



ST PETER'S COLLEGE

UNIVERSITY OF OXFORD

**Annual Report
&
Financial Statements**

For the year ended 31 July 2018

Registered Charity 1143166

St Peter's College
Annual Report and Financial Statements
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St Peter's College

Governing Body, Officers and Advisers

Year ended 31 July 2018

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)	(4)	(5)	(6)	(7)	(8)	(9)
Mr Mark Damazer (Master)			•	•	•	•	•	•	•	
Prof Mark Moloney		•								
Prof Christopher Foot				•						
Dr Huw Dorkins				•						
Prof Lionel Mason				•		•				
Dr Robert Pitkethly			•			•	•			
Prof Nicholas Lakin										
Prof Abigail Williams								•		•
Dr Tim Mawson					•					
Dr Hartmut Mayer										
Dr Massimo Antonini				•	•		•			
Prof Dapo Akande	Until 31 March 2018									
Dr Roger Allen			•				•		•	
Prof Mike Bonsall			•			•	•		•	
Dr Peter Kail			•							
Dr Geoff Nicholls					•				•	
Prof Balazs Szendroi			•				•		•	
Prof Dariusz Wojcik				•		•				
Prof Cyrus Cooper										
Prof Ricardo Soares de Oliveira									•	
Prof Hanneke Grootenboer					•					
Dr Claire Williams							•		•	
Prof Graeme Dinwoodie	Until 15 January 2018									
Prof Peter Taylor										
Prof Sondra Hausner			•							•

St Peter's College

Governing Body, Officers and Advisers

Year ended 31 July 2018

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Dr Thomas Adcock				•						
Prof Danny Dorling		•		•						•
Mr James Graham (Bursar)			•	•	•	•	•	•	•	•
Prof Daron Burrows					•				•	
Prof Philip Rothwell										
Dr Ines Moreno de Barreda				•	•					
Dr Nicholas Tosca							•			
Dr Stephen Baxter			•					•		
Dr Marina Mackay			•							
Dr Marc Macias Fauria								•		
Dr Stephen Tuffnell					•		•			•
Dr Dorota Leczykiewicz										
Prof Charles Monroe			•		•					
Dr Joanna Neilly									•	
Prof Christl Donnelly	From 1 August 2018									

During the year the policies and activities approved by the Governing Body were carried out through a range of committees. The current membership of the main committees is shown above for each Fellow.

- (1)** Audit, Risk & Remuneration Committee
- (2)** Academic Affairs Committee
- (3)** Finance & Administration
- (4)** Buildings and Public Art Committee
- (5)** Investment Committee
- (6)** Student Affairs and Welfare Committee
- (7)** Development Committee
- (8)** Graduate Committee
- (9)** Equality and Diversity Forum

St Peter's College

Governing Body, Officers and Advisers

Year ended 31 July 2018

External committee members

(1) Audit, Risk & Remuneration Committee – three external members:

Mr Nick Paladina
Mr Brian Smith
Dr David Walker

(5) Investment Committee – two external members:

Mr Charles Ind
Mr Guy Stokely

COLLEGE SENIOR STAFF

The senior staff of the College to whom day-to-day management is delegated are as follows. They attend meetings relating to their respective areas of responsibility.

Master	Mark Damazer CBE
Bursar	Mr James Graham
Senior Tutor	Prof Balazs Szendroi (Note: Prof Szendroi was on sabbatical in Trinity term 2018; Prof Christopher Foot was Acting Senior Tutor that term.)
College Registrar	Ms Catherine Whalley
Director of Development & Alumni Relations	Ms Monica Popa
College Accountant	Mrs Stephanie Hanks

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Governing Body, Officers and Advisers

Year ended 31 July 2018

COLLEGE ADVISERS

Auditor

Kingston Smith, Devonshire House, 60 Goswell Road, London, EC1M 7AD

Bankers

HSBC Bank PLC, Midland House, Seacourt, West Way, Botley, Oxford OX2 OPL

Solicitors

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

Pennington Manches LLP, 9400 Garsington Road, Oxford Business Park, Oxford, OX4 2HN

Maier Blackburn, Prama House, 267 Banbury Road, Oxford, OX2 7HT

Mills & Reeve, Botanic House, 100 Hills Road, Cambridge, CB2 1PH

Surveyors

Grey Baynes & Shew LLP, St Thomas House, 6 Beckett Street, Oxford, OX1 1PP

College address

New Inn Hall Street, Oxford OX1 2DL

Website

www.spc.ox.ac.uk

St Peter's 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 College of St Peter Le Bailey University of Oxford, which is known as St Peter's College, ("the College") is an eleemosynary chartered charitable corporation aggregate. It was founded by Rt Revd Francis James Chavasse as St Peter's Hall in 1929. In October 1947 St Peter's Hall was admitted to the privileges of a New Foundation and in November 1961 it became a full College. The University Statute of 7 February 1961 conferring this status took effect on 22 November 1961, when a Royal Charter of incorporation was granted.

The College is registered with the Charity Commission on 29th July 2011 (registered charity number 1143166).

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 Statutes dated 26th July 1995.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Bishop of Liverpool. The Governing Body is self-appointing in accordance with the provisions of the Statutes.

New members of the Governing Body are elected on the basis of holding an Official or Professorial Fellowship. The Governing Body has discretion to elect Fellows in other categories as provided for in the Statutes.

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

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are recruited, normally by means of academic appointment process, and inducted into the workings of the College, including Governing Body policy and procedures, by senior College Officers. Members of the Governing Body are provided with guidance material from the Charity Commission and other sources 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 are primarily Fellows who are teaching and research employees of the College and/or University and receive no remuneration or benefits from their trusteeship of the College. Where possible, remuneration for work on behalf of the College is set in line with that awarded to the University's academic staff, and uprated in line with nationally agreed percentages. Some Fellows are elected by the Governing Body to undertake major College Officerships (Vice-Master, Senior Tutor, Tutor for Undergraduates, Tutor for Admissions, Tutor for Graduates, Tutor for Welfare, Dean, Fellow for Equality and

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Report of the Governing Body

Year ended 31 July 2018

Diversity) alongside their academic duties, on a part-time basis and for agreed limited periods, for which they receive honoraria approved by the Audit, Risk and Remuneration Committee.

Recommendations for the remuneration of the Master, the Bursar and senior college staff are made by the Salary Review Group in conjunction with the Audit, Risk and Remuneration Committee for approval by the Governing Body.

The majority of members of the Audit, Risk and Remuneration Committee (one Professorial Fellow, who is employed solely by the University, and three external members, one of whom is the Chair) are not in receipt of remuneration from the College.

Organisational management

The Governing Body meets nine times a year, with provision for additional meetings should the need arise. The work of developing its policies and monitoring the implementation of these is carried out by a range of Committees, the main ones of which are as follows:

- Audit, Risk & Remuneration Committee
- Academic Affairs Committee
- Finance & Administration Committee
- Buildings and Public Art Committee
- Investment Committee
- Student Affairs and Welfare Committee
- Development Committee

The day-to-day running of the College is delegated to the senior officers listed on page 4 above.

Group Structure and relationships

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

The College has a wholly owned non-charitable subsidiary, St Peter's College Design and Build Limited, the principal activity is that of the development of building projects. The company has completed most of the second Phase of the Perrodo project; with the final section to improve the acoustics of the Hannington Hall currently being undertaken. The annual profits of the subsidiary 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 defined as follows in the Royal Charter of 1961:

(a) (i) To maintain and promote education religion and learning for and among students generally of whatever religious persuasion and especially to give aid to students in straitened or reduced circumstances who shall be deemed worthy thereof by its Council by way of Bursaries, Scholarships, Exhibitions or by such other means as in the opinion of and at the absolute discretion of the Council be most conducive to the advancement of such students and the attainment of these objects.

(ii) To train, cherish and encourage candidates for Holy Orders in the Church of England or any students or other persons intending to labour for Foreign Missions with which the Ministry of the late Bishop James Hannington was particularly identified.

(iii) To diffuse sound information and teaching of and in Christian principles and doctrine in conformity with Holy Scripture and particularly the Protestant and reformed teaching of the Church of England as set forth in the Book of Common Prayer annexed to the Act of Uniformity of 1662 and the 39 Articles of Religion and Ordinal as now ordinarily bound up with such Book and so that the teaching of the Hall and the conduct of the services in the Chapel thereof shall be in all respects in accordance with such principles.

(b) 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.

The College is in the process of reviewing its governance documents and will be seeking to update the Objects in order to reflect more closely the full range of activities that it currently carries out.

Public benefit

The Governing Body has considered the Charity Commission's guidance on public benefit and the College remains committed to the aim of providing public benefit in accordance with its founding principles and aims.

Activities and objectives of the College

The College's principal activity is to provide, in conjunction with the University of Oxford, an education for some 350 undergraduate, 200 graduate students and up to 25 Visiting Students, in line with its stated objects and aims for the public benefit.

In particular the College:

- provides teaching facilities and individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems;
- provides social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.
- devotes resources to outreach activity to enable the College and the wider University to recruit the best possible students, irrespective of background.

St Peter's College

Report of the Governing Body

Year ended 31 July 2018

The students are all supported by a welfare system, which aims to ensure that no student feels isolated. The welfare arrangements operate smoothly under the overall direction of a member of the Governing Body. Advice and support is always available on a range of issues during term time. Students also have full access to the extensive health, welfare and disability advice network of the University of Oxford, including the University Counselling Service and the Disability Advisory Service.

A great many of the Fellows are engaged in research – some of it with the potential to help solve medical, scientific or social problems. Other research is aimed at expanding our understanding of cultural, anthropological, historical or literary matters.

ACHIEVEMENTS AND PERFORMANCE

Student outcomes

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

Degrees awarded	2017-18	2016-17
Undergraduate	99	100
Of which 1 st /2.1	96%	90%
Postgraduate Taught	59 *	56
Postgraduate Research	23	18

* incomplete figure due to not all Postgraduate Taught results for 2017-18 having been released by the University at the time of the publication of this document.

Financial Support for Students

In order to assist undergraduates entitled to public support, the College and the University jointly provided Bursaries to help those of limited financial means. In 2017/18 55 students received such bursaries and a total of £147k was awarded.

The College operates a hardship fund to support students who need further help.

The College also supports all its students through scholarships, prizes and travel & research grants (£94k awarded in 2017/18).

Undergraduate admissions and Schools Liaison activities

Undergraduate numbers at St Peter's College have remained largely static for the past few years. Whilst the College is allocated a large number of open applicants, many of whom are international candidates, direct applications to St. Peter's have been increasing gradually. We undertake extensive Outreach work, coordinated by the Schools Liaison Officer, and in the 2017-18 admissions round the number of state school applicants was also higher than in previous admission cycles.

2017-18 was the first year of the St Peter's Foundation Schools Ambassadors Project, designed to provide personal career development for teachers in a number of schools which serve populations that are economically and educationally disadvantaged. The aim of the project is to raise the profile of St Peter's College and Oxford University in those schools in order to encourage more suitably qualified students from

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Report of the Governing Body

Year ended 31 July 2018

under-privileged backgrounds to apply. Financial support for the project is provided by the St Peter's College Foundation, a charitable body which works to support initiatives to attract the broadest range of potential students to the college.

Academic staff activities

The membership of the Governing Body has remained largely stable over the past year. A new Tutorial Fellow in German took up their position effect from October 2017 (jointly with Hertford College) to replace a retiring Fellow in the same subject. During 2017-18, the college has recruited a Tutorial Fellow in Physics (due to join the college in April 2019) and a Tutorial Fellow in Law (due to join the college at the start of the 2019-20 academic year) to fill vacant posts (the latter being the post vacated by Prof Dapo Akande in April 2018). We are in the process of recruiting a second Tutorial Fellow in Medicine (Neuroscience) (jointly with Oriel College), to fill a vacant post. One non-stipendiary Research Fellow (a long term appointment in association with an Associate Professorship in Theology and Religion) and a non-stipendiary Junior Research Fellow have been elected.

Our Fellows make a strong contribution to academic life both within Oxford University and beyond. They publish peer reviewed articles and books and several of them have disseminated the results of their research to wider audiences through radio, television and public lectures. Further details of the Fellows' achievements and activities can be found on the college website and in the College Record (published annually).

College Events and Occasions

Over the course of the year the College again hosted a series of high profile events.

The BBC's Nick Robinson on British politics, Polly Toynbee (The Guardian) together with Helen Lewis (New Statesman and St Peter's) on feminism and the left, the comedian (but he is much more than that) David Mitchell on irritations, Eric Fellner (Britain's most successful independent film producer as head of 'Working Title'), June Sarpong, broadcaster and campaigner on diversity and inclusion, the former Australian PM Kevin Rudd on relations with China, Mark Thompson (Chief Executive of the New York Times and ex Director General of the BBC) on the challenges of social media and the corrosion of language in political debate, Afua Hirsch (St Peter's PPE) on Britishness and identity, Peter Taylor, the great BBC journalist on Northern Ireland whose work during the Troubles is unmatched and Lord Falconer, the former Lord Chancellor, who did a brilliant anatomy of the constitutional implications of Brexit.

Development and Alumni Relations

The College launched its first comprehensive fundraising campaign in June 2015. Called *Keys to Success* and with a target of £35m to be raised by 2020, it focuses on student support, tutorial teaching, infrastructure and the endowment. To date it has raised £25.6m. Following the acquisition of the freehold of the site Castle Hill House (former site of the former Conservative Association Club) on New Road, on which we plan to build student accommodation, we are reorienting the Campaign towards raising the funds for this development.

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Report of the Governing Body
Year ended 31 July 2018

The College received a number of significant gifts again this year, which are essential to our continued wellbeing.

We have been notified of three new legacies this year, which are recognised in the accounts.

The generosity of our alumni continues to provide the backbone of our fundraising income and we are extremely grateful to all members, friends of the college, trusts and foundations who have made St Peter's a philanthropic priority.

St Peter's has over 7,500 alumni and throughout the year we engaged with our global community in a variety of different ways. We hold approximately 40 events in Oxford, regionally in the UK and overseas ranging from specialist subject dinners and gaudies that fill the dining hall, to high profile visitors who lecture on topical issues of the day. We also update alumni through a range of print and digital communications ensuring all who wish to hear about the college have an opportunity to do so wherever they are in the world, and in whatever medium they prefer.

Regarding our fundraising methods and processes, we have a dedicated internal Development Office, led by the Director of Development and Alumni Relations, one of the senior officers of the College. The work of the team is overseen by the Development Committee, which is chaired by the Master. We use a third party to assist us with the set up and administration of annual Telethon. The team operates in line with Charity Commission, Fundraising Regulator and GDPR regulations and guidelines. We receive donations in the form of legacies or one off and regular gifts. Our donors are current and old members of the College (Fellows and alumni) and associated trusts and foundations. Over the course of the year, no formal complaints have been raised to the trustees.

FINANCIAL REVIEW

This year the College completed Phase Two of the Perrodo project. The Hubert Perrodo Building was formally opened by the Chancellor of the University of Oxford Lord Patten of Barnes CH on 13 March. The project was funded by major donations in the name of the Perrodo family from Perenco UK of £5m in 2014 and £1m in 2017.

Alongside this project, the College has continued on its maintenance programme. Due to the improved financial position of the College, grants and matching donations from the College Contribution Scheme, the College is able to continue to catch up on a backlog of maintenance.

The Governing Body continues to exercise firm control over costs and to seek additional income via existing and new income-generating activities, ranging from our accommodation, conference and events business to our increasing development effort. The College runs at an operating deficit on Teaching, research and residential activities with Income of £5,457k vs expenditure of £7,530k. The operating deficit for the year was £2,073k. The college uses other income streams to help fund the gap, these include trading income, legacies, donations and investment income (including gains and losses on investments); which after the associated costs of producing this income contributed £5,550k. This turns the operating deficit into an increase in the College's total funds of £3,477k; total funds moved from £60,842k to £64,319k.

The College continues to receive a Fitch Rating each year. Last year the rating was downgraded to AA in line with Fitch's rerating of the UK following the result of its referendum on the membership of the European

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Union. While our rating has been linked to that of the UK as a whole, the college is mindful of the potential impact any further rating may have on the loan covenants. The rating of AA was confirmed this year.

Reserves policy

The trustees of the college have reviewed its reserves policy during the financial year. The college aims to build up 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. The college has set this free reserves level at a range of 3 to 5 months expenditure cover, which in monetary terms is £2,116K to £3,528k; at 31st July 2018 the free reserves were £(9,702)k which is lower than the target range.

The College has been working over the last 6 years to increase the free reserves, at 31st July 2012 these stood at £(13,566)k and by 31st July 2017 this had increased to £(9,651)k. During the year the trustees of the College have made an important decision to purchase the freehold of a property adjoining the College; this decision has reduced the college's free reserves in the short term, but this decision will have a long term positive effect. The College will continue to focus on meeting the free reserves target as a long term aim by recognising and managing the main risks for the college and budgeting appropriately.

In practice if needed, expendable endowment funds of £34,837k (2017: £33,736k) are available to support unexpected fluctuations in income and expenditure. The college keeps sufficient levels of liquidity within the endowment to cover next year's drawdown as well as 3 to 5 months of expenditure.

Total funds of the College at the year-end amounted to £64,319k (2017: £60,842k). This includes endowment funds of £44,576k. Free reserves at the year-end amounted to £(9,702k) (2017: £(9,651k), representing retained unrestricted income reserves excluding an amount of £20,374k for the unfunded book value of tangible fixed assets. The College holds £7,474k in Deferred Capital for assets which have been funded by donations and grants specifically for that project; the deferred capital is released over the life of the asset in line with depreciation charges.

The College's restricted funds at the year-end amounted to £9,071k (2017: £9,130k).

Risk management

The College has on-going processes, which operate throughout the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College in undertaking its activities. 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. Our overall approach is to embed risk management in our governance and operations. Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Master or a member of the Governing Body. Financial risks are assessed by the Finance and Administration Committee and by the Audit, Risk and Remuneration Committee. Investment risks are monitored by the Investment Committee. In addition, the Bursar and department 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.

St Peter's College

Report of the Governing Body

Year ended 31 July 2018

Risk is managed through a combination of policy, reporting, review, training and contingency planning. We have grouped our risks under the headings of Governance; Environmental/External; Operational – Students and Welfare, Academic, Conduct and Behaviour, Security, Facilities and Projects, Compliance, Financial, Development.

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.

The Risk Register is reviewed and updated by the relevant College Committees throughout the year, and is subject to an independent review by the Audit, Risk and Remuneration Committee prior to its sign off by the Governing Body. Major building programmes, such as the Perrodo Programme, have their own risk registers.

We have a summary of the risks we consider to have high impact and probability, of which the following are the principal:

- GDPR / Employment Law / Public Sector Equality Duty; breach or non compliance.
- Major operational disaster (fire, flood, IT failure, illness)
- Major welfare / reputational incident (academics, students and staff)
- Development planning and management leading to inadequate fundraising
- Governance arrangements do not work (responsibilities, powers, skillset, culture)
- Economic and financial market environment (falling returns, rising inflation and interest rates).

Investment policy, objectives and performance

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

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

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

The investment 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 longer term investments, combining the securities and property investments, totalled £47,127k. (2017: £47,017k) The overall total investment return was 7.3% over the year. The College's target investment return is set at RPI+3%, which at 31st July 2018 was 6.2%.

The College's Investment portfolio has decreased in value this financial year due to the purchase of the freehold fixed asset, Castle Hill House, which was funded in part by the balance of the proceeds from the sale of one of our funds, and by a revolving credit facility provided by HSBC.

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During the year the College purchased the head lease of 3, 5, 7 New Inn Hall Street which was funded by some of the proceeds from the sale of one of our funds, and these properties are held within our investment portfolio providing a yield from rental income.

The carrying value of the preserved permanent capital [the trust for investment] and the amount of any unapplied total return available for expenditure was taken as the open market values of these funds as at 31st July 2010 together with the original gift value of all subsequent endowment received.

On the total return basis of investing, it is the Governing Body's policy to extract as income 4% (plus costs) of the value of the relevant endowment investments.

The equivalent of 4% of the opening value of the endowment securities and property investments, plus costs, was extracted as income on the total return basis in the year. 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 core elements of the College's current strategic plan are:

- To continue to enhance the College's ability to provide a first-class education
- To continue to improve the College's financial position
- To increase the proportion of our teaching costs that are funded
- To devote resources to outreach activity to enable the College and the wider University to recruit the best possible students, irrespective of background
- To effect necessary repairs and improvements of College buildings and infrastructure
- To continue with the development of the Castle Hill House site, which will transform our provision of accommodation for second year undergraduates and our summer schools

The College has no plans to change significantly the size and shape of the Fellowship or student body.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

Under charity law the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its net income or expenditure for that period. In preparing these financial statements, the governing Body is required to:

- Select the most suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Observe the methods and principles in the Charities SORP (FRS 102)
- State whether applicable UK Accounting Standards have been followed, subject to any material departures which are disclosed and 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 statement complies with the Charities Act 2011. They are also responsible for safeguarding the assets of the College and ensuring their proper applications 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 31 October 2018 and signed on its behalf by:

Mark Damazer

Master

Opinion

We have audited the financial statements of St Peter's College for the year ended 31 July 2018 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Charity Cash Flow Statement and notes to the financial statements, 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 Ireland'.

In our opinion the financial statements:

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

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 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 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 Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; 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 trustees

As explained more fully in the trustees' responsibilities statement set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 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 judgement 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 purposes of expressing an opinion on the effectiveness of the group and the parent 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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.

St Peter's College

Independent Auditor's Report to the trustees of St Peter's College

Year ended 31 July 2018

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters which 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date:

Kingston Smith LLP is eligible to act as 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 Consolidated and College Balance Sheets and the Consolidated Statement of Cash Flows for the College and its wholly owned subsidiary St Peter's College Design and Build Limited. The subsidiary has been consolidated from the date of its formation being the date from which the College has exercised control through voting rights in the subsidiary. No separate SOFA has been presented for the College alone as currently permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements. A summary of the results and financial position of the charity and its material subsidiary for the reporting year are in note 12.

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 currency used is GBP and the accounts are rounded to the nearest £1,000.

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 financial statements have been prepared on a going concern basis. There are no material uncertainties in respect of the College's ability to continue as a going concern for the foreseeable future, based on latest strategic plans and financial budgets. The financial statements are prepared 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.

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

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

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.

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 donations 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 purpose 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.

Income from fixed interest debt securities is recognised using the effective interest rate method.

Dividend income and similar distributions are recognised on the date the share interest become 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 legal or constructive obligations for their payment arise. 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 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 cost of the assets held under finance leases is 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 to achieve a constant rate of interest on the remaining balance of the liability.

Leases that do not transfer all the risks and reward 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 costs.

Under FRS 102, the College has elected to use the fair value of certain freehold and leasehold properties as a 'deemed cost'. The valuation was undertaken by Carter Jonas at market value as at the transition date. The buildings will be subject to annual depreciation and no further revaluations will be necessary.

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings, which is directly attributable to bringing the asset to its working condition for its intended use and amounts to more than £5,000 together with expenditure on equipment costing more than £5,000, is capitalised.

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

Other expenditure on equipment incurred in the normal day-to-day running of the College 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 land and buildings, including major extensions	50 years,
Leasehold land and buildings	50 years or period of lease if shorter
Freehold building improvements	10 - 25 years
Fixtures & Fittings and Equipment	3-10 years
Plant & machinery	3-10 years

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

At the end of each reporting period, the residual values and useful lives of assets are reviewed for impairment and adjusted if necessary.

9. Investments

Investment properties are initially recognised at their cost and subsequently measured at their fair value (market value) at each reporting date.

Purchases and sales of investment properties are recognised on exchange of contracts.

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

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.

10. Financial instruments other than investments

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.

c. Other

Other financial instruments are initially measured at fair value on the date the contract is entered into and are subsequently measured at fair value. Changes in fair value are credited or charged to the income or expenditure section of the SOFA.

11. Stocks

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

12. Foreign currencies

The functional and presentation currency of the College 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.

13. Total return investment accounting

The College statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of standard trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a component of the endowment known as the unapplied total return that can be either retained for investment or released to income at the discretion of the Governing Body.

14. Fund accounting

The total funds of the College and its subsidiary 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.

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 stated *or* the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any 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.

St Peter's College
Consolidated 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		5,457	-	-	5,457	5,216
Other Trading Income	3	58	-	-	58	78
Donations and legacies	2	1,676	1,006	18	2,700	3,079
Investments						
Investment income	4	60	3	1,138	1,201	842
Total return allocated to income	13	1,087	-	(1,087)	-	-
Total income		8,338	1,009	69	9,416	9,215
EXPENDITURE ON:						
	5					
Charitable activities:						
Teaching, research and residential		5,834	1,058	638	7,530	7,146
Generating funds:						
Fundraising		478	16	-	494	542
Trading expenditure		46	-	-	46	62
Investment management costs		25	-	371	396	388
Total Expenditure		6,383	1,074	1,009	8,466	8,138
Net Income/(Expenditure) before gains		1,955	(65)	(940)	950	1,077
Net gains on investments	10, 11	99	-	2,428	2,527	3,883
Net Income/(Expenditure)		2,054	(65)	1,488	3,477	4,960
Transfers between funds	17	28	6	(34)	-	-
Net movement in funds for the year		2,082	(59)	1,454	3,477	4,960
Fund balances brought forward	17	8,590	9,130	43,122	60,842	55,882
Funds carried forward at 31 July		10,672	9,071	44,576	64,319	60,842

St Peter's College
Consolidated and College Balance Sheets
As at 31 July 2018

	Notes	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
FIXED ASSETS					
Tangible assets	9	27,848	21,820	27,887	21,850
Property investments	10	5,598	1,093	5,598	1,093
Other Investments	11	41,529	45,924	41,529	45,924
Total Fixed Assets		74,975	68,837	75,014	68,867
CURRENT ASSETS					
Stocks		64	60	64	60
Debtors	14	2,096	1,379	2,125	1,409
Investments		2,799	3,797	2,799	3,797
Cash at bank and in hand		324	941	323	941
Total Current Assets		5,283	6,177	5,311	6,207
LIABILITIES					
Creditors: Amounts falling due within one year	15	1,478	1,326	1,506	1,356
NET CURRENT ASSETS		3,805	4,851	3,805	4,851
TOTAL ASSETS LESS CURRENT LIABILITIES		78,780	73,688	78,819	73,718
CREDITORS: falling due after more than one year	16	13,545	11,927	13,545	11,927
NET ASSETS BEFORE PENSION ASSET OR LIABILITY		65,235	61,761	65,274	61,791
Defined benefit pension scheme liability	21	916	919	916	919
TOTAL NET ASSETS		64,319	60,842	64,358	60,872
FUNDS OF THE COLLEGE					
Endowment funds		44,576	43,122	44,576	43,122
Restricted funds		9,071	9,130	9,071	9,130
Unrestricted funds					
General funds		10,672	8,590	10,711	8,620
		64,319	60,842	64,358	60,872

The financial statements were approved and authorised for issue by the Governing Body of St Peter's College on 31 October 2018.

Trustee:

Trustee:

St Peter's College
Consolidated Statement of Cash Flows
For the year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Net cash provided by operating activities	24	<u>390</u>	<u>1,230</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		1,201	842
Purchase of property, plant and equipment		(6,987)	(2,491)
Proceeds from sale of investments		6,583	5,540
Purchase of investments		(4,438)	(6,085)
Net cash used in investing activities		<u>(3,641)</u>	<u>(2,194)</u>
Cash flows from financing activities			
Repayments of borrowing		(382)	(381)
Cash inflows from new borrowing		2,000	-
Receipt of endowment		18	396
Net cash provided by financing activities		<u>1,636</u>	<u>15</u>
Change in cash and cash equivalents in the reporting period		<u>(1,615)</u>	<u>(949)</u>
Cash and cash equivalents at the beginning of the reporting period		4,738	5,687
Cash and cash equivalents at the end of the reporting period	25	<u>3,123</u>	<u>4,738</u>

St Peter's College
Notes to the financial statements
For the year ended 31 July 2018

1 INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	£'000	£'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	1,501	1,460
Tuition fees - Overseas students	834	755
Other fees	251	282
Other HEFCE support	154	135
Other academic income	157	109
College residential income	2,560	2,475
	<u>5,457</u>	<u>5,216</u>
Total Teaching, Research and Residential	<u>5,457</u>	<u>5,216</u>
Total income from charitable activities	<u>5,457</u>	<u>5,216</u>

The above analysis includes £1,618k received from Oxford University from publicly accountable funds under the CFF Scheme (2017: £1,551k).

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 £6k (2017: £17k). These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2018	2017
	£'000	£'000
Donations and Legacies		
Unrestricted funds	1,676	841
Restricted funds	1,006	1,842
Endowed funds	18	396
	<u>2,700</u>	<u>3,079</u>

3 INCOME FROM OTHER TRADING ACTIVITIES

	2018	2017
	£'000	£'000
Trading income	58	78
	<u>58</u>	<u>78</u>

St Peter's College
Notes to the financial statements
For the year ended 31 July 2018

4 INVESTMENT INCOME

	2018 £'000	2017 £'000
<i>Unrestricted funds</i>		
Other property income	8	1
Equity dividends	37	45
Interest on fixed term deposits and cash	-	1
Bank interest	14	7
Other interest	1	1
	<u>60</u>	<u>55</u>
<i>Restricted funds</i>		
Bank interest	3	14
	<u>3</u>	<u>14</u>
<i>Endowed funds</i>		
Other property income	208	24
Equity dividends	925	739
Interest on fixed term deposits and cash	5	10
	<u>1,138</u>	<u>773</u>
Total investment income	<u>1,201</u>	<u>842</u>

5 ANALYSIS OF EXPENDITURE

	2018 £'000	2017 £'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	3,268	3,087
Other direct costs allocated to:		
Teaching, research and residential	2,348	2,293
Support and governance costs allocated to:		
Teaching, research and residential	1,914	1,766
Total charitable expenditure	<u>7,530</u>	<u>7,146</u>
Expenditure on raising funds		
Direct staff costs allocated to:		
Fundraising	280	308
Other direct costs allocated to:		
Fundraising	128	152
Trading expenditure	20	36
Investment management costs	383	377
Support and governance costs allocated to:		
Fundraising	86	82
Trading expenditure	26	26
Investment management costs	13	11
Total expenditure on raising funds	<u>936</u>	<u>992</u>
Total expenditure	<u>8,466</u>	<u>8,138</u>

The 2017 resources expended of £8,138k represented £6,343k from unrestricted funds, £873k from restricted funds and £922k from endowed funds.

St Peter's 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	2018 Total £'000
Financial administration	66	339	405
Domestic administration	11	92	103
Human resources	14	90	104
IT	30	233	263
Depreciation	-	941	941
Loss/(profit) on fixed assets	-	18	18
Bank interest payable	-	185	185
Other finance charges / (income)	-	(2)	(2)
Governance costs	4	18	22
	125	1,914	2,039

	Generating Funds £'000	Teaching and Research £'000	2017 Total £'000
Financial administration	67	351	418
Domestic administration	11	92	103
Human resources	8	65	73
IT	32	234	266
Depreciation	-	823	823
Loss/(profit) on fixed assets	-	19	19
Bank interest payable	-	199	199
Other finance charges / (income)	-	(39)	(39)
Governance costs	1	22	23
	119	1,766	1,885

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 estimated use of the services.

	2018 £'000	2017 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	17	19
Auditor's remuneration - tax advisory services	2	4
Auditor's remuneration - other services	3	-
	22	23

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.

St Peter's College
Notes to the financial statements
For the year ended 31 July 2018

7 GRANTS AND AWARDS

2018 2017
£'000 **£'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

13 10

Total unrestricted

13 **10**

Restricted funds

Grants to individuals:

Scholarships, prizes and grants

71 56

Bursaries and hardship awards

57 60

Total restricted

128 **116**

Endowed funds

Grants to individuals:

Scholarships, prizes and grants

10 7

Bursaries and hardship awards

32 29

Total endowed

42 **36**

Total grants and awards

183 **162**

The figure included above represents the cost to the College of the Oxford Bursary scheme. Students of this college received £175k (2017: £180k). Some of those students also received fee waivers amounting to £6k (2017: £17k).

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

St Peter's College
Notes to the financial statements
For the year ended 31 July 2018

8 STAFF COSTS

	2018	2017
	£'000	£'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	3,382	3,216
Social security costs	287	273
Pension costs:		
Defined benefit schemes	475	472
Defined contribution schemes	12	1
Other benefits	39	40
	4,195	4,002

The average number of employees of the College, excluding Trustees, was as follows.

	2018	2017
Tuition and research	29	33
College residential	61	55
Public worship	1	-
Fundraising	6	5
Support	11	11
Total	108	104

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

University Lecturers	22	21
CUF Lecturers	5	5
Other teaching and research	6	6
Other	2	2
Total	35	34

The College also benefits from temporary staff, agency workers and those part-time external tutors who are not on the College payroll.

Redundancy payments are accounted for in the period in which the employee was informed of the decision. Where redundancy costs are uncertain, the figure in the accounts represents a best estimate. These costs will be met through unrestricted funds. 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	-	2
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The number of the above employees with retirement benefits accruing was as follows:

In defined benefits schemes	107	106
In defined contribution schemes	4	2

The College contributions to defined contribution pension schemes totalled

	12	1
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St Peter's College
Notes to the financial statements
For the year ended 31 July 2018

9 TANGIBLE FIXED ASSETS

Group	Leasehold land and buildings £'000	Freehold land and buildings £'000	Work in Progress £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At start of year	574	25,818	2,343	1,658	30,393
Additions	-	6,579	258	150	6,987
Disposals	-	(55)	-	(54)	(109)
Transfers	-	2,337	(2,337)	-	-
At end of year	574	34,679	264	1,754	37,271
Depreciation and impairment					
At start of year	162	7,198	-	1,213	8,573
Depreciation charge for the year	10	864	-	66	940
Depreciation on disposals	-	(37)	-	(53)	(90)
At end of year	172	8,025	-	1,226	9,423
Net book value					
At end of year	402	26,654	264	528	27,848
At start of year	412	18,620	2,343	445	21,820
College					
Cost					
At start of year	574	25,848	2,343	1,658	30,423
Additions	-	6,588	258	150	6,996
Disposals	-	(55)	-	(54)	(109)
Transfers	-	2,337	(2,337)	-	-
At end of year	574	34,718	264	1,754	37,310
Depreciation and impairment					
At start of year	162	7,198	-	1,213	8,573
Charge for the year	10	864	-	66	940
On disposals	-	(37)	-	(53)	(90)
At end of year	172	8,025	-	1,226	9,423
Net book value					
At end of year	402	26,693	264	528	27,887
At start of year	412	18,650	2,343	445	21,850

Included within fixed assets above are intangible assets of £136k cost and £125k depreciation.

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10 PROPERTY INVESTMENTS

Group	Other	2018	2017
	£'000	£'000	£'000
Valuation at start of year	1,093	1,093	1,251
Additions and improvements at cost	4,395	4,395	-
Disposals	-	-	(295)
Revaluation gains/(losses) in the year	110	110	137
Valuation at end of year	5,598	5,598	1,093
College		2018	2017
	Other	Total	Total
	£'000	£'000	£'000
Valuation at start of year	1,093	1,093	1,251
Additions and improvements at cost	4,395	4,395	-
Disposals	-	-	(295)
Revaluation gains/(losses) in the year	110	110	137
Valuation at end of year	5,598	5,598	1,093

A formal valuation of the properties at open market value was prepared by Aitchison Raffety Limited, an independent firm of surveyors regulated by RICS as at 31st July 2018. The college policy is to obtain an external professional valuation on a rolling three year basis. The trustees do not believe the current market value is materially different to the above stated value.

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11 OTHER INVESTMENTS

All investments are held at fair value.

	2018	2017
	£'000	£'000
Group investments		
Valuation at start of year	45,924	41,693
New money invested	40	5,294
Amounts withdrawn	(6,583)	(5,245)
Reinvested income	4	791
Investment management fees	(273)	(355)
(Decrease)/increase in value of investments	2,417	3,746
Group investments at end of year	41,529	45,924
Investment in subsidiaries	-	-
College investments at end of year	41,529	45,924

Group 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	9,866	3,408	13,274	9,261	3,286	12,547
Global multi-asset funds	-	27,176	27,176	-	31,794	31,794
Alternative and other investments	-	60	60	-	62	62
Fixed term deposits and cash	-	1,019	1,019	-	1,521	1,521
Total group investments	9,866	31,663	41,529	9,261	36,663	45,924

12 PARENT AND SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in St Peter's College Design & Build Limited, a company providing design and build construction services to the College.

	Parent College £'000	St Peter's College Design & Build £'000
Income	8,416	1,508
Expenditure	(8,466)	(1,505)
Gains on investments	2,527	-
Result for the year	2,477	3
Distribution to College under Gift Aid	-	(3)
Movement in reserves	2,477	-
Total assets	79,325	121
Total liabilities	(15,967)	(121)
Net funds at the end of year	63,358	-

13 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 4% (2017: 4%) (plus costs) of the average of the year-end values of the relevant investments. The preserved (frozen) value of the invested endowment capital represents its open market value on 31st July 2010 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	7,312	-	7,312	-	7,312
Unapplied total return	-	2,074	2,074	-	2,074
Expendable endowment	-	-	-	33,736	33,736
Total Endowments	7,312	2,074	9,386	33,736	43,122
Movements in the reporting period:					
Gift of endowment funds	8	-	8	10	18
Investment return: total investment income	-	247	247	891	1,138
Investment return: realised and unrealised gains and losses	-	529	529	1,899	2,428
Less: Investment management costs	-	(80)	(80)	(291)	(371)
Other transfers	-	-	-	(34)	(34)
Total	8	696	704	2,475	3,179
Unapplied total return allocated to income in the reporting period	-	(239)	(239)	-	(239)
Expendable endowments transferred to income	-	-	-	(848)	(848)
Expenditure applied directly to endowment	-	(98)	(98)	(540)	(638)
	-	(337)	(337)	(1,388)	(1,725)
Net movements in reporting period	8	359	367	1,087	1,454
At end of the reporting period:					
Gift component of the permanent endowment	7,320	-	7,320	-	7,320
Unapplied total return	-	2,433	2,433	-	2,433
Expendable endowment	-	-	-	34,823	34,823
Total Endowments	7,320	2,433	9,753	34,823	44,576

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14 DEBTORS

	2018	2017	2018	2017
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	38	17	38	17
Amounts owed by College members	97	38	104	38
Amounts owed by Group undertakings	-	-	-	30
Prepayments and accrued income	1,960	1,314	1,982	1,314
Other debtors	1	10	1	10
	2,096	1,379	2,125	1,409

15 CREDITORS: falling due within one year

	2018	2017	2018	2017
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank loans	381	381	381	381
Trade creditors	335	151	372	120
Amounts owed to Group undertakings	-	-	-	68
Taxation and social security	148	110	142	107
College contribution	-	-	-	-
Accruals and deferred income	478	503	475	499
Other creditors	136	181	136	181
	1,478	1,326	1,506	1,356

16 CREDITORS: falling due after more than one year

	2018	2017	2018	2017
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank loans	13,545	11,927	13,545	11,927
	13,545	11,927	13,545	11,927

At 31st July 2018 the Co-op loan is £8,750k (2017: £8,750k). This is a 30 year unsecured facility expiring 2041. The loan is interest only and is repayable at any point without penalty. The interest rate is 1% above LIBOR. The Natwest Loan due after more than a year of £2,795k (2017: £3,176k) is secured on College assets. The loan is made up of two tranches, Tranche A (£1,290k) and tranche B (£1,505k). Interest on the tranches are charged at 0.25% and 0.35% above base rate respectively. This loan is repayable over 20 years ending 2027. The HSBC loan of £2,000k (2017: £nil) is a revolving credit facility with annual interest payable at 0.75% above LIBOR.

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17 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						
E P Abraham & Cephalosporin Fellowships	1,544	41	(38)	(7)	87	1,627
Vanderveil Foundation	494	13	(28)	(7)	28	500
Yamani Fellowship in Public & International Law	250	6	(8)	(4)	14	258
General Permanent endowment	5,975	158	(51)	(239)	336	6,179
Other Specific Permanent Endowment funds with balances under £200K	1,123	38	(50)	-	64	1,175
Endowment Funds - Expendable						
Herd Endowment	451	12	(5)	-	25	483
Rank Biochemistry Fellowship	394	10	(19)	-	22	407
Sir G White Fellowship	699	18	(33)	-	39	723
The Alexander Mosley Fellowship in Engineering	1,252	33	(35)	(26)	71	1,295
Edgar Jones Fund	8,760	231	(406)	(20)	492	9,057
Laura Ashley Holdings Oxford Bursary Fund	349	9	(17)	-	20	361
Barron History Teaching Fellowship	1,472	39	(73)	(7)	83	1,514
Sackler Earth Sciences Teaching Fellowship	765	20	(30)	(7)	43	791
General expendable endowment	18,385	487	(158)	(769)	1,036	18,981
Other Specific Expendable Endowment funds with balances under £200K	1,209	41	(58)	(35)	68	1,225
Total Endowment Funds - College	43,122	1,156	(1,009)	(1,121)	2,428	44,576
Total Endowment Funds - Group	43,122	1,156	(1,009)	(1,121)	2,428	44,576

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Restricted Funds						
Student Hardship Fund	120	11	(2)	-	-	129
Deferred Capital	3,579	-	(284)	4,179	-	7,474
Staircase 2 renovation	62	-	-	-	-	62
Crowther Student Support Fund	450	-	(43)	-	-	407
Perrodo	4,135	3	(46)	(3,917)	-	175
Engineering Fund	130	2	(7)	-	-	125
Sports Fund	52	1	(10)	-	-	43
History Fellowship	41	70	(50)	(8)	-	53
College Maintenance - CCC	61	423	(116)	(216)	-	152
College Maintenance	133	106	(134)	-	-	105
						-
Other restricted funds with balances under £50K	367	393	(382)	(32)	-	346
Total Restricted Funds - College	9,130	1,009	(1,074)	6	-	9,071
Total Restricted Funds - Group	9,130	1,009	(1,074)	6	-	9,071
Unrestricted Funds						
General funds	8,620	7,251	(6,374)	1,115	99	10,711
Total Unrestricted Funds - College	8,620	7,251	(6,374)	1,115	99	10,711
Unrestricted funds held by subsidiaries	-	-	-	-	-	-
Consolidation adj on construction contract with sub	(30)		(9)			(39)
Total Unrestricted Funds - Group	8,590	7,251	(6,383)	1,115	99	10,672
Total Funds	60,842	9,416	(8,466)	-	2,527	64,319

The General Unrestricted Funds represent accumulated income from the College's activities and other sources that are available for the general purpose of the College.

18 FUNDS OF THE COLLEGE DETAILS

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

Endowment Funds - Permanent:

General Permanent Endowment	A consolidation of gifts and donations where income, but not capital, can be used for the general purposes of the charity.
Specific Purpose Endowments	Donations where income, but not the original capital, can be used for the following purposes of the charity:
E P Abraham & Cephalosporin Fellowships	- To support Medicine fellowships.
Vanderveil Foundation Fellowship	- To support an Engineering fellowship.
Yamani Fellowship in Public & International Law	- To support a Law fellowship.
Other Specific Permanent Endowment funds with balances under £200k	- To support a variety of purposes, student grants / prizes / bursaries / hardship, fellowships and other teaching costs.

Endowment Funds - Expendable:

General Expendable Endowment	A consolidation of gifts and donations, which must be invested to produce income and where either income, or income and/or capital, can be used for the general purposes of the charity.
Specific Purpose Endowments	Donations where related income, or income and capital, can be used for the following purposes of the charity:
Herd Endowment Fund	- To support an Engineering fellowship.
Rank Biochemistry Fellowship	- To support a Biochemistry fellowship.
Sir G White Fellowship	- To support an English fellowship.
The Alexander Mosley Fellowship in Engineering	- To support an Engineering fellowship.
Edgar Jones Fund	- To support two fellowships, fund the Edgar Jones leavers dinner, fund philosophy prizes with the residuary balance to be used for the educational benefit of undergraduate members of the College during their course of study.
Laura Ashley Holding Oxford Bursaries Fund	- To support undergraduate Oxford Bursaries.
Barron History Teaching Fellowship	- To support a History fellowship.
Sackler Earth Sciences Teaching Fellowship	- To support an Earth Sciences fellowship.
Other Specific Expendable Endowment funds with balances under £200k	- To support a variety of purposes, student grants / prizes / bursaries / hardship, chapel & library running costs, fellowships and other teaching costs.

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Restricted Funds:

Donations and Gifts where both income and capital can be used for the following purposes of the charity:

Student Hardship Fund	- To support students in hardship.
Deferred Capital	- To fund fixed asset projects.
Staircase II renovation	- To support the Staircase II renovation project.
Crowther Student Support Fund	- To support students and Oxford Bursaries.
Perrodo Fund	- To fund the Perrodo capital project.
Engineering Fund	- To support the teaching of engineering.
Sports Fund	- To support College sport.
History Fellowship	- To support a History Fellowship.
College Maintenance	- To support the College's maintenance programme.
Other restricted funds with balances under £50K	- To support a variety of purposes, student grants / prizes / bursaries / hardship, College running costs, fellowships and other teaching costs.

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.

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2018 Total £'000
Tangible fixed assets	20,374	7,474	-	27,848
Property investments	-	-	5,598	5,598
Other investments	2,551	-	38,978	41,529
Net current assets	2,208	1,597	-	3,805
Long term liabilities	(13,545)	-	-	(13,545)
Defined benefit pension scheme liability	(916)	-	-	(916)
	10,672	9,071	44,576	64,319

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
Tangible fixed assets	18,241	3,579	-	21,820
Property investments	-	-	1,093	1,093
Other investments	3,895	-	42,029	45,924
Net current assets	(700)	5,551	-	4,851
Long term liabilities	(11,927)	-	-	(11,927)
Defined benefit pension scheme liability	(919)	-	-	(919)
	8,590	9,130	43,122	60,842

20 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. These salaries are paid on external academic and academic-related scales and often are joint arrangements with the University of Oxford.

All Official Fellows are eligible for a Housing Allowance, which is disclosed within the salary figures below.

The College has an Audit, Risk & 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 pp 2-4 of the section Governing Body, Officers and Advisers.

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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 £
£2,001-£3,000	1	2,248		
£6,001-£7,000	1	6,160		
£8,001-£9,000			1	8,056
£16,001-£17,000			1	16,838
£17,001-£18,000	1	17,260		
£19,001-£20,000			6	117,957
£20,001-£21,000	2	41,491	9	184,602
£21,001-£22,000	4	86,893	2	42,117
£22,001-£23,000	9	199,591	1	22,435
£23,001-£24,000	2	47,436	2	47,011
£24,001-£25,000	3	73,109		
£25,001-£26,000	1	25,584	1	25,292
£42,001-£43,000			1	42,754
£43,001-£44,000			2	87,036
£44,001-£45,000	1	44,564		
£46,001-£47,000	1	46,655		
£51,001-£52,000			1	50,943
£52,001-£53,000			4	210,152
£53,001-£54,000	1	53,579		
£54,001-£55,000	5	272,296	1	54,855
£55,001-£56,000	1	55,266		
£96,001-£97,000			1	96,960
£105,001-£106,000	1	105,216		
£115,001-£116,000			1	115,334
£117,001-£118,000	1	117,590	0	
Total	35	1,194,938	34	1,122,342

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

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

Other transactions with trustees

No trustee claimed expenses for any work performed in discharge of duties as a trustee.

See also note 28 Related Party Transactions

Key management remuneration

The total remuneration paid to key management was £201k (2017: £244k).

Key management, excluding trustees of the charity, are considered to be the College Registrar, Director of Development and Alumni Relations & College Accountant.

21 PENSION SCHEMES

Pension Scheme Provisions

The college participates in two principal pension schemes for its staff - the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The assets of the schemes are each held in separate trustee-administered funds. USS and OSPS schemes are contributory mixed benefit schemes (i.e. they provide benefits on a defined benefit basis - based on length of service and pensionable salary and on a defined contribution basis – based on contributions into the scheme). Both are multi-employer schemes and the college is unable to identify its share of the underlying assets and liabilities relating to defined benefits of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, the college accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period

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

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

The College has made available the National Employment Savings Trust for non-employees who are eligible under automatic enrolment regulations to pension benefits.

Schemes accounted for under FRS 102 paragraph 28.11 as defined contribution schemes

Actuarial valuations

Qualified actuaries periodically value the USS and OSPS schemes 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 .

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	USS	OSPS
Date of valuation:	31/03/2014	31/03/2016
Date valuation results published:	24/07/2015	28/04/2017
Value of liabilities:	£46.9bn	£661m
Value of assets:	£41.6bn	£528m
Funding surplus / (deficit):	(£5.3bn) ^a	(£133m) ^b
Principal assumptions:		
· Investment return	5.2%pa ^c	-
· Rate of interest (periods up to retirement)	-	'Gilts' + 1.2%pa
· Rate of interest (periods up after retirement)	-	'Gilts' + 1.2%pa
· Rate of increase in salaries	RPI + 1%pa ^d	RPI + 1%pa
· Rate of increase in pensions	CPI pa ^d	Average RPI/CPI pa
Mortality assumptions:		
· Assumed life expectancy at age 65 (males)	24.2 yrs	22.4 yrs
· Assumed life expectancy at age 65 (females)	26.3 yrs	24.7 yrs
Funding Ratios:		
· Technical provisions basis	89%	80%
· Statutory Pension Protection Fund basis	82%	67%
· 'Buy-out' basis	54%	42%
· Estimated FRS 102 Total Funding level	77%	82%
Recommended employer's contribution rate (as % of pensionable	18% ^e	23% decreasing to 19% from 01/08/2017 ^f
Effective date of next valuation:	31/03/2017	31/03/2019

a. 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 were 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 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 are 8% of salary; a defined contribution benefit for salary above the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is matched by the employer. 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 £8.4bn (88% funded).

b. OSPS' actuarial valuation as at 31 March 2016 identified a required long-term employer contribution rate of 17.3% of total pensionable salaries, with a funding deficit of £133m. The valuation results reflect a number of changes to benefits that were agreed following an Employers' consultation in early 2017, including from 1 April 2017 a change in indexation based on the average of RPI and CPI, from 1 October 2017 a defined contribution section for new entrants and from 1 April 2018 breaking the final salary link for certain members and increased employee contributions. The actuary has certified that the recovery plan should eliminate the deficit by 30 June 2027. The next triennial valuation is due with an effective date of 31 March 2019.

c. USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years.

d. 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.

e. As noted above (note a) 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.

f. As noted above (note b), the OSPS employer contribution rate required for future service benefits in the defined benefit section alone is 17.3% of total pensionable salaries from 1 April 2018. The employer contribution rate was 23% from 1 August 2016 to 31 July 2017. It was agreed that employer contribution rate would be 19% for both defined benefits members and defined contributions members who join on or after 1 October 2017. Part of contribution for defined contribution members would be paid to the defined benefit section to cover the deficit recovery plan, the provision of ill-health and death-in service benefits and the expenses of administering the defined contribution section.

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:

Assumption	USS Change in assumption	Impact on USS liabilities
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

Assumption	OSPS Change in assumption	Impact on OSPS technical provisions (from 80% funded at 31/03/2016)
Valuation rate of interest	decrease by 1.0%	68%
Rate of pension increases	increase by 1.0%	69%
Life expectancy	more prudent assumption (life expectancy increases by 3 years)	72%

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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:

	OSPS	USS
Finish Date for Deficit Recovery Plan	30/06/2027	31/03/2031
Average staff number increase	2.4–4.4%	2.4–4.4%
Average staff salary increase	2.00%	2.00%
Average discount rate over period	1.40%	1.75%
Effect of 0.5% change in discount rate	£12k	£18k
Effect of 1% change in staff growth	£43k	£40k

A provision of £916k has been made at 31 July 2018 (2017: £919k) for the present value of the estimated future deficit funding element of the contributions payable under these agreements, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

Pension charge for the year

The pension charge recorded by the College during the accounting period (excluding pension finance costs) 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	343	319
University of Oxford Staff Pension Scheme	145	118
Other schemes – contributions	-	1
Total	488	438

There are no pension contributions included in other creditors (2017: £60k).

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.

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23 FINANCIAL INSTRUMENTS

The College has certain financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Certain other financial instruments are held at fair value, with gains and losses being recognised within income and expenditure.

The College has the following financial instruments:

	2018	2017
	Group	Group
	£'000	£'000
Financial assets measured at fair value through profit or loss		
Investments	41,529	45,923
	41,529	45,923
Financial assets measured at amortised cost		
Cash and cash equivalents	3,123	4,737
Debtors and accrued income	1,960	1,214
	5,083	5,951
Financial liabilities measured at amortised cost		
Bank loans	13,926	12,308
Accruals and deferred income	478	503
Other creditors	136	447
	14,540	13,258

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

	2018	2017
	Group	Group
	£'000	£'000
Net income/(expenditure)	3,477	4,960
Elimination of non-operating cash flows:		
Investment income	(1,201)	(842)
Gains in investments	(2,527)	(3,883)
Management fees charged to capital	273	355
Endowment donations	(18)	(396)
Depreciation	940	823
Loss on sale of fixed assets	18	19
Increase in stock	(4)	(4)
Increase in debtors	(717)	40
Increase in creditors	152	193
Decrease in pension scheme liability	(3)	(35)
Net cash provided by operating activities	390	1,230

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25 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£'000	£'000
Cash at bank and in hand	324	941
Notice deposits (less than 3 months)	2,799	3,797
Total cash and cash equivalents	<u>3,123</u>	<u>4,738</u>

26 FINANCIAL COMMITMENTS RECEIVABLE

At 31 July 2018 the College was due to receive the following under non-cancellable operating leases in respect of properties acquired in the year.

	£'000	£'000
Land and buildings		
expiring within one year	269	-
expiring between two and five years	623	-
expiring in over five years	164	-
	<u>1,056</u>	<u>-</u>

27 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £267k (2017 - £926k).

28 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 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.

The College has properties with the followings net book values owned jointly with trustees under joint equity ownership agreements between the trustee and the College:

	2018	2017
	Number of	Number of
£190,001 - £200,000	1	1
£212,001 - £213,000	1	1
£219,001 - £220,000	1	1
£220,001 - £221,000		1
£224,001 - £225,000	1	
£240,001 - £241,000	1	

All joint equity properties are subject to sale on the departure of the trustee from the College. The trustees pay rent to the College on the College owned share of the properties at the assessed current market rate.

29 CONTINGENT LIABILITIES

At 31 July 2018 the College had no contingent liabilities (2017: £0k).

30 POST BALANCE SHEET EVENTS

There are no post balance events that require disclosure at 31 July 2018 (2017: £0k).