

HARRIS MANCHESTER COLLEGE

Annual Report and Financial Statements

Year ended 31 July 2018

HARRIS MANCHESTER COLLEGE
Annual Report and Financial Statements
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Governing Body, Officers and Advisers
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MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law. The members of the Governing Body who served in office as Governors during the year or subsequently are detailed below.

		(1)	(2)	(3)		
Dr Alexandra Alvergne						
Professor Jan-Emmanuel De Neve						
Rev Alex Bradley	Joined wef 1 Oct 18					
Mrs Annette Duffell		x	x			
Dr Eric Eve						
Mr Brian Fidler			x	x		
Professor Louise Gullifer						
Dr Gina Hadley	Joined wef 1 Oct 18					
Mr Harry Henderson			x			
Professor Richard Hobbs						
Dr Joshua Hordern						
Mr George Hudson			x			
Dr Crispin Jenkinson						
Mrs Susan Killoran		x				
Ms Victoria Lill		x				
Professor William Mander						
Professor David Matthews	Retired 30 Sep 18	x				
Dr Ross McAdam						
Professor Kate McLoughlin		x				
Professor Alister McGrath						
Professor Alex Nicholls						
Professor Terezinha Nunes	Retired 30 Sep 17					
Dr Sina Ober-Blobaum						
Professor Patrik Rorsman						
Professor Ronald Roy						
Dr Isabel Ruiz	Left wef 1 Sep 18		x			
Dr Bjorn Saven	Left wef 30 Sep 17					
Professor Jane Shaw	Joined wef 1 Oct 18	x	x			

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Professor Lesley Smith		x				
Rev Arthur Stewart	Retired 1 Sep 18					
Dr Kristin van Zwieten						
Dr Bee Wee						
Dr Ralph Waller	Retired wef 30 Sep 18	x	x			
Miss Suzannah Willis	Joined wef 28 Nov 18	x	x			

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

- (1)** Management Committee.
- (2)** Investment Committee.
- (3)** Remuneration Committee.

COLLEGE SENIOR STAFF

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

Principal	<i>Ralph Waller (until 30 Sep 18), Jane Shaw (from 1 Oct 18)</i>
Bursar	<i>Annette Duffell (until 28 Nov 18), Suzannah Willis (from 28 Nov 18)</i>
Senior Tutor	<i>Lesley Smith</i>
Academic Administrator	<i>Victoria Lill</i>

COLLEGE ADVISERS

Auditor

David Cadwallader & Co Limited
Chartered Certified Accountants and Statutory Auditors
Suite 3 Bignell Park Barns
Chesterton
Bicester
OX26 1TD

Bankers

National Westminster Bank
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OX1 4DD

Solicitors

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Oxford Business Park
Oxford
OX4 2HN

College address

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Oxford
OX1 2HN

Website

www.hmc.ox.ac.uk

HARRIS MANCHESTER COLLEGE

Report of the Governing Body

Year ended 31 July 2018

The Members of the Governing Body present their Annual Report for the year ended 31 July 2018 under the Charities Act 2011 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Principal and Fellows of the Manchester Academy and Harris College in the University of Oxford, commonly known as Harris Manchester College, Oxford is a chartered charitable corporation. It was founded in 1786 and granted a Royal Charter by Queen Elizabeth II on 12th January 1996.

The College registered with the Charity Commission on 26th July 2011 and its registered charity number is 1143086.

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Charter and Statutes dated 12 January 1996.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Charter and Statutes, the terms of which are enforceable ultimately by the Visitor, Sir Eric Anderson KT.

New members of the Governing Body are elected on the basis of their contribution to the College and to the University of Oxford.

The Governing Body determines the ongoing strategic direction of the College and regulates its administration and the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by three committees.

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are recruited by new academic appointments or from existing Fellows and inducted into the workings of the College, including Governing Body policy and procedures, by instruction.

Members of the Governing Body attend external trustee training and information courses to keep them informed on current issues in the sector and on regulatory requirements.

Remuneration of Members of the Governing Body and Senior College Staff

Members of the Governing Body who are primarily Fellows are teaching and research employees of the College [or University] and receive no remuneration or benefits from their trusteeship of the College. Those trustees that are also employees of the College receive remuneration for their work as employees of the College which is set based on the advice of the College's Remuneration Committee, members of which are Fellows not in receipt of remuneration from the College. Where possible, remuneration is set in line with that awarded to the University's academic staff.

The remuneration of senior college staff is set by Governing Body with reference to University pay scales.

Organisational management

The members of the Governing Body meet 9 times a year. The work of developing their policies and monitoring the implementation of these is carried out by three Committees:

- The Investment Committee.
- The Management Committee.
- The Remuneration Committee.

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Report of the Governing Body

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Group structure and relationships

The College administers special funds as detailed in Notes 15 and 16 to the Financial Statements.

The College has no subsidiary or associated undertakings.

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

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

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

- To advance learning, education and research in the arts and sciences within the University.
- To provide for men and women who shall be members of the University and from whom no test or confession of faith will be required:
 - 1) A College in which they may work for degrees, diplomas and certificates of the University for the purpose of their engaging in advanced and other study and the conduct and publication of research; and
 - 2) Preparatory Instruction for the learned professions and for civil and commercial life.
 - 3) A full and systematic course of education and training of Ministers of Religion, having regard especially to the Ministries of the General Assembly of Unitarian and Free Christian Churches in our United Kingdom and of the Non-Subscribing Presbyterian Church of Ireland.
- To promote the Christian religion in its simplest and most intelligible form, and in particular the traditions of English Rational Dissent.

College Strategy

The College has 85 academic Fellows engaged in education and research; of these 22 are members of the Governing Body, 29 are Senior Research Fellows, 11 are Research Fellows and 23 are supernumerary Fellows of whom 8 receive a remuneration for teaching. In order to support this work we provide excellent library facilities, IT support, meeting rooms and an academic and encouraging community in which good research can take place.

The College is engaged in recruiting, teaching, pastoral care and welfare of graduate and undergraduate students reading for Oxford first and higher degrees. We provide excellent facilities for these students including a comprehensive library, IT support, food, accommodation and an invigorating academic community in which they can thrive.

The College has concentrated on teaching subjects which can be a preparation for the learned professions and for those wishing to enter civil and commercial life. In particular, we teach the following subjects: law, medicine, engineering, education, politics, economics, philosophy, theology, business management, archaeology, anthropology, english, history and languages.

The college employs a tutor in ministerial training, whose responsibility it is to teach a full and systematic course of education and training for Ministers of Religion. He is able to draw on other members of the College to help in this task. The College also devotes considerable funds to provide additional academic courses for our ministerial students.

The College provides study fellowships, through the Farmington Institute, for teachers of RE, Head Teachers, Chaplains to Her Majesty's Forces, Senior Members of Her Majesty's Forces, and Ministers of Religion. The College employs a Chaplain in order to promote the Christian Religion within the College. She holds regular

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services of worship in the College Chapel. Moreover the College allows the use of the Chapel by other Christian organisations.

The Criteria used to assess the success of the College in promoting its objects are:

The research of individual Fellows can be judged by those accepted to represent the University in the Research Assessment exercise. Moreover, when fellows are successful in the University's Recognition of Distinction exercise, this is a good indication that they are advancing education, learning and research.

Undergraduate results and graduate awards are also used by College to assess our success in providing opportunities for those wishing to work for degrees, diplomas and certificates of the University. We do note our former students who have gone in to the learned professions, and this is also an indication of success in the training which we offer. Similarly we note those who have become ministers of religion, having undertaken a systematic course of training for the Ministry.

The success in promoting the Christian Religion is harder to assess, but we do have written evidence from teachers who have held Farmington Scholarships and oral evidence from students.

Activities and objectives of the College

The College's activities are focused on furthering its stated objects and aims for the public benefit. These include:

1. The undertaking of research in a wide range of subjects including philosophy, law, history, english, medicine, human sciences, theology and engineering.
2. Providing courses and facilities for other educational groups, primary schools, secondary schools, chaplains to Her Majesty's Armed Forces and Universities.
3. The teaching and care of undergraduate and graduate students.
4. Training of four ministerial students.
5. Regular services held in the College chapel.
6. £17.339m raised for College activities.
7. Visits from school parties and hold planning days for school teachers.
8. Providing meeting facilities for other charities such as churches, Music at Oxford and school governors.
9. Making provision for the College chapel to be used by an independent trust to conduct weekly services of worship and for the Chapel to be used by other Colleges.
10. Weekly music concerts in the Chapel open to the public and arranged by the College's Director of music.

The provision of bursary support

Through the provision of scholarships, bursaries and hardship grants the College endeavours to assist Harris Manchester students who may have financial difficulties, to help meet the costs of College and University fees and accommodation. Each case is considered individually.

ACHIEVEMENTS AND PERFORMANCE

23 students graduated with a Bachelor of Arts Undergraduate Degree and of those 4 of these were awarded First Class Honours degree and 16 received an Upper Second Honours degree and 3 received a Lower Second Class Honours degree.

7 Graduate students were awarded Doctoral degrees in the University of Oxford.

33 students received Masters Degrees.

5 students qualified as medical doctors.

3 students were awarded Post Graduate Diplomas.

1 student qualified as a Minister of Religion.

3 students were awarded the Postgraduate Certificate in Education.

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4 conferences were held for Chaplains of Her Majesty's Armed Forces.

Work continues on a new building which will house a lecture suite and student accommodation and a small dining room.

Fund Raising

Fundraising was important in helping to achieve the objects of the College. £17.339m was raised.

The major areas of support were:

- Bursaries and scholarships for students.
- The provision of additional student accommodation.
- Student hardship support.
- Supporting research projects.
- Maintenance and renovation of the infrastructure

Very little money was spent in raising these funds.

FINANCIAL REVIEW

During the year the College was in receipt of donations totalling £17.339m, of this figure £17.247m is for restricted purposes which include building work, student scholarships and administration of the Farmington Institute. Other income comprised £1.018m from student fees, £464k from student battels and £564K from conference income. Income also included £442k generated from the investment portfolio, all of which was released to unrestricted income to enable the college to meet its general running costs.

With the addition of £492k of net gains on investments the college generated net income in the year of £16.241m.

The College has a defined benefit pension scheme liability reserve of £215k, an adjustment of £15k to the previous year's provision being released in to the accounts for the year. This has been deducted from the net assets of the College.

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 at the year-end amounted to £41.038m (2017: £24.797m). This includes endowment capital of £14.133m and unspent restricted income funds totalling £24.524m. Free reserves at the year-end amounted to £2.381m (2017: £2.593m), representing retained unrestricted income reserves which includes designated reserves of £252k for specific projects to be spent during the next financial year.

Risk management

The College is engaged in risk assessment on an ongoing basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Principal. Financial risks are assessed by the Bursar and Governing Body and investment risks are monitored by the Investment Committee. 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 is exposed and have concluded that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

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Of particular note is the pensions deficit contributions risk; uncertainty exists around the quantum of the provision and 2018/19 in year impact. The Governing Body have taken appropriate guidance and will continue to comply with the legal obligation to pay 18% employer contributions which includes 2.1% deficit contributions until 2031 until otherwise advised. More detail can be found in the Statement of Accounting Policies (para 3).

Investment policy, objectives and performance

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

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

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

The investment policy and strategy are set by the Governing Body as advised by the Investment Committee from time to time and performance is regularly monitored by the Investment Committee.

At the year end, the College's long term investments, combining the securities and property investments, totalled £14.133m.

It is the Governing Body's policy to extract as income up to 4% of the value of the relevant investments at the year end and during the current year 3.13%.

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

FUTURE PLANS

The College's future plans as agreed by the Governing Body are set out in of the College Development Plan. The core elements of this are:

- to continue to provide the best possible education for mature students of the University of Oxford.
- to provide increased study space for tutors in order to increase the research community of the College.
- to increase the number of rooms available for student residents and to continue with our programme of improving existing facilities.
- to ensure through the provision of scholarships, bursaries and grants that finance is not a prohibitive factor in a students' decision to study at HMC

Specific development plans have been agreed for the separate departments within the College to ensure that the College continues to enhance its ability to provide a first-class education.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

Charity law requires the Governing Body to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and

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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 incoming or outgoing resources for that period. In preparing these financial statements, the Governing Body is required to:

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards, 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 28 November 2018 and signed on its behalf by:

Prof J A Shaw

Principal

Dr E Eve

Secretary

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Report of the Auditor to the Members of the Governing Body of Harris Manchester College

Opinion

We have audited the financial statements of Harris Manchester College (the 'charity') for the year ended 31 July 2018 which comprise the Statement of Accounting Policies, the Statement of Financial Activities, the College Balance Sheet, the Statement of Cash Flows and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the College's Governing Body (the 'Trustees'), as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governing Body are responsible for the other information. The other information comprises the information included in the Report of the Governing Body, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based

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Report of the Auditor to the Members of the Governing Body of Harris Manchester College

on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Report of the Governing Body; or
- sufficient accounting records have not been kept ; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governing Body

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the Governing Body is responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

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conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

David Cadwallader & Co Limited

Chartered Certified Accountants & Statutory Auditor
Suite 3 Bignell Park Barns

Chesterton

Bicester

OX26 1TD

Date: 30 November 2018

David Cadwallader & Co Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

1. Scope of the financial statements

The financial statements present the Statement of Financial Activities (SOFA), the College Balance Sheet and the Statement of Cash Flows for the College.

The accounts of the affiliated student bodies (Harris Manchester College Junior and Middle Common Rooms) have not been consolidated as the College does not control these activities.

2. Basis of accounting

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

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

In the view of the Governing Body, in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements.

The College participates in a multi-employer defined benefit pension plan. In the judgement of the Governing Body there is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 15).

In the view of the Governing Body, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

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, the performance of investment markets and the pension deficit contributions.

USS pension contribution levels are subject to ongoing consultation and no agreement is anticipated until December 2018; consequently neither an adjusting post balance sheet event nor a non-adjusting post balance sheet event are required. The legal obligation to pay 18% employer contributions which includes 2.1% deficit contributions until 2031 (as set out in the existing Schedule of Contributions) remains extant and this is the basis upon which the year-end provision has been calculated. The risk and level of uncertainty has been noted by the Governing Body and included within their strategic report.

4. Income recognition

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

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

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

b. Income from donations, grants and legacies

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

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

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

Donations, grants and legacies which are subject to conditions as to their use imposed by the donor or set by the terms of an appeal are credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where donations are received in kind (as distinct from cash or other monetary assets), they are measured at the fair value of those assets at the date of the gift.

c. Investment income

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

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

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

5. Expenditure

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

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

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

Support costs which includes governance costs (costs of complying with constitutional and statutory requirements) and other indirect costs are apportioned to expenditure categories in the SOFA based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

6. Leases

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases. The costs of the assets held under finance leases are included within fixed assets and depreciation is charged over the shorter of the lease term and the assets' useful lives. Assets are assessed for impairment at each reporting date. The corresponding capital obligations under these leases are shown as liabilities and recognised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Lease payments are apportioned between capital repayment and finance charges in the SOFA so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms. Any lease incentives are recognised over the lease term on a straight line basis.

7. Tangible fixed assets

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

The cost of major renovation projects which increase the service potential of buildings is capitalised and depreciated over applicable periods, once a project is completed.

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

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

8. Depreciation

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

Freehold properties, including major extensions	50 years
Building improvements	50 years
Equipment	5 years

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

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

9. Heritage Assets

The College has chosen to hold heritage assets at cost. The college has a number of assets, including items of art and historic texts that meet the definition of heritage assets under the SORP. The depreciated historic cost of the majority of these items is nil. Items purchased are recognised at cost and items donated to the College are recognised at fair value. The college has taken advantage of the exemption within FRS 102 not to disclose transactions before 1 January 2015 as obtaining fair values for these assets would be impracticable and the cost of obtaining such valuations would outweigh the benefits to the users of these financial statements

10. Investments

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

Where the investment property component of mixed use property cannot be measured reliably without undue cost or effort, the entire property is accounted for as property within tangible fixed assets.

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

Investments such as hedge funds and private equity funds which have no readily identifiable market value are initially measured at their costs and subsequently measured at their fair value at each reporting date without deduction of the estimated future selling costs. Fair value is based on the most recent valuations available from their respective fund managers.

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

11. Other financial instruments

a. Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

b. Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

12. 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.

13. Foreign currencies

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

Transactions denominated in foreign currencies during the year are translated into pounds sterling using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates applying at the reporting date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the reporting date are recognised in the income and expenditure section of the SOFA [except when deferred and initially credited or charged in 'other recognised gains and losses' as qualifying cash flow hedges].

14. Fund accounting

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

HARIS MANCHESTER COLLEGE

Statement of Accounting Policies

Year ended 31 July 2018

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

Restricted funds comprise gifts, legacies and grants where the donors have specified that the funds are to be used for particular purposes of the College. They consist of either gifts where the donor has specified that both the capital and any income arising must be used for the purposes given or the income on gifts where the donor has required or permitted the capital to be maintained and with the intention that the income will be used for specific purposes within the College's objects.

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

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

15. Pension costs

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

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

The College also operates a defined contribution pension scheme. Contributions to these arrangements are charged to the SOFA in the period in which they are payable.

Harris Manchester College
Statement of Financial Activities
For the year ended 31 July 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2018 Total £'000	2017 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:	1					
Teaching, research and residential		2,046	-	-	2,046	1,940
Public worship		-	-	-	-	-
Heritage		-	-	-	-	-
Other Trading Income	3	7	-	-	7	9
Donations and legacies	2	92	17,247	-	17,339	1,622
Investments						
Investment income	4	42	-	400	442	562
Total return allocated to income		-	-	-	-	-
Other income		-	-	-	-	-
Total income		2,187	17,247	400	19,834	4,133
EXPENDITURE ON:						
Charitable activities:	5					
Teaching, research and residential		2,760	1,247	23	4,030	3,180
Public worship		-	-	-	-	-
Heritage		-	-	-	-	-
Generating funds:						
Fundraising		49	-	-	49	57
Trading expenditure		-	-	-	-	-
Investment management costs		6	-	-	6	7
Total Expenditure		2,815	1,247	23	4,085	3,244
Net Income/(Expenditure) before gains		(628)	16,000	377	15,749	889
Net gains/(losses) on investments	10	-	-	492	492	906
Net Income/(Expenditure)		(628)	16,000	869	16,241	1,795
Transfers between funds	15	416	-	(416)	-	-
Other recognised gains/losses						
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-	-	-	-
Net movement in funds for the year		(212)	16,000	453	16,241	1,795
Fund balances brought forward	15	2,593	8,524	13,680	24,797	23,002
Funds carried forward at 31 July		2,381	24,524	14,133	41,038	24,797

Harris Manchester College
College Balance Sheet
As at 31 July 2018

	Notes	2018 College £'000	2017 College £'000
FIXED ASSETS			
Tangible assets	9	10,728	10,305
Heritage assets	10	-	-
Property investments	10	-	-
Other Investments	10	14,133	13,680
Total Fixed Assets		24,861	23,985
CURRENT ASSETS			
Stocks		10	10
Debtors	11	524	441
Investments		-	-
Cash at bank and in hand		17,072	1,722
Total Current Assets		17,606	2,173
LIABILITIES			
Creditors: Amounts falling due within one year	12	944	861
NET CURRENT ASSETS/(LIABILITIES)		16,662	1,312
TOTAL ASSETS LESS CURRENT LIABILITIES		41,523	25,297
CREDITORS: falling due after more than one year	13	270	270
Provisions for liabilities and charges	14	-	-
NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY		41,253	25,027
Defined benefit pension scheme liability	19	215	230
TOTAL NET ASSETS/(LIABILITIES)		41,038	24,797
FUNDS OF THE COLLEGE			
	15		
Endowment funds		14,133	13,680
Restricted funds		24,524	8,524
Unrestricted funds			
Designated funds		1,699	1,831
General funds		897	992
Revaluation reserve		-	-
Pension reserve		(215)	(230)
		41,038	24,797

The financial statements were approved and authorised for issue by the Governing Body of Harris Manchester College on 28 November 2018

Trustee:

Trustee:

Harris Manchester College
Statement of Cash Flows
For the year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Net cash provided by (used in) operating activities	22	15,578	385
Cash flows from investing activities			
Dividends, interest and rents from investments		442	562
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(709)	(814)
Proceeds from sale of investments		39	31
Purchase of investments		-	-
Net cash provided by (used in) investing activities		(228)	(221)
Cash flows from financing activities			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
Receipt of endowment		-	-
Net cash provided by (used in) financing activities		-	-
Change in cash and cash equivalents in the reporting period		15,350	164
Cash and cash equivalents at the beginning of the reporting period		1,722	1,558
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period	23	17,072	1,722

Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

1 INCOME FROM CHARITABLE ACTIVITIES

	2018 £'000	2017 £'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	497	438
Tuition fees - Overseas students	462	515
Other fees	59	45
Other HEFCE support	-	-
Other academic income	-	-
College residential income	1,028	942
	<u>2,046</u>	<u>1,940</u>
Restricted funds		
Tuition fees - UK and EU students	-	-
Tuition fees - Overseas students	-	-
Other fees	-	-
Other HEFCE support	-	-
Other academic income	-	-
College residential income	-	-
	<u>-</u>	<u>-</u>
Endowed funds		
Tuition fees - UK and EU students	-	-
Tuition fees - Overseas students	-	-
Other fees	-	-
Other HEFCE support	-	-
Other academic income	-	-
College residential income	-	-
	<u>-</u>	<u>-</u>
Total Teaching, Research and Residential	<u>2,046</u>	<u>1,940</u>
Public worship		
Unrestricted funds		
Choir school fees	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Restricted funds		
Choir school fees	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Endowed funds		
Choir school fees	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Total Public worship	<u>-</u>	<u>-</u>
Heritage		
Unrestricted funds		
Heritage Income	-	-
Other charitable income	-	-
	<u>-</u>	<u>-</u>
Restricted funds		
Heritage Income	-	-
Other charitable income	-	-
	<u>-</u>	<u>-</u>
Endowed funds		
Heritage Income	-	-
Other charitable income	-	-
	<u>-</u>	<u>-</u>
Total Heritage	<u>-</u>	<u>-</u>
Total income from charitable activities	<u>2,046</u>	<u>1,940</u>

The above analysis includes £877k received from Oxford University from publicly accountable funds under the CFF Scheme (2017: £741k).

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the college share of the fees waived amounted to £14k (2017: £13k). These are not included in the fee income reported above.

Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

2 DONATIONS AND LEGACIES

	2018 £'000	2017 £'000
Donations and Legacies		
Unrestricted funds	92	121
Restricted funds	17,247	1,501
Endowed funds	-	-
	<u>17,339</u>	<u>1,622</u>

3 INCOME FROM OTHER TRADING ACTIVITIES

	2018 £'000	2017 £'000
Subsidiary company trading income	-	-
Other trading income	7	9
	<u>7</u>	<u>9</u>

4 INVESTMENT INCOME

	2018 £'000	2017 £'000
Unrestricted funds		
Agricultural rent	-	-
Commercial rent	10	10
Other property income	26	14
Equity dividends	-	-
Income from fixed interest stocks	-	-
Interest on fixed term deposits and cash	-	-
Other investment income	-	-
Bank interest	6	12
Other interest	-	-
	<u>42</u>	<u>36</u>

Restricted funds		
Agricultural rent	-	-
Commercial rent	-	-
Other property income	-	-
Equity dividends	-	-
Income from fixed interest stocks	-	-
Interest on fixed term deposits and cash	-	-
Other investment income	-	-
Bank interest	-	-
Other interest	-	-
	<u>-</u>	<u>-</u>

Endowed funds		
Agricultural rent	-	-
Commercial rent	-	-
Other property income	-	-
Equity dividends	400	526
Income from fixed interest stocks	-	-
Interest on fixed term deposits and cash	-	-
Other investment income	-	-
Bank interest	-	-
Other interest	-	-
	<u>400</u>	<u>526</u>

Total Investment income	<u>442</u>	<u>562</u>
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Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

5 ANALYSIS OF EXPENDITURE

	2018	2017
	£'000	£'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	1,313	1,269
Public worship	-	-
Heritage	-	-
Other direct costs allocated to:		
Teaching, research and residential	1,826	1,200
Public worship	-	-
Heritage	-	-
Support and governance costs allocated to:		
Teaching, research and residential	891	711
Public worship	-	-
Heritage	-	-
Total charitable expenditure	4,030	3,180
Expenditure on raising funds		
Direct staff costs allocated to:		
Fundraising	29	36
Trading expenditure	-	-
Investment management costs	-	-
Other direct costs allocated to:		
Fundraising	-	-
Trading expenditure	-	-
Investment management costs	-	-
Support and governance costs allocated to:		
Fundraising	20	21
Trading expenditure	-	-
Investment management costs	6	7
Total expenditure on raising funds	55	64
Total expenditure	4,085	3,244

The 2017 resources expended of £3244k represented £2501k from unrestricted funds, £730k from restricted funds and £13k 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 £0k (2017 - £0k).

	2018	2017
	Total	Total
	£'000	£'000
Included within the resources expended above are:		
Impairment charges	-	-
Stock recognised as an expense in the year	-	-
Operating lease payments	-	-
Foreign exchange losses	-	-

Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2018 Total £'000
Financial administration	26	448	-	-	474
Domestic administration	-	-	-	-	-
Human resources	-	5	-	-	5
IT	-	141	-	-	141
Depreciation	-	286	-	-	286
Loss/(profit) on fixed assets	-	-	-	-	-
Bank interest payable	-	-	-	-	-
Other finance charges	-	(15)	-	-	(15)
Governance costs	-	26	-	-	26
	26	891	-	-	917

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2017 Total £'000
Financial administration	28	323	-	-	351
Domestic administration	-	-	-	-	-
Human resources	-	8	-	-	8
IT	-	117	-	-	117
Depreciation	-	272	-	-	272
Loss/(profit) on fixed assets	-	-	-	-	-
Bank interest payable	-	-	-	-	-
Other finance charges	-	(28)	-	-	(28)
Governance costs	-	19	-	-	19
	28	711	-	-	739

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 to the core operations of the College.

	2018 £'000	2017 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	15	10
Auditor's remuneration - assurance services other than audit	-	3
Auditor's remuneration - tax advisory services	-	-
Auditor's remuneration - other services	-	-
Legal and other fees on constitutional matters	11	6
Other governance costs	-	-
	26	19

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.

Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

7	GRANTS AND AWARDS	2018 £'000	2017 £'000
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:			
Unrestricted funds			
Grants to individuals:			
Scholarships, prizes and grants		16	18
Bursaries and hardship awards		22	18
Grants to other institutions		-	-
Total unrestricted		38	36
Restricted funds			
Grants to individuals:			
Scholarships, prizes and grants		148	163
Bursaries and hardship awards		-	7
Grants to other institutions		-	-
Total restricted		148	170
Total grants and awards		186	206

The figure included above represents the cost to the College of the Oxford Bursary scheme. Students of this college received £92k (2017: £65k). Some of those students also received fee waivers amounting to £41k (2017: £33k).

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

Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

8 STAFF COSTS

	2018 £'000	2017 £'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	1,436	1,380
Social security costs	143	137
Pension costs:		
Defined benefit schemes	92	83
Defined contribution schemes	38	29
Other benefits	-	-
	1,709	1,629

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

	2018	2017
Tuition and research	-	-
College residential	21	20
Public worship	1	1
Heritage	-	-
Fundraising	-	-
Support	10	10
Total	32	31

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

University Lecturers	5	5
CUF Lecturers	2	2
Other teaching and research	4	4
Other	3	3
Total	14	14

The following information relates to the employees of the College excluding the College Trustees. Details of the remuneration and reimbursed expenses of the College Trustees is included as a separate note in these financial statements.

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

£60,001-£70,000	-	-
£70,001-£80,001	-	-
£80,001-£90,001	-	-
£90,001-£100,001	-	-
£100,001-£110,001	-	-
	-	-

The number of the above employees with retirement benefits accruing was as follows:

In defined benefits schemes	-	-
In defined contribution schemes	-	-
	-	-

The College contributions to defined contribution pension schemes totalled	38	29
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Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

9 TANGIBLE FIXED ASSETS

College	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At start of year	-	11,986	190	911	13,087
Additions	-	650	2	57	709
Disposals	-	-	(74)	(452)	(526)
At end of year	-	12,636	118	516	13,270
Depreciation and impairment					
At start of year	-	1,896	153	733	2,782
Charge for the year	-	216	11	59	286
On disposals	-	-	(74)	(452)	(526)
Impairment	-	-	-	-	-
At end of year	-	2,112	90	340	2,542
Net book value					
At end of year	-	10,524	28	176	10,728
At start of year	-	10,090	37	178	10,305

The above includes:

£0k (2017:£0k) of plant and machinery held under finance leases.

£0k (2017:£0k) of fixtures and fittings 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.

10 OTHER INVESTMENTS

All investments are held at fair value.

	2018 £'000	2017 £'000
Group investments		
Valuation at start of year	13,680	12,805
New money invested	-	-
Amounts withdrawn	(39)	(31)
Reinvested income	-	-
Investment management fees	-	-
(Decrease)/increase in value of investments	492	906
College investments at end of year	14,133	13,680

College investments comprise:

	Held outside the UK £'000	Held in the UK £'000	2018 Total £'000	Held outside the UK £'000	Held in the UK £'000	2017 Total £'000
Equity investments	-	11,739	11,739	-	11,247	11,247
Global multi-asset funds	-	-	-	-	-	-
Property funds	-	141	141	-	141	141
Fixed interest stocks	-	-	-	-	-	-
Alternative and other investments	-	-	-	-	-	-
Fixed term deposits and cash	-	2,253	2,253	-	2,292	2,292
Total group investments	-	14,133	14,133	-	13,680	13,680

Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

11 DEBTORS

	2018 College £'000	2017 College £'000
Amounts falling due within one year:		
Trade debtors	167	107
Amounts owed by College members	1	9
Amounts owed by Group undertakings	-	-
Loans repayable within one year	-	-
Prepayments and accrued income	90	67
Other debtors	266	258
Amounts falling due after more than one year:		
Loans	-	-
	524	441

12 CREDITORS: falling due within one year

	2018 College £'000	2017 College £'000
Bank overdrafts	-	-
Bank loans	-	-
Obligations under finance leases	-	-
Trade creditors	206	107
Amounts owed to College Members	-	41
Amounts owed to Group undertakings	-	-
Taxation and social security	45	54
College contribution	-	-
Accruals and deferred income	52	41
Other creditors	641	618
	944	861

13 CREDITORS: falling due after more than one year

	2018 College £'000	2017 College £'000
Bank loans	-	-
Obligations under finance leases	-	-
Other creditors	270	270
	270	270

14 PROVISIONS FOR LIABILITIES AND CHARGES

	2018 College £'000	2017 College £'000
At start of year	-	-
Charged in the Statement of Financial Activities	-	-
Settled in the year	-	-
At end of year	-	-

Harris Manchester College
Notes to the financial statements
For the year ended 31 July 2018

15 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2018 £'000
Endowment Funds - Permanent						
College Endowment Fund	7,921	193		(209)	253	8,158
Edward Robert Hamilton Wills Endowment	5,465	207		(207)	271	5,736
Endowment Funds - Expendable						
Scholarship Funds	294		(23)		(32)	239
Total Endowment Funds - College	13,680	400	(23)	(416)	492	14,133
Endowment funds held by subsidiaries	-	-	-	-	-	-
Total Endowment Funds - Group	13,680	400	(23)	(416)	492	14,133
Restricted Funds						
Development Funds	7,833	16,620	(672)			23,781
Scholarship Funds	526	149	(150)			525
Farmington Institute Fund	165	478	(425)			218
Total Restricted Funds - College	8,524	17,247	(1,247)	-	-	24,524
Restricted funds held by subsidiaries	-	-	-	-	-	-
Total Restricted Funds - Group	8,524	17,247	(1,247)	-	-	24,524
Unrestricted Funds						
Development Funds	1,831	-	(132)			1,699
Fixed asset designated Fund	85			(85)		-
Designated Revenue Funds	337		(85)			252
General funds	570	2,187	(2,613)	501		645
Revaluation reserve						-
Pension reserve	(230)		15		-	(215)
Total Unrestricted Funds - College	2,593	2,187	(2,815)	416	-	2,381
Unrestricted funds held by subsidiaries	-	-	-	-	-	-
Total Unrestricted Funds - Group	2,593	2,187	(2,815)	416	-	2,381
Total Funds	24,797	19,834	(4,085)	-	492	41,038

Harris Manchester College
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16 FUNDS OF THE COLLEGE DETAILS

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

Endowment Funds - Permanent:

College Endowment Fund

A consolidation of gifts and donations where capital and income, or only the income, can be used for the general purposes of the charity. Part of these funds may have been designated for a particular purpose by the Governing Body.

Edward Robert Hamilton Wills Endowment

A specific donation to be used to enhance the permanent endowment of the College where the income can be used for the general purposes of the charity

Endowment Funds - Expendable:

Scholarship Funds

A bequest where the use of the income is for a specific purpose so designated by the donor and which can only be used for that purpose or activity

Restricted Funds:

Development Fund

A consolidation of gifts and donations where both income and capital can be used for acquisition, replacement and maintenance of the College functional buildings.

Scholarship Funds

A consolidation of gifts and donations where both income and capital can be used for student scholarships

Farmington Institute Fund

Restricted funds include income of £478,000 given as a grant by the Farmington Trust to support the charitable activities of the Farmington Institute. The charitable activities of the Institute were transferred to Harris Manchester College on 1 August 2015, the Farmington Trust having determined that its charitable objects would be best achieved through such a transfer.

Designated Funds

Fixed asset designated

Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes. The Trustees have transferred the balance on this fund into general college reserves as it is no longer considered necessary to show separately.

Designated Revenue Funds

Designated Revenue Funds include £252,000 being the designated but unspent portion of a larger single donation.

Development Fund

Unrestricted Funds allocated by the Fellows for future costs of replacement and maintenance of the College functional buildings

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

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2018 Total £'000
Tangible fixed assets	2,824	7,904	-	10,728
Property investments	-	-	-	-
Other investments	-	-	14,133	14,133
Net current assets	42	16,620	-	16,662
Long term liabilities	(270)	-	-	(270)
Pension scheme liability	(215)	-	-	(215)
	<u>2,381</u>	<u>24,524</u>	<u>14,133</u>	<u>41,038</u>
	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
Tangible fixed assets	2,472	7,833	-	10,305
Property investments	-	-	-	-
Other investments	-	-	13,680	13,680
Net current assets	621	691	-	1,312
Long term liabilities	(270)	-	-	(270)
Pension scheme liability	(230)	-	-	(230)
	<u>2,593</u>	<u>8,524</u>	<u>13,680</u>	<u>24,797</u>

18 TRUSTEES' REMUNERATION

The Fellows who are the Trustees of the College for the purposes of charity law receive no remuneration for acting as charity trustees but are paid by either or both of the University and the College for the academic services they provide to the College.

Trustees of the college fall into the following categories:

Head of House
 Professorial Fellow
 Official Fellow
 Fellow by Special Election
 Research Fellow

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

The College has a Remuneration Committee which makes recommendations to Governing Body on pay and benefits which are outside of external scales. The composition of the Remuneration Committee is set out in page 2-3 of the financial statements in the section, Governing Body, Officers and Advisers.

Remuneration paid to trustees

Range	Number of Trustees/Fellows	2018	Number of Trustees/Fellows	2017
		Gross remuneration, taxable benefits and pension contributions		Gross remuneration, taxable benefits and pension contributions
		£		£
£7,000-£7,999	1	8,095	1	7,968
£8,000-£8,999				
£9,000-£9,999				
£10,000-£10,999	1	10,755	3	31,504
£11,000-£11,999	5	58,366	3	34,909
£31,000-£31,999				
£38,000-£38,999				
£39,000-£39,999				
£41,000-£41,999			1	41,924
£42,000-£42,999				
£43,000-£43,999	1	43,900	2	87,069
£44,000-£44,999	2	88,486		
£52,000-£52,999				
£53,000-£53,999				
£54,000-£54,999			1	54,507
£55,000-£55,999				
£56,000-£56,999			1	56,385
£59,000-£59,999	1	59,693		
£63,000-£63,999				
£66,000-£66,999				
£69,000-£69,999			1	69,571
£70,000-£70,999	1	70,595		
£71,000-£71,999			2	143,992
£104,000-£104,999	1	72,852		
£106,000-£106,999	2	146,402		
£109,000-£109,999			1	109,080
£110,000-£110,999	1	110,808		
Total	16	669,952	16	636,909

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

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

Other transactions with trustees

See also note 26 Related Party Transactions

Key management remuneration

The total remuneration paid to key management was £278k (2017: £262k).

Key management are considered to be Principal, Bursar, Senior Tutor, Academic Administrator

19 PENSION SCHEMES

The College participates in the Universities Superannuation Scheme ("the USS") and the Pensions Trust Growth Plan ("the PT") on behalf its staff. Both the USS scheme and Series 1-3 of the PT are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary). Series 4 of the PT Scheme is a defined contribution scheme. The assets of USS and PT are each held in separate trustee-administered funds.

Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, as required by FRS 102 the College accounts for the schemes as if they were defined contribution schemes.

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

The college has also made payments into a defined contribution scheme for employees who are eligible under automatic enrolment regulations to pension benefits.

Universities Superannuation Scheme

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

The pension charge for the year includes £100,528 (2017 - £82,077) in relation to the USS. This represents contributions of £107,697 payable to the USS as adjusted by the positive change in the deficit funding liability between the opening and closing balance sheet dates of £7,169.

Qualified actuaries periodically value the USS scheme using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results of the latest valuations and the determination of the contribution levels are for the scheme shown in the following table.

		USS
Date of valuation		31/03/2014
Date of valuation results published		24/07/2015
Value of liabilities		£46.9bn
Value of assets		£41.6bn
Funding Surplus/(Deficit)		£(5.3)bn
Principal assumptions		
	Investment return	5.2% pa
	Rate of increase in salaries	RPI +1% pa
	Rate of increase in pensions	CPI pa
Mortality assumptions		
	Assumed life expectancy at age 65 (males)	24.2yrs
	Assumed life expectancy at age 65 (females)	26.3 yrs
Funding Ratios		
	Technical Provisions basis	89%
	Statutory Pension Protection Fund basis	82%
	"Buy-out" basis	54%
	Estimated FRS 102 Funding Level	77%
Recommended employer's contribution rate (as % of pensionable salaries):		18%
Effective date of next valuation:		31/03/2017

Notes

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% of salary above the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is to be matched by employer contributions. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. For the period up to 1 April 2016 the employer deficit contribution was 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 2.1% p.a of salaries. At 31 March 2018 USS reported that the estimated funding deficit was £8.4 bn (88% funded).

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. 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. The 2017 actuarial valuation of USS has been undertaken but this has not yet been formerly completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges. In the judgement of the college, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation. However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The college expects to have greater clarity in this respect during the next financial year.

Sensitivity of actuarial valuation assumptions

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<u>Assumption</u>	<u>USS Change in Assumption</u>	<u>Impact on USS liabilities</u>
Initial discount rate	increase / reduce by 0.25%	decrease / increase by £0.8bn
Discount rate in 20 years' time	increase / reduce by 0.25%	decrease / increase by £1.1bn
RPI inflation	increase / reduce by 0.1%	increase / decrease by £0.8bn
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £0.5bn

Deficit Recovery Plans

In line with FRS 102 paragraph 28.11A, the College has recognised a liability for the contributions payable for the agreed deficit funding plan. The principle assumptions used in these calculations are tabled below:

Finish Date for Deficit Recovery Plan	31/03/31
Average staff number increase	0.00%
Average staff salary increase	1.70%
Average discount rate over period	2.20%
Effect of 0.5% change in discount rate	£6k
Effect of 1% change in staff growth	£12k

A provision of £153,925 has been made at 31 July 2018 (2017 - £161,094) for the present value of the estimated future deficit funding element of the contributions payable under this agreement, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

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

Pensions Trust Growth Plan

The pension charge for the year includes -£19 (2017 - £708) in relation to the PT defined benefit scheme. This represents contributions of £8,081 (2017: £7,846) payable to the PT as adjusted by the positive change in the deficit funding liability between the opening and closing balance sheet dates of £8,100.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

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Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

A provision of £61,538 has been made at 31 July 2017 (2017 - £69,638) 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.

Assumptions

	31/07/2018	31/07/2017	31/07/2016	31/07/2015
	% per annum	% per annum	% per annum	% per annum
Rate of discount	1.72	1.32	1.25	2.17

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

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	2018	2017
	£000's	£000's
Universities Superannuation Scheme	92	82
Pensions Trust Growth Plan Series 1 and 2	0	1
Pensions Trust Growth Plan Series 4	38	29
Total	130	112

Included in other creditors and accruals are pension contributions payable of £7k (2017: £7 k).

20 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. Accordingly no provision for taxation has been included in the financial statements.

21 FINANCIAL INSTRUMENTS

The financial statements include the following in respect of items held at fair value:

	2018			2017		
	Income £'000	Expense £'000	Gains / (losses) £'000	Income £'000	Expense £'000	Gains / (losses) £'000
Financial assets measured at fair value through profit or loss	-	-	492	-	-	906
Financial liabilities measured at fair value through profit or loss	-	-	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-	-	-	-

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

	2018 £'000	2017 £'000
Net income/(expenditure)	16,241	1,795
Elimination of non-operating cash flows:		
Investment income	(442)	(562)
(Gains)/losses in investments	(492)	(906)
Endowment donations	-	-
Depreciation	286	272
(Surplus)/loss on sale of fixed assets	-	-
Decrease/(Increase) in stock	-	(1)
Decrease/(Increase) in debtors	(83)	(160)
(Decrease)/Increase in creditors	83	(25)
(Decrease)/Increase in provisions	-	-
(Decrease)/Increase in pension scheme liability	(15)	(28)
Net cash provided by (used in) operating activities	15,578	385

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £'000	2017 £'000
Cash at bank and in hand	17,072	1,722
Notice deposits (less than 3 months)	-	-
Bank overdrafts	-	-
Total cash and cash equivalents	17,072	1,722

24 FINANCIAL COMMITMENTS

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

	2018 £'000	2017 £'000
Land and buildings		
expiring within one year	-	-
expiring between two and five years	-	-
expiring in over five years	-	-
	-	-
Other		
expiring within one year	-	-
expiring between two and five years	-	-
expiring in over five years	-	-
	-	-

25 CAPITAL COMMITMENTS

The College had authorised commitments at 31 July 2018 for future capital projects totalling £15m (2017- £Nil) and contracted commitments of £60,477 (2017 - £710,477)

26 RELATED PARTY TRANSACTIONS

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

The College has made equity housing loans to the following Fellows who are employees on the basis the capital sums repayable are linked to the value of the property on which the loan is secured.

All joint equity properties are subject to sale on departure of the trustee from the College and are classified as endowment investments in the balance sheet

	2018	2017
	£'000	£'000
Dr J Hordern	66	66
Dr A Alvergne	75	75
	141	141

During the year trustee George Hudson managed the project to construct a new building on the College site. He invoiced the College £506,000 during the year in relation to work completed on the project (2017: £480,950). The costs are included in fixed asset additions. The Governing Body have had due regard to Charity Commission guidance on transactions with trustees.

H Henderson is also a Trustee of The Farmington Trust. Details of the arms length transactions with the Trust are given in note16

There were no other related party transactions in the year.

27 CONTINGENT LIABILITIES

At 31st July 2018, the College had no contingent liabilities

28 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.