Bequest in 1960 to support College expenditure on fellowships in Greek culture

Foley-Bejar Scholarship Fund

Established in 2001 to support College expenditure on student financial aid

Andrew Graham Fellow in Economics

Established in 2011 to support College expenditure on a fellowship in economics

JT Hamilton Legacy Fund

Gift in 2004 to support College expenditure on student financial aid

History Fellowships Fund

As a result of an appeal to support College expenditure on history fellowships

Julian Huxley Memorial Fund

Established in 1983 to support a research fellowship at the College

Jowett Fellowships Fund

Established in 1907 to support College expenditure on fellowships

Leveson Gower Bequest

From a bequest in 1979 for the encouragement of Greek and Latin scholarship

Management Studies Fellowship Fund

From a gift in 1996 for the support of management studies in the College and University

Numata Fund for Buddhist Studies

Established in 1990 for the support of Buddhist studies in the College and University

Oxford Internet Institute Fund

From a gift in 2001 to support the Oxford Internet Institute which is located in the College

James Beeland Rogers Jr Schol Fund

Established in 1991 to support College expenditure on student financial aid

Asoke Kumar Sarkar Fellowship Fund

Established in 2014 to fund a research fellowship in Classical Indology

Roy Skinner Fund

From a gift in 2001 to support College expenditure on student financial aid

Mr Snell's Trust

Established in 1677 to foster the connection between Glasgow and College

Alfred Douglas Stone Fund

Established in 2004 to support College expenditure on student financial aid

Victor Hugo Fund 2008

Established to support European modern languages

War Memorial Appeal Fund 1947

As a result an appeal in 1947 in memory of Balliol men who died during the War to support College expenditure on scholarships and fellowships

William Westerman Fund

Established in 2010 to support the Pathfinder Programme for visits by students to North America and Australasia

Other student support funds

A consolidation of various funds established for the support of student financial aid

Other fellowship funds

A consolidation of various funds established for the support of fellowships

Other purpose funds

A consolidation of various funds established for the support of College expenditure on the library, sport and the general academic purposes at the College

Restricted Funds:

Trust Funds accumulated balances

Accumulated cash balances of all the other Trust Funds held and administered by College

Other operational funds

Various cash balances held by College from restricted purpose gifts

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.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000
Tangible fixed assets	11,917	-	-	11,917
Other investments	36,603	2,130	100,989	139,722
Net current assets	3,734	-	-	3,734
Long term liabilities and pension liability	(36,406)	-	-	(36,406)
	<u>15,848</u>	<u>2,130</u>	<u>100,989</u>	<u>118,967</u>
	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2015 Total £'000
Tangible fixed assets	11,032	-	-	11,032
Other investments	1,621	1,619	91,942	95,182
Net current assets	5,928	-	-	5,928
Long term liabilities and pension liability	(1,672)	-	-	(1,672)
	<u>16,909</u>	<u>1,619</u>	<u>91,942</u>	<u>110,470</u>

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

19 FINANCIAL INSTRUMENTS

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Financial assets at fair value through Statement of Financial Activities:				
Fixed asset investments	139,722	95,182	139,722	95,182
Financial instruments that are debt instruments measured at settlement value:				
Trade debtors	423	139	173	68
Amounts owed by College members	103	81	103	81
Amounts owed by Group undertakings	-	-	110	291
Other debtors and accrued income	1,096	1,096	702	702
Financial liabilities measured at settlement value:				
Trade creditors	(467)	(535)	(340)	(292)
Amounts owed to College Members	(56)	(71)	(56)	(71)
College contribution	(236)	(223)	(236)	(223)
Other creditors	(107)	(215)	(107)	(216)
Accruals	(993)	(78)	(770)	(78)
Financial liabilities measured at amortised cost:				
Bond notes	(34,720)	-	(34,720)	-
	<u>104,765</u>	<u>95,376</u>	<u>104,581</u>	<u>95,444</u>

The fair values of the assets held at fair value through the Statement of Financial Activities are determined using valuations provided by the relevant investment managers.

20 TRUSTEES' REMUNERATION

The trustees of the college comprise the Governing Body, primarily fellows who are teaching and research employees of the College and who sit on the governing body by virtue of their employment.

No trustee receives any remuneration for acting as a trustee. However, those trustees who are also employees of the college receive salaries for their work as employees. These salaries are paid on external academic and academic-related scales and often are joint arrangements with the University of Oxford.

Trustees of the college fall into the following categories:

Head of House
Professorial Fellow
Tutorial Fellow
Research Fellow
Supernumerary Fellow

There are also five trustees who work on management and fundraising: the Head of House, Senior Tutor/Academic Registrar, Domestic Bursar and Development Director, who all work full-time, and the Finance Bursar who is part-time.

Some trustees, particularly tutorial fellows, are eligible for college housing schemes. Fifteen trustees live in houses owned by the College. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Some trustees receive additional allowances for additional work carried out as part time college officers, eg Tutor for Admissions. These amounts are included within the remuneration figures disclosed.

All trustees, together with other senior employees, are eligible for private health insurance as part of their package of remuneration and all trustees may eat at common table, as can all other employees who are entitled to meals whilst working.

The College has a Remuneration Committee which makes recommendations to Governing Body on pay and benefits which are outside of external scales. The Remuneration Committee consists of both external and internal members.

21 trustees (2015: 22 trustees) are not employees of the college and do not receive remuneration.

Other transactions with trustees

Fellows also receive reimbursement of personal expenses necessarily incurred in connection with their services to the College as Trustees. During the year a total of £71 (2015 - £488) was reimbursed to one (2015 - three) of the Trustees for travel expenses.

Additional information regarding trustees is included in the Related Party Transactions note.

Key management remuneration

The total remuneration paid to key management (Group and College) was £414k (2015: £441k).

Key management are considered to be the Head of House, Senior Tutor/Academic Registrar, Domestic Bursar, Development Director and Finance Bursar.

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

Remuneration paid to trustees

Range	Number of Trustees/Fellows	2016	Number of Trustees/Fellows	2015
		Gross remuneration, taxable benefits and pension contributions		Gross remuneration, taxable benefits and pension contributions
		£		£
£1,000-£1,999	2	2,095	1	1,026
£2,000-£2,999	1	2,092	2	5,751
£3,000-£3,999	1	3,393	-	-
£5,000-£5,999	-	-	1	5,231
£6,000-£6,999	2	12,751	3	19,244
£9,000-£9,999	-	-	2	19,856
£10,000-£10,999	1	10,121	-	-
£11,000-£11,999	2	23,233	2	22,420
£12,000-£12,999	5	62,654	6	74,827
£13,000-£13,999	-	-	2	27,714
£14,000-£14,999	1	14,160	1	14,872
£15,000-£15,999	1	15,864	2	31,083
£16,000-£16,999	1	16,497	-	-
£17,000-£17,999	3	52,789	2	34,966
£18,000-£18,999	4	74,367	3	55,766
£19,000-£19,999	1	19,957	1	19,745
£22,000-£22,999	1	22,636	1	22,164
£26,000-£26,999	-	-	2	52,350
£28,000-£28,999	1	28,778	-	-
£29,000-£29,999	1	29,939	-	-
£31,000-£31,999	1	31,870	-	-
£32,000-£32,999	-	-	1	32,813
£33,000-£33,999	1	33,332	-	-
£36,000-£36,999	-	-	1	36,320
£38,000-£38,999	-	-	1	38,900
£39,000-£39,999	-	-	1	39,655
£40,000-£40,999	-	-	1	40,815
£41,000-£41,999	3	124,444	1	41,881
£42,000-£42,999	2	85,533	-	-
£44,000-£44,999	1	44,318	1	44,095
£48,000-£48,999	1	48,918	1	48,157
£49,000-£49,999	-	-	2	98,516
£50,000-£50,999	1	50,008	-	-
£55,000-£55,999	-	-	2	111,908
£56,000-£56,999	1	56,367	-	-
£57,000-£57,999	2	114,633	-	-
£58,000-£58,999	-	-	1	58,613
£65,000-£65,999	-	-	1	65,411
£68,000-£68,999	1	68,464	-	-
£69,000-£69,999	1	69,460	-	-
£70,000-£70,999	-	-	1	70,684
£73,000-£73,999	1	73,616	-	-
£77,000-£77,999	-	-	1	77,406
£78,000-£78,999	1	78,603	-	-
£83,000-£83,999	-	-	1	83,065
£84,000-£84,999	1	84,259	-	-
£87,000-£87,999	1	87,809	1	87,000
£106,000-£106,999	1	106,568	-	-
£138,000-£138,999	-	-	1	138,056
Total	48	1,549,528	50	1,520,310

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

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 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.

Universities Superannuation Scheme

The pension charge for the year includes £305k (2015 - £419k) in relation to the USS. This represents contributions of £281k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £24k.

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 revalued in line with increases in official pensions (currently CPI); all members will accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a. 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); 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. 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 the changes to the benefit structure, 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% p.a. of salaries. At 31 March 2016 USS reported that the funding deficit had increased to £10.0bn (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% p.a 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.

A provision of £432k has been made at 31 July 2016 (2015 - £406k) 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

Oxford Staff Pension Scheme

The pension charge for the year includes £410k (2015 - £531k) in relation to the OSPS. This represents contributions of £420k payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £10k.

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 £1,254k has been made at 31 July 2016 (2015 - £1,266k) 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:

Scheme	2016 £'000	2015 £'000
Universities Superannuation Scheme	410	672
University of Oxford Staff Pension Scheme	305	598
	715	1,270

Included in other creditors and accruals are pension contributions payable of £nil (2015: £77k).

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

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 exclusively charitable purposes. No liability to corporation tax arises in the College's subsidiary company because the directors of this company have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

23 RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 Group £'000	2015 Group £'000
Net income / (expenditure) for the reporting year	8,497	9,955
Adjustments for the elimination of non-operating cash flows:		
Investment income	(2,107)	(1,807)
(Gains)/losses in investments	(7,050)	(8,699)
Endowment donations	(1,728)	(1,815)
Depreciation	619	540
Decrease/(Increase) in stock	1	(5)
Decrease/(Increase) in debtors	(713)	442
(Decrease)/Increase in creditors	691	605
Net cash (used in) / provide by operating activities	(1,790)	(784)

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash at bank and in hand	1,563	1,832
Deposits and other short term investments	2,494	4,454
Total cash and cash equivalents	4,057	6,286

25 CAPITAL COMMITMENTS

There are no capital commitments that require disclosure.

26 RELATED PARTY TRANSACTIONS

Transactions between the College and Balliol College Developments Limited have not been disclosed on the basis that Balliol College Developments Limited is 100% owned and its results have been included in these consolidated financial statements.

The College is part of the collegiate University of Oxford. Material interdependencies between the University and of the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS 102.

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 trustees had loans outstanding from the College of £150k each under the Joint Equity Housing Scheme at the year end. These loans are repayable on the departure of the trustee from the College and are secured on the property. In addition one trustee had a short term loan from the College of £50k at the year end in respect of the development of a property (2015: £62k).

Trustees loans are subject to interest charged by the College.

Nursery facilities are made available to fellow for a fee on the same basis as College staff.

27 CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

28 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.

Balliol College
Notes to the financial statements
For the year ended 31 July 2016

29 TRANSITION TO FRS 102

The College adopted FRS 102 and the Charity SORP (FRS102) at 31 July 2016. The date of transition is 1 August 2014. The net effect is set out below:

Effect on the SoFA	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2015 Total £'000
Net Income/(Expenditure) as previously stated	187	(2,065)	3,518	1,640
Income received in 2015 accrued in 2014	-	-	(129)	(129)
Expense relating to the pension deficit funding agreement	(295)	-	-	(295)
Movement in holiday pay accrual	40	-	-	40
Net Income/(Expenditure) as previously restated	<u>(68)</u>	<u>(2,065)</u>	<u>3,389</u>	<u>1,256</u>
			As at 1 August 2014 £'000	As at 31 July 2015 £'000
Net Funds (as previously stated)				
Unrestricted			19,230	18,341
Recognition of pension deficit			(1,351)	(321)
Recognition of accrued legacy income			352	(101)
Accrual for holiday pay			(50)	39
2014 adjustments			-	(1,049)
Total unrestricted			<u>18,181</u>	<u>16,909</u>
Restricted			1,604	1,619
Total restricted			<u>1,604</u>	<u>1,619</u>
Endowed			80,730	91,942
Total Endowed			<u>80,730</u>	<u>91,942</u>
Net Funds (as restated)			<u>100,515</u>	<u>110,470</u>

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.

FRS states that legacy and donations income should be recognised when it is 'probable' where under previous UK GAAP income was recognised when it was 'almost certain'. This change has resulted in some income being recognised earlier than under the previous UK GAAP.