

Charity Registration No. 1143479

Worcester College

Annual Report and Financial Statements

Year ended 31 July 2018

WORCESTER COLLEGE
Annual Report and Financial Statements
Contents

Governing Body, Officers and Advisers	2 - 4
Report of the Governing Body	5 - 13
Auditor's Report	14 - 15
Statement of Accounting Policies	16 - 20
Consolidated Statement of Financial Activities	21
Consolidated and College Balance Sheets	22
Consolidated Statement of Cash Flows	23
Notes to the Financial Statements	24 - 39

WORCESTER 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 trustees during the financial year, or subsequently during the period until September 30th 2018, are listed below together with details for those who also held College Officerships:

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Prof Sir Jonathan Bate	Provost	•	•		•	•	•	•
Prof Donald Fraser	Demitted 30-09-17							
Dr Simon Cowan		•			•			
Dr Peter Darrah	Vice Provost (from 1-10-16)	•	•	•	•	•	•	•
Prof Susan Gillingham					•			
Prof Tony Blakeborough	Demitted 30-09-17							
Prof Heather Viles				•	•			•
Dr Kate Tunstall					•		•	•
Prof Robert Saxton					•			•
Prof Ernesto Macaro	Demitted 31-12-17							•
Prof Donal Nolan	Tutor for Graduates			•	•	•		
Dr Nir Vulkan			•		•			
Prof Judith Freedman								
Prof Andrew Carr								
Dr Ben Morgan	Dean			•	•		•	
Dr John Parrington					•			
Dr Richard Earl					•			
Dr Scott Scullion	Senior Tutor	•		•	•		•	
Prof Deborah Cameron								
Dr Josephine Quinn			•		•			
Prof Andreas Willi								
Dr Rory Bowden	Garden Master	•				•		
Prof Julian Roberts	Senior Treasurer of Clubs							
Prof Endre Süli		•			•			
Prof Robert Gildea								
Prof Grant Ritchie		•			•			
Prof Bob Harris			•		•			
Dr Paul Azzopardi					•	•		
Prof Andrew Price	Demitted 30-09-17							
Dr Mark Howarth				•	•			
Dr David Steinsaltz		•	•		•	•		
Dr Conrad Leyser					•			
Prof Laura Ashe	Tutor for Admissions				•		•	
Prof Gabriel Stylianides								
Prof Kim Dora	Tutor for Women			•	•			
Dr Antonis Papachristodoulou		•			•			
Dr Michail Peramatzis					•	•		•
Dr Zofia Stemplowska					•	•		
Dr Felix Parra Diaz					•			
Dr Afifi al-Akiti								
Prof Sadie Creese								
Mr Jonathan Forrest	Finance and Estates Bursar Retired 31-03-18	•	•		•	•	•	
Dr Josephine van Zeben					•		•	
Dr James Edwards		•			•			
Prof Andrew Stephen		•						
Dr Steven Methven					•			
Mrs Coleen Day	Director of Development and Alumni Relations	•				•	•	

WORCESTER COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2018

MEMBERS OF THE GOVERNING BODY (continued)

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mr Mark Bainbridge	Librarian							
Rev Dr Tess Kuin Lawton	Chaplain appointed 01-09-17							
Dr Alexander Sturgis	Appointed 01-10-17							
Dr Kristina Dahlin	Appointed 01-10-17							
Dr Peta Fowler	Appointed 01-10-17				•	•		
Dr Alice Violet	Appointed 01-10-17				•			
Dr Andrzej Murawski	Appointed 01-10-17				•			
Dr Ton van den Bremer	Appointed 01-01-18				•			
Dr Robert Smith	Appointed 01-04-18				•			
Dr Hauk Marquardt	Appointed 01-04-18				•			
Dr Merve Emre	Appointed 01-08-18							
Mr Gareth Prior	Finance & Estates Bursar Appointed 24-09-18							

During the year the activities of the Governing Body were carried out through seven principal committees. Membership of these committees of governance during the year is shown above for each Fellow.

- (1) Finance Committee, which also includes 2 senior members of staff and 1 external member
- (2) Investment, which is a sub-committee of Finance Committee, and also includes 1 senior member of staff and 3 external members
- (3) Academic Strategy Committee, which also includes 1 member of staff
- (4) Tutors' Committee, which also includes Director of Visiting Student Programme, Chaplain, Career Development teaching JRFs, lecturers with tutorial responsibilities during Fellows' sabbatical leave
- (5) Domus Committee, which also includes 3 senior members of staff
- (6) External Relations Committee, which also includes 2 external members
- (7) Nominating Committee

Other business is conducted through further committees:

Remuneration Committee has 2 internal and 3 external members.

Audit and Risk Committee has 3 internal and 4 external members.

Human Resources Committee has 7 internal and 1 external members.

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

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

Membership details for all committees are available on request.

COLLEGE SENIOR STAFF

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

Mr Mark Bainbridge	Librarian
Prof Tony Blakeborough	Interim Finance Bursar (to 30-6-18)
Mrs Coleen Day	Director of Development and Alumni Relations
Mr Jonathan Forrest	Finance and Estates Bursar (to 31-03-18)
Mr Andrew Jardine	Interim Estates Bursar (to 28-6-18)
Ms Patricia Pease	College Accountant
Mr Gareth Prior	Finance and Estates Bursar (from 24-09-18)
Mr Steven Scott	Domestic Bursar

WORCESTER COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2018

COLLEGE ADVISERS

Investment managers

Oxford University Endowment Management Ltd
King Charles House
Park End Street
Oxford
OX1 1JD

Auditor

Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
Oxford
OX4 2WB

Bankers

The Royal Bank of Scotland
Customer Service Centre
Drummond House
1 Redheughs Avenue
Edinburgh
EH12 9JN

Surveyor

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

College address

Worcester College
Oxford
OX1 2HB

College website

www.worc.ox.ac.uk

WORCESTER 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 Provost, Fellows & Scholars of Worcester College in the University of Oxford, which is known as Worcester College, (“the College”) is an eleemosynary chartered charitable corporation aggregate. It was founded through a legacy of Sir Thomas Cookes Bt. under a Royal Charter of Queen Anne dated 1714. The corporation comprises the Provost and Fellows. The College is registered under the Charity Commission (registered number 1143479).

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

Until 13 December 2011, the College was governed by its Statutes dated 21 December 1966. Notice of new Statutes to alter and amend the Statutes of the College, passed at meetings of the Governing Body and approved by the University, were submitted for the approval of Her Majesty in Council. Her Majesty, having taken the Statute into consideration by and with the advice of Her Privy Council approved the revisions to the existing Statutes on 14 December 2011.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, under the new statutes, who is the Master of the Rolls on behalf of the Crown. New Governing Body fellows are appointed by the existing trustees, for specified periods of time or until retirement. New members of the Governing Body are elected on the basis of expertise in their particular field.

The Governing Body devises and approves the College’s strategy and oversees its administration and also the management of its finances and assets. It meets regularly under the chairmanship of the Provost.

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are normally recruited by open application and interview and are inducted into the workings of the College, including Governing Body policy and procedures, by means of being provided with a copy of the College Statutes, the Fellows’ Handbook, Charity Commission Guidance Notes and informal discussions with colleagues.

Training courses and information to keep members of the Governing Body informed about current issues in the sector and on regulatory requirements are kept under review and offered, as appropriate.

Remuneration of Members of the Governing Body and Senior College Staff

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

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

Organisational management

The members of the Governing Body normally meet six times a year, with the provision for an additional 3 extraordinary meetings, if required. Governing Body has established a series of committees to attend to and advise upon the wide range of matters for which Trustees are accountable:

- **The Finance Committee (and Investment Sub-Committee)**

The Finance Committee is responsible for business related to the financial management of the College, including financial strategy, monitoring of financial performance and consideration of requests for expenditure. Finance Committee meetings take place in weeks 0 and 6 of each term. When required, an extra meeting is held in week 4 in Trinity Term to consider budgets for the coming year. A sub-committee of the Finance Committee, the Investment Sub-Committee, meets once each term to consider the College's investment strategy. Both meetings are chaired by the Provost.

- **The Academic Strategy Committee**

This committee has responsibility for monitoring and developing the medium and long-term academic strategies of the College including the subject balance and decisions about associations with new posts. Meetings take place in week 1 of each term. It is chaired by the Vice-Provost.

- **The Tutors' Committee**

This committee considers business related to the academic and teaching aspects of the College including admissions, changes of course, oversight of student progress, requests for student suspensions, graduate matters etc. Meetings take place in weeks 1 and 5 of each term. The Committee comprises all Fellows with tutorial responsibilities, Career Development Teaching Junior Research Fellows, College Lecturers overseeing a subject area, the Director of the Visiting Student Programme, the Academic Registrar/Tutor for Admissions, the Finance and Estates Bursar and the Chaplain. It is chaired by the Senior Tutor.

- **The Domus Committee**

This committee is responsible for business related to the fabric and buildings of the College and for its general management. Meetings take place in week 5 of each term. It is chaired by the Vice-Provost.

- **The External Relations Committee**

The External Relations Committee is responsible for business related to fund-raising and alumni relations. Meetings take place in week 0 of Hilary and Trinity terms. It is chaired by the Vice-Provost.

- **The Nominating Committee**

The Nominating Committee proposes membership of committees and appointments to College Officer positions and usually meets once a year.

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

The day-to-day running of the College is delegated to the Provost, supported by the following College Officers and senior staff: Vice-Provost, Senior Tutor, Tutor for Graduates, Dean, Director of Development and Alumni Relations, Librarian, Archivist, IT Manager, Human Resources Manager, Finance and Estates Bursar, Domestic Bursar, Assistant Bursar, College Accountant, Academic Administrator and Tutor for Admissions. All meetings of the committees listed above are attended by one or more of these individuals.

Group structure and relationships

The College has a wholly owned trading subsidiary, Worcester College Enterprises Limited whose accounts are consolidated into the accounts of the College.

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

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2018

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

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

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

OBJECTIVES AND ACTIVITIES

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

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

Charitable Objects and Aims

The College's Objects are the advancement of education, religion, learning and research, by the provision of a college in the University of Oxford, for the benefit of the public.

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

- To advance education, including extending access

Working with the University of Oxford's departments and faculties, the College educated 639 students (undergraduate and graduate) during the year in a wide range of subject areas. Students are admitted from diverse backgrounds but solely on the basis of their academic ability and potential.

Opportunities are provided to develop students' academic knowledge and potential, and the transferable skills needed by them to contribute in the workplace and more widely. To support these activities the College provides tutorial (small-group) and class teaching to undergraduates, maintains a range of teaching and learning facilities (including three libraries and a number of lecture/seminar rooms) and organises events for all students to advance their education. A range of welfare, pastoral and administrative systems and social, cultural, and extra-curricular activities are also provided by the College.

The College employs an Admissions and Access Officer and has a Tutor for Admissions to undertake outreach and widening-participation work and to develop and implement policies associated with access and the selection of undergraduate students. The Tutor for Graduates, supported by a Graduate Officer, is responsible for work associated with the admission of graduate students.

- To provide bursaries

The College recognises academic achievement through the award of scholarships, exhibitions and prizes for strong performance. Funds are provided to assist students with the purchase of academic books, to help with vacation residence and field trip costs, and for travel associated with attendance at conferences and in furtherance of their academic work.

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2018

- To support impecunious students through hardship funds

The College advises and assists students who are in financial hardship. A Hardship Committee considers applications for assistance from the College's hardship funds and is able to provide help by means of grants, loans or a combination of the two.

- To support college-funded and independent research

The College funds a number of career development Junior Research Fellowships and Tutorial Fellowships, whose responsibilities include research. Associations are also offered, by means of Senior Research Fellowships and Supernumerary Fellowships, to individuals in University departments and faculties who are undertaking research. Through the standard University scheme for sabbatical leave, and in considering requests for special leave, it also provides replacement teaching to enable Fellows to dedicate between 1 and 3 terms to specific research projects. All Tutorial Fellows and career development Junior Research Fellows are eligible to receive a Teaching and Research Allowance and may apply for assistance towards expenses incurred in attending academic conferences.

Students and academic staff are able to make use of the College's three libraries, and researchers can also apply to access material in the College's special collections of prints, manuscripts and material in the archive.

- To promote religion

The College employs a full-time Chaplain who conducts services in the Chapel, is a member of the welfare team and can be approached by students of any faith, or none. The Chapel acts as a centre of Christian worship but its use by anyone as a space for quiet reflection is also encouraged.

The Chapel is open every day and supports two flourishing choirs; a mixed-voice choir and a choir incorporating boy trebles from Christ Church Cathedral School. Services are also sometimes sung by 'Frideswide Voices', a new choir for girl choristers, aged 7-14, co-founded by the Chaplain in 2014.

Interfaith services are offered on a regular basis and all services are promoted, internally and externally, by means of notice boards and websites. Information about the variety of faith societies, belief groups and religious centres within the University is provided in the Undergraduate and Graduate Handbooks.

There are various events outside of the Chapel, to discuss religion, ethics and morality, organised by the Chaplain, including a weekly discussion group and a termly dinner with guest speaker.

ACHIEVEMENTS AND PERFORMANCE

Access and Admissions

The College's work to raise aspirations, widen access, and promote Higher Education continued to develop over the course of the 2017-18 academic year. Worcester College hosted visits for groups from over 38 schools and colleges (mainly from institutions in our link regions of West Yorkshire and Northamptonshire). Activities included talks to pupils in years 8 to 13; residential visits; tours of College; interview preparation workshops; opportunities to meet with current undergraduates; and subject enrichment sessions. We also visited 7 schools to deliver presentations, workshops, or information at a Higher Education Fair. As much as possible, we tried to ensure that multiple schools in the area attended such events. In addition, it is estimated that around 2,000 to 3,000 people visited the College's summer Open Days, and a further 1,000 in September.

This year, the College also launched a new outreach programme, with partners The Brilliant Club and Brightside mentoring. The programme has been designed to provide an effective and sustained intervention to support pupils from low participation areas in Bradford to gain the academic skills and confidence to progress to highly selective universities. Over 5 years, we will be supporting a total of 180 pupils (60 per year), from Year 8 to Year 11 (ages 12-16). Our interventions will include: two terms of focussed academic enrichment sessions; information, advice and guidance sessions delivered in Bradford by Worcester tutors and the Access and Outreach officer; three visits to Worcester College, including a residential summer school; and mentoring provided by current undergraduate volunteers. The work will be evaluated thoroughly, and our participants will be tracked through their subsequent university admissions. We have also worked alongside the new Media and

WORCESTER COLLEGE

Report of the Governing Body

Year ended 31 July 2018

Communications Officer to reach out to prospective applicants through social media and the website, and our outreach endeavours have received a large amount of support from the JCR.

In 2017, Worcester College received 1,044 direct applications and was allocated 15 open applications, bringing the total number of applications to 1,059. Within this, the number of applications from the UK state sector grew by 123 (29% increase compared with 2016).

Despite these high and increasing numbers, Worcester applicants had the highest success rate across the University. The overall proportion of candidates who applied to Worcester College (or were allocated through the open application scheme) and were made offers by the University was 21% (compared to the university-wide figure of 18%). State sector applicants to Worcester had a success rate of 24% (compared with a University average of 22%).

The composition of offers made in 2017 for 2018 entry was; 59% female, 41% male (this is unlikely to represent a trend); 86% UK students and 14% EU/overseas (in 2016 for 2017 entry the composition of offers was 52% female, 48% male; 86% UK students and 14% EU/overseas). Of the UK students receiving offers, 68% applied from the State sector (58% in 2016), and 32% applied from the Independent sector (42% in 2016).

Fellowship and Staff

The Governing Body comprised the Provost, 33 Official Tutorial Fellows, 2 Official Non-Tutorial Fellows, 6 Professorial Fellows and 8 Supernumerary Fellows. In addition, there were a further Supernumerary Fellow, 13 Senior Research Fellows and 9 Junior Research Fellows.

Teaching was further supported by a number of College Lecturers, including 30 Stipendiary appointments and external tuition was provided by tutors from across the collegiate university. Twenty seven terms of sabbatical or special leave for research purposes were granted to a total of 13 Fellows. A total of 205 non-academic staff (by headcount, not FTE) supported the College's activities.

Student Numbers and Progress

During the 2017-18 academic year there were 429 undergraduates, 185 graduates and 25 visiting students in College, a total of 639 students. In Finals, Worcester's undergraduates obtained 41 Firsts, 68 Upper Seconds and 4 Lower Seconds, placing the College 13th in the Norrington Table (which is a measure of relative performance in Finals by each of the Oxford colleges). Students also achieved excellent results in their First Public Examinations (normally taken in the first year). The graduate community continued to thrive and a very wide range of postgraduate taught and research degrees were completed successfully.

Student Financial Support

The College has continued to offer financial support to its students, including for academic provision, hardship, bursaries, study grants and extra-curricular activities. Funds were also provided to support other activities including field trips, medical electives, undergraduate research / conference travel, book bursaries, sports bursaries and language tuition. A total of £309k was disbursed during the year (2017: £300k).

Development

In 2013-14, the College celebrated its 300th anniversary and embarked upon the Tercentenary Campaign, a long-prepared capital campaign to endow the College for the next three hundred years. The Campaign target is £100 million, sub-divided into targets of £60 million pounds cash pledges within ten years of active campaigning and a further £40 million of legacy pledges.

The intended disposition of the funds raised (with Campaign progress to date) is as follows:

- £25 million to endow permanently twelve Tutorial and Research Fellowships, together with the endowment of the Old Library (£18,046,372 pledged to date of which £14,930,858 has been received);

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2018

- £10 million to produce an annual return that will endow a rich complement of undergraduate and graduate scholarships, bursaries, hardship funds, access initiatives and outreach activity to ensure that the opportunities of the College are made available to a full diversity of candidates of the highest potential (£3,290,884 pledged to date of which £2,597,259 has been received);
- £25 million for the maintenance and enhancement of our historic buildings and grounds together with the creation of the Sultan Nazrin Shah Centre incorporating the Tuanku Bainun Auditorium and an array of student facilities and meeting rooms (£22,305,368 pledged to date of which £18,105,868 has been received);
- £40 million to be applied to general endowment, creating a sufficient annual return to assure the College's long-term sustainability and the growth of excellence £12,187,825 pledged to date of which £5,931,650 has been received.

Campaign progress to date:

- a total of £55,830,449 in pledges (of which £41,565,635 has been received);
- plus £27,950,000 from seven lead legacy pledges;
- £4000,000 'Clarendon Match' funding for fellowships; and
- £1,400,000 for a scholarship held by Princeton University.

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

The Campaign total, inclusive of major legacy pledges, is £83,780,449 (the total inclusive of 'Clarendon Match' and Princeton scholarship is £89,180,449). The above Campaign figures include pledges to, and cash received by Worcester College Oxford Endowment Trust. The unaudited assets of the Trust at 31 July 2018 (the majority of which are invested by Oxford University Endowment Management) stood at £12m.

Major gifts this year include funding for the refurbishment of the College Hall, the conversion of the Garden House into a dedicated Archive Centre named the "James Campbell College Archive" and the restoration and refurbishment of Staircases 1 and 2 made possible by two legacy bequests.

In addition to the Campaign figures noted above, a total of 731 Old Members contributed to the College by way of donations to the Annual Fund, principally for bursaries and student support.

The College is deeply grateful to all its generous donors.

FINANCIAL REVIEW

The principal funding sources of the College continued to be fees, accommodation charges, conference income, donations and endowment income. Fee income is received via the University from the Office for Students (OfS), various funding bodies and students.

The College also receives financial support from many benefactors to whom it is extremely grateful.

Total income and endowments for the year were £14,761k (compared with £12,993k in 2016/17). This included £5,858k from donations and legacies (compared with £4,850k in 2016/17) representing several substantial donations.

The College's charitable objects continue to be met with resources expended on charitable activities for the year of £11,560k (2017: £9,232k). The increase in costs is due to an increase in maintenance expenditure including refurbishment of the hall.

Incoming resources from charitable activities in the year, principally fees and residential income were £6,914k (2017: £6,564k).

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2018

The College achieved its public benefit aims and objectives with expenditure on charitable activities of £11,560k (2017: £9,232k) exceeding incoming resources from charitable activities of £6,914k (2017: £6,564k) by £4,646k (2017: £2,668k). This spending gap was met principally from resources from generated funds including investment income, trading income, legacies and donations. The operating cash deficit of £1,502k for the year was covered by income from investments plus an amount from cash reserves representing accumulated funds restricted to expenditure on maintenance.

As part of plans to increase the level of surpluses that can be applied to its charitable objects, the College has invested in new conferencing facilities. With these new facilities, we expect the income from commercial conferencing to grow more rapidly.

The College continued to progress its structured plan to maintain and improve the infrastructure of the buildings and grounds, to help provide top quality facilities and preserve them for the future. The work was focused on fire and electrical upgrading, and the refurbishment of student accommodation (bedrooms and bathrooms) and the hall.

The majority of the College's securities and other investments are managed by Oxford University Endowment Management Limited (OUEM) and total £40,383k (2017: £37,182k).

Reserves policy

The College's reserves policy is to maintain sufficient free reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall, to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted delivery of services.

The College's unrestricted reserves (excluding Pension reserve) at the year-end amounted to £40,285k (2017: £40,872k), represented by £22,387k of fixed assets, £2,253k of long term property investments and £730k of free reserves. The free reserves are available to fund operating expenditures in the event of interruption to College income.

The Pension reserve of £(826)k represents a commitment to pay additional pension contributions over a 20 year period. The College is confident that it can meet these contributions from projected future cash flows without significant impact on planned levels of charitable activity, and therefore in line with Charity Commission guidance, this commitment does not impact free reserves.

Investment policy, objectives and performance

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

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

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

The investment strategy, policy and performance are monitored by the Investment Sub-Committee. At the year end, the College's long term securities totalled £40,383k, which during the year achieved a return of 8.4%.

Under the total return accounting basis, it is the Governing Body's policy to extract as income up to 4.5% of the value of the relevant invested funds. The Governing Body will keep the level of drawdown under review to balance the needs and interests of current and future beneficiaries of the College's activities.

Risk management

The College has on-going processes which operated through-out the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College and its subsidiaries in undertaking their activities.

The Governing Body, which has ultimate responsibility for managing any risks faced by the College, has constituted an Audit and Risk Committee to help it monitor the major risks to which the College is exposed. A risk register has been established and responsibility for the management of the key risks resides with the College officers and their relevant committees, with the Audit and Risk Committee receiving periodic reports on the effectiveness of this.

The principal risks and uncertainties faced by the College and its subsidiaries that have been identified are categorised as follows:

- Governance and financial control risks inherent in any charity of the College's size and complexity. These risks are mitigated by robust financial and governance controls including strong budgetary and purchasing controls, independent membership of key Committees and clear protocols for managing potential conflicts of interest.
- Risks relating to the management and operations of the College, including health and safety, risk of damage to the historic fabric of the estate, and potential interruption to the College's activities. Mitigation involves a range of preventative and control measures, alongside thorough reporting and oversight, contingency planning and insurance. Other risks relating to the operational activities of the college such as employment of staff and use of IT are managed through clear procedures and monitoring.
- Failure to attract admit and retain sufficiently high quality students from diverse backgrounds. Principal mitigation is via the College's access and outreach activities detailed above, and by the provision of a range of welfare support throughout students' time at the College.
- Failure to attract and retain high quality academic staff. This is mitigated by ensuring appropriate remuneration and by a range of additional measures including flexibility of funded leave to support research, and assistance securing housing in Oxford's competitive market.
- Financial risk to the College's endowment, including loss of real value through inappropriate investment, and failure to attract sufficient additional endowment funds. The College's endowment is invested with Oxford University Endowment Management to ensure direct oversight and management by investment professionals, with an Investment Subcommittee monitoring performance and reviewing future strategy, including potential concentration risk. Risk of insufficient future donations is mitigated by the activities of the Development Office and the Provost, overseen by both the External Relations Committee and the Finance Committee.

FUTURE PLANS

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

The College will continue fundraising activities, building on the considerable momentum created by a very successful Tercentenary Campaign year. The Campaign is ahead of its targets at this stage. Attention in the year is expected to broaden somewhat to include solicitation of gifts just below the major gifts category. Work will also continue to develop the Annual Fund. The College will explain our activities and plans to alumni and

WORCESTER COLLEGE
Report of the Governing Body
Year ended 31 July 2018

prospective donors in a series of events to be held throughout the year, through publications and through the College website.

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

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

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

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

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

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

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

Approved by the Governing Body on 28 November 2018 and signed on its behalf by:

Professor Sir Jonathan Bate
Provost

WORCESTER COLLEGE

Report of the Auditor to the Members of the Governing Body

Year ended 31 July 2018

Independent auditor's report to the trustees of Worcester College

Opinion

We have audited the financial statements of Worcester College (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows 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, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and College's affairs as at 31 July 2018 and of the group's incoming resources and application of resources, including the group's and the College's income and expenditure for the 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 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. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and College 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.

Who we are reporting to

This report is made solely to the charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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 or the College'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out on pages 5 to 13 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

WORCESTER COLLEGE

Report of the Auditor to the Members of the Governing Body

Year ended 31 July 2018

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 parent charity has not kept sufficient accounting records; or
- the parent charity's 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 for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and College'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 group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mark Bishop FCA (Senior Statutory auditor)
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

Date:

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

WORCESTER COLLEGE
Statement of Accounting Policies
Year ended 31 July 2018

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Statement of Cash Flows for the College and its wholly owned subsidiaries Worcester College Enterprises Ltd and Worcester College Society.

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

The accounts of the affiliated student bodies, Worcester College Clubs, Middle Common Room and Junior Common Room have not been consolidated because the College does not control these activities.

2. Basis of accounting

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

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

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

3. Going concern

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

4. Accounting judgements and estimation uncertainty

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

The College participates in a multi-employer defined benefit pension plan. In the judgement of the Governing Body, there is insufficient information about the plan assets and liabilities to be able to account reliably 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 20).

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

5. Accounting judgements and estimation uncertainty (continued)

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

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

6. Income Recognition

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

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

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

b) Income from donations, grants and legacies

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

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

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

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

c) Investment income

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

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

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

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

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

7. Expenditure

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

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

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

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

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

8. Tangible fixed assets

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

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

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

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

9. Depreciation

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

Freehold properties, including major extensions	50 years
Building improvements	50 years
Equipment, Fixtures and Fittings	4 - 10 years

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

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

10. Investments

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

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

10. Investments (continued)

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

11. Stocks

Stocks are valued at the lower of cost and net realisable value, cost being the purchase price on a first in, first out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

12. Foreign currencies

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

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

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

13. Total return investment accounting

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

14. Fund accounting

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

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

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

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

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

15. Pension costs

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

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

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

WORCESTER COLLEGE
Consolidated Statement of Financial Activities
For the year ended 31 July 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		6,914	0	0	6,914	6,564
Other trading income	3	478	0	0	478	383
Donations and legacies	2	909	1,920	3,029	5,858	4,850
Investment income	4	45	70	1,272	1,387	1,143
Other income		124	0	0	124	53
Total income		<u>8,470</u>	<u>1,990</u>	<u>4,301</u>	<u>14,761</u>	<u>12,993</u>
EXPENDITURE ON:						
Charitable activities	5					
Teaching, research and residential		8,869	1,862	829	11,560	9,232
Generating funds:	5					
Fundraising		543	9	0	552	515
Trading expenditure		151	0	0	151	128
Investment management costs		54	0	0	54	47
Total expenditure		<u>9,617</u>	<u>1,871</u>	<u>829</u>	<u>12,317</u>	<u>9,922</u>
Net (expenditure)/income before gains		<u>(1,147)</u>	<u>119</u>	<u>3,472</u>	<u>2,444</u>	<u>3,071</u>
Net gains on investments		36	71	1,730	1,837	2,796
Net (expenditure)/income		<u>(1,111)</u>	<u>190</u>	<u>5,202</u>	<u>4,281</u>	<u>5,867</u>
Transfers between funds		549	(264)	(285)	0	0
Net movement in funds for the year		<u>(562)</u>	<u>(74)</u>	<u>4,917</u>	<u>4,281</u>	<u>5,867</u>
Fund balances brought forward	16	40,021	1,889	36,988	78,898	73,031
Funds carried forward at 31 July	16	<u>39,459</u>	<u>1,815</u>	<u>41,905</u>	<u>83,179</u>	<u>78,898</u>

WORCESTER 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	36,599	37,124	36,599	37,124
Property investments	10	2,993	2,957	2,993	2,957
Securities and other investments	11	40,383	37,529	40,383	37,182
		<u>79,975</u>	<u>77,610</u>	<u>79,975</u>	<u>77,263</u>
CURRENT ASSETS					
Stocks		125	124	125	124
Debtors	14	1,649	1,298	2,133	1,588
Cash at bank and in hand		3,760	2,194	2,849	1,833
		<u>5,534</u>	<u>3,616</u>	<u>5,107</u>	<u>3,545</u>
CREDITORS: falling due within one year	15	(1,504)	(1,477)	(1,462)	(1,430)
NET CURRENT ASSETS		<u>4,030</u>	<u>2,139</u>	<u>3,645</u>	<u>2,115</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		84,005	79,749	83,620	79,378
CREDITORS: falling due after more than one year		0	0	0	0
NET ASSETS BEFORE PENSION LIABILITY		<u>84,005</u>	<u>79,749</u>	<u>83,620</u>	<u>79,378</u>
Defined benefit pension scheme liability		(826)	(851)	(826)	(851)
NET ASSETS		<u>83,179</u>	<u>78,898</u>	<u>82,794</u>	<u>78,527</u>
FUNDS OF THE COLLEGE					
	16				
Endowment funds		41,905	36,988	41,905	36,988
Restricted funds		1,815	1,889	1,430	1,518
Unrestricted funds					
Designated funds		39,555	15,956	39,555	15,956
General funds (excluding pension reserve)		730	24,916	730	24,916
Pension reserve		(826)	(851)	(826)	(851)
		<u>83,179</u>	<u>78,898</u>	<u>82,794</u>	<u>78,527</u>

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

Professor Sir Jonathan Bate, Provost

Gareth Prior, Finance and Estates Bursar

WORCESTER COLLEGE
Consolidated Statement of Cash Flows
For the year ended 31 July 2018

	Notes	2018 Group £'000	2017 Group £'000
Net cash (used in) / provided by operating activities	22	<u>(1,502)</u>	<u>(979)</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		1,387	1,143
Purchase of property, plant and equipment		(552)	(3,987)
Proceeds from sale of investments		358	0
Purchase of investments	11	(1,400)	(5,400)
Net cash (used in) / provided by investing activities		<u>(207)</u>	<u>(8,244)</u>
Cash flows from financing activities			
Receipt of endowment		3,029	2,433
Receipt of restricted income capital grants		246	100
Net cash provided by / (used in) financing activities		<u>3,275</u>	<u>2,533</u>
Change in cash and cash equivalents in the reporting period		<u>1,566</u>	<u>(6,690)</u>
Cash and cash equivalents at the beginning of the reporting period		2,194	8,884
Cash and cash equivalents at the end of the reporting period		<u>3,760</u>	<u>2,194</u>

WORCESTER 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	2,037	1,902
Tuition fees - Overseas students	399	356
Other fees	380	362
Other HEFCE support	110	109
Other academic income	157	117
College residential income	3,831	3,718
	<u>6,914</u>	<u>6,564</u>

The above analysis includes £1,958k received from Oxford University from publicly accountable funds under the College Funding Formula Scheme (2017: £1,888k).

Under the terms of the undergraduate student support package offered by the University of Oxford to students from lower income households, the College share of fees waived amounted to £72k (2017: £23k). These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2018	2017
	£'000	£'000
Unrestricted funds	909	1,201
Restricted funds	1,920	516
Endowed funds	3,029	3,133
	<u>5,858</u>	<u>4,850</u>

3 INCOME FROM OTHER TRADING ACTIVITIES

	2018	2017
	£'000	£'000
Subsidiary company trading income	440	330
Other trading income	38	53
	<u>478</u>	<u>383</u>

4 INVESTMENT INCOME

	2018	2017
	£'000	£'000
Unrestricted funds		
Equity dividends	4	7
Interest on fixed term deposits and cash	6	18
Other investment income	35	60
	<u>45</u>	<u>85</u>
Restricted funds		
Other investment income	70	89
Endowed funds		
Other investment income	1,272	969
	<u>1,272</u>	<u>969</u>

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

5 ANALYSIS OF EXPENDITURE

	2018	2017
	£'000	£'000
Charitable expenditure		
Direct staff costs allocated to :-		
Teaching, research and residential	4,746	3,698
Other direct costs allocated to:-		
Teaching, research and residential	4,747	3,578
Support and governance costs allocated to:-		
Teaching, research and residential	2,067	1,956
	11,560	9,232
Expenditure on raising funds		
Direct staff costs allocated to :-		
Fundraising	352	346
Other direct costs allocated to:-		
Fundraising	162	134
Trading expenditure	148	125
Support and governance costs allocated to:-		
Fundraising	38	35
Trading expenditure	3	3
Investment management costs	54	47
	757	690
	12,317	9,922

The 2017 resources expended of £9,922k represented £8,637k from unrestricted funds, £546k from restricted funds and £739k from endowed funds.

The College was liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. The final contribution under this scheme was made on the basis of the annual accounts prepared by the College as at 31 July 2017.

The teaching and research costs include College Contribution paid of £9k (2017: £6k).

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds	Teaching Research & Residential	2018 Total
	£'000	£'000	£'000
Financial and domestic admin	56	475	531
Human resources	14	167	181
IT	22	276	298
Depreciation	0	1,077	1,077
Other finance charges	0	17	17
Governance costs	3	55	58
	95	2,067	2,162

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS (continued)

	Generating Funds £'000	Teaching Research & Residential £'000	2017 Total £'000
Financial and domestic admin	53	456	509
Human resources	10	148	158
IT	18	245	263
Depreciation	0	1,016	1,016
Other finance charges	0	60	60
Governance costs	4	31	35
	85	1,956	2,041

Finance and administration and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs are attributed according to the use made of the underlying assets. IT costs are attributed according to the estimated time spent on each activity. Interest and other finance charges are attributed according to the purpose of the related financing.

	2018 £'000	2017 £'000
Governance costs comprise:		
Auditor's remuneration – audit services	35	29
Auditor's remuneration – other assurance services	14	0
Auditor's remuneration – tax advisory services	3	2
Other governance costs	0	4
	52	35

No amount has been included in governance costs for the direct employment costs or reimbursed expenses of the College Fellows on the basis that these payments relate to the Fellows involvement in the College's charitable activities. Details of the remuneration of the Fellows and their reimbursed expenses are included as a separate note within these financial statements.

7 GRANTS AND AWARDS

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

		2018 £'000	2017 £'000
Grants to individuals from:			
Unrestricted funds	Scholarships, prizes and grants	37	49
	Bursaries and hardship awards	6	12
		43	61
Restricted funds	Scholarships, prizes and grants	93	100
	Bursaries and hardship awards	88	139
		181	239
Endowment funds	Scholarships, prizes and grants	56	0
	Bursaries and hardship awards	29	0
		85	0
Total grants and awards		309	300

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

The figure included above represents the cost to the College of the Oxford Bursaries scheme. Students in the College received £234k in bursaries in 2017-18 (2016-17: £230k). Some of those students also received fees waivers amounting to £72k (2016-17: £71K).

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

8 STAFF COSTS

The aggregate payroll costs for the year were as follows:

	2018	2017
	£'000	£'000
Salaries and wages	4,684	4,301
Social security costs	419	376
Pension costs	703	695
	5,806	5,372
Pension provision adjustment	0	(630)
	5,806	4,742

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

	2018	2017
Tuition and research	20	16
College residential	66	63
Fundraising	4	4
Support	18	18
Total	108	101

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

	2018	2017
University Lecturers	19	16
CUF Lecturers	11	12
Other teaching and research	4	5
Other	3	3
Total	37	36

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

There was one employee (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) exceeded £60k during 2018 and none in 2017.

Details of the remuneration and reimbursed expenses of the College Trustees are included as a separate note in these financial statements.

9 TANGIBLE FIXED ASSETS

Group and College	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
At start of year	44,233	1,439	45,672
Additions	301	251	552
At end of year	44,534	1,690	46,224
Depreciation			
At start of year	7,495	1,053	8,548
Charge for the year	890	187	1,077
At end of year	8,385	1,240	9,625
Net book value			
At end of year	36,149	450	36,599
At start of year	36,738	386	37,124

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

9 TANGIBLE FIXED ASSETS (continued)

The College has substantial long-held historic assets all of which are used in the course of the College's teaching and research activities. These comprise listed buildings on the College site, together with their contents comprising works of art, ancient books and manuscripts and other treasured artefacts. Because of their age and, in many cases, unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Trustees the depreciated historical cost of these assets is now immaterial.

10 PROPERTY INVESTMENTS

Group and College	2018	2017
	Total	Total
	£'000	£'000
Valuation at start of year	2,957	2,940
Revaluation gains in the year	36	17
Valuation at end of year	2,993	2,957

A formal valuation of the College properties was prepared by Charles Mason MRICS of Carter Jonas LLP as at 31 July 2015. This valuation was updated to 31 July 2018, based on information provided by the Interim Estates Bursar, by Mark Charter MRICS of Carter Jonas LLP.

11 SECURITIES AND OTHER INVESTMENTS

Group investments	2018	2017
	£'000	£'000
Valuation at start of year	37,529	29,350
New money invested	1,400	5,400
Investments redeemed	(358)	0
Increase in value of investments	1,812	2,779
Consolidated investments at end of year	40,383	37,529
Investments held by subsidiaries	0	347
College investments at end of year	40,383	37,182

Group investments comprise:	Held outside the UK	Held in the UK	2018	2017
	£'000	£'000	Total	Total
			£'000	£'000
Global multi-asset funds	28,948	11,435	40,383	37,182
Equity investments	0	0	0	347
			40,383	37,529

Material investments

Investments valued at more than 10% of the portfolio at the year-end:	Percentage of Portfolio	Market Value	
		2018	2017
		£'000	£'000
Oxford University Endowment Management - Endowment Fund	93%	37,394	35,632

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

12 PARENT AND SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Worcester College Enterprises Limited, a company providing conference and accommodation services.

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

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

Worcester College	2018	2017
	£'000	£'000
Income	14,591	12,844
Expenditure	(12,555)	(9,785)
Gains	1,837	2,764
Result for the year	3,873	5,823
Total assets	85,082	80,808
Total liabilities	(2,288)	(2,281)
Net funds at the end of year	82,794	78,527
Worcester College Enterprises Limited	2018	2017
	£'000	£'000
Turnover	440	329
Expenditure	(151)	(128)
Result for the year	289	201
Donation to College under gift aid	(289)	(201)
	0	0
Total assets	587	342
Total liabilities	(587)	(342)
Net funds at the end of year	0	0
The Worcester College Society	2018	2017
	£'000	£'000
Income	19	21
Grants payable to College	(5)	(6)
Governance	0	(3)
Gain on investments	0	32
Result for the year	14	44
Total assets	455	434
Total liabilities	(70)	(63)
Net funds at the end of year	385	371

13 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns, with effect from November 2003. The investment return to be applied as income is calculated as 4.5% of the brought forward values of the relevant investments. The preserved (frozen) value of the invested endowment capital represents its open market value in 1992, except where the original donation can be identified, together with the original gift value of all subsequent endowments.

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

13 STATEMENT OF INVESTMENT TOTAL RETURN (continued)

	Permanent Endowment Trust for investment £'000	Unapplied Total Return £'000	Total £'000	Expendable Endowment £'000	Total Endowments £'000
At the beginning of the year:					
Gift component of the permanent endowment	8,400	0	8,400	0	8,400
Unapplied total return	0	5,120	5,120	0	5,120
Expendable endowment	0	0	0	23,468	23,468
Total Endowments	8,400	5,120	13,520	23,468	36,988
Movements in the reporting period:					
Gift of endowment funds	1,597	0	1,597	1,432	3,029
Investment return: total investment income	0	465	465	807	1,272
Investment return: realised and unrealised gains and losses	0	632	632	1,098	1,730
Other transfers	0	(19)	(19)	(266)	(285)
Total	1,597	1,078	2,675	3,071	5,746
Unapplied total return allocated to income in the reporting period	0	(307)	(307)	0	(307)
Expendable endowments transferred to income	0	0	0	(522)	(522)
Net movements in reporting period	1,597	771	2,368	2,549	4,917
At end of the reporting period:					
Gift component of the permanent endowment	9,997	0	9,997	0	9,997
Unapplied total return	0	5,891	5,891	0	5,891
Expendable endowment	0	0	0	26,017	26,017
Total Endowments	9,997	5,891	15,888	26,017	41,905

14 DEBTORS: falling due within one year

	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
Trade debtors	240	228	197	213
Amounts owed by College members	80	78	80	78
Amounts owed by Group undertakings	0	0	613	359
Loans repayable within one year	8	6	8	6
Prepayments and accrued income	1,279	917	1,193	863
Other debtors	42	69	42	69
	1,649	1,298	2,133	1,588

15 CREDITORS: falling due within one year

	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
Trade creditors	641	321	641	321
Amounts owed to College Members	329	312	329	312
Taxation and social security	170	247	170	247
Accruals and deferred income	162	436	158	430
Other creditors	202	161	164	120
	1,504	1,477	1,462	1,430

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

16 MOVEMENTS OF THE COLLEGE FUNDS

	At 1 August 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains / (Losses) £'000	Transfers £'000	At 31 July 2018 £'000
Endowment Funds						
Permanent 1	1,924	66	42	90	0	2,038
Permanent 2	1,510	53	42	71	0	1,592
Permanent 3	2,215	76	59	104	0	2,336
Permanent 4	1,124	39	48	52	0	1,167
Permanent 5	1,922	766	67	90	0	2,711
Permanent 6	2,733	134	30	128	0	2,965
Permanent 7	1,096	38	6	51	0	1,179
Permanent 8	449	17	13	21	0	474
Permanent 9	0	834	0	0	0	834
Permanent 10	547	39	0	25	(19)	592
Expendable 1	7,733	266	3	361	(266)	8,091
Expendable 2	1,729	59	61	82	0	1,809
Expendable 3	1,521	52	60	71	0	1,584
Expendable 4	1,555	54	56	72	0	1,625
Expendable 5	941	332	39	44	0	1,278
Expendable 6	1,329	106	61	61	0	1,435
Expendable 7	1,549	53	9	73	0	1,666
Expendable 8	1,066	44	7	50	0	1,153
Expendable 9	2,056	75	72	97	0	2,156
Expendable 10	576	24	0	27	0	627
Expendable 11	533	1,072	47	25	0	1,583
Expendable 12	2,880	102	107	135	0	3,010
Total Endowment Funds	36,988	4,301	829	1,730	(285)	41,905
Restricted Funds						
Restricted 1	1,518	1,971	1,866	71	(264)	1,430
Subsidiary	371	19	5	0	0	385
Total Restricted Funds	1,889	1,990	1,871	71	(264)	1,815
Unrestricted Funds						
General Reserve	20,224	8,030	8,125	0	(19,399)	730
Revaluation Reserve	4,692	0	0	0	(4,692)	0
Fixed Asset Designated Fund	15,252	0	1,077	0	22,387	36,562
Designated Reserves	704	0	0	36	2,253	2,993
Pension Reserve	(851)	0	(25)	0	0	(826)
Subsidiary	0	440	440	0	0	0
Total Unrestricted Funds	40,021	8,470	9,617	36	549	39,459
Total Funds	78,898	14,761	12,317	1,837	0	83,179

The College accounts for its investment income on a total return basis, which allows the College to invest permanent endowments to maximise total return and to make available an appropriate proportion of the total return for expenditure each year. Until this power is exercised the total return is the 'unapplied total return' and remains as part of the permanent endowment. The College has adopted a 4.5% total return rate on opening values. Eligible expenditure is met directly by the permanent endowment fund, to which the unapplied total return accrues, and therefore there is no requirement to make a transfer from the permanent endowment fund.

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

17 DETAILS OF THE COLLEGE FUNDS

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

Endowment Funds - Permanent:

- Permanent 1: A donation where income, but not capital, can be used to support a Fellowship in Architectural History.
- Permanent 2: A consolidation of donations where income, but not capital, can be used towards the endowment of a Law Fellowship.
- Permanent 3: A donation where income, but not capital, can be used to support a Fellowship in Geopolitics.
- Permanent 4: Donations and bequests where income, but not capital, can be used to support a Fellowship in Modern History.
- Permanent 5: Donations and bequests where income, but not capital, can be used to support specific Fellowships.
- Permanent 6: Donations and bequests where income, but not capital, can be used to support students.
- Permanent 7: A bequest where income, but not capital, can be used to conserve a donated collection.
- Permanent 8: Donations and bequests where income, but not capital, can be used to support book conservation and preserve the Old Library.
- Permanent 9: A donation where income, but not capital, can be used to support the education of the children of the clergy.
- Permanent 10: Donations and bequests where income, but not capital, can be used to support the general aims of the College.

Endowment Funds - Expendable:

- Expendable 1 A consolidation of benefactions and donations where either income, or income and capital, can be used for the general purposes of the College.
- Expendable 2 A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
- Expendable 3 A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
- Expendable 4 A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
- Expendable 5 A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
- Expendable 6 A donation where the income and capital can be applied to support a Fellowship in conjunction with the University of Oxford.
- Expendable 7 A donation where the income and capital can be applied to support visiting fellows.
- Expendable 8 A consolidation of benefactions and donations where either income, or income and capital, can be used for expenses relating to the gardens and grounds.
- Expendable 9 A consolidation of benefactions and donations where either income, or income and capital, can be used for the bursary and scholarship grants.
- Expendable 10 A consolidation of benefactions and donations where either income, or income and capital, can be used for teaching costs.
- Expendable 11 Donations and bequests where either income, or income and capital can be used for the maintenance of historic buildings.
- Expendable 12 A diverse group of donations and bequests where either income, or income and capital, can be used for specific purposes including support for fellowships, scholarships, student activities.

Restricted Funds:

- Restricted 1 A diverse group of income and donations to support student activities, fellowships, research, the Library, archives and maintenance projects.

Designated Funds

- Fixed Asset Designated Unrestricted Funds which are represented by fixed assets of the College and therefore not available for expenditure on the College's general purposes.
- Designated Unrestricted Funds allocated by the Fellows for joint equity and other investment properties.

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.

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2018 Total £'000
Tangible fixed assets	36,562	37	0	36,599
Property investments	2,993	0	0	2,993
Securities and other investments	0	0	40,383	40,383
Net current assets	730	1,778	1,522	4,030
Defined benefit pension scheme liability	(826)	0	0	(826)
	39,459	1,815	41,905	83,179

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
Tangible fixed assets	37,124	0	0	37,124
Property investments	2,957	0	0	2,957
Securities and other investments	0	1,241	36,288	37,529
Net current assets	791	648	700	2,139
Defined benefit pension scheme liability	(851)	0	0	(851)
	40,021	1,889	36,988	78,898

19 TRUSTEES' REMUNERATION

Trustee remuneration

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

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

The Remuneration Committee consists of a majority of external members and makes recommendations to the Governing Body on levels of remuneration, allowances and expenses.

Trustees of the College fall into the following categories: Provost, Tutorial Fellows, Professorial Fellows, Supernumerary Fellows, and Official Non-Tutorial Fellows.

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

Some trustees, tutorial fellows, are eligible for College housing schemes. Four trustees live in properties owned by the College and do not receive housing allowance. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Four trustees lived in houses owned jointly with the College, as detailed in Note 25.

Some trustees receive additional allowances for additional work carried out as part time College Officers, for example, the Vice Provost, Senior Tutor and Dean. These amounts are included within the remuneration figures below. The total remuneration and taxable benefits as shown below is £1,526,932 (2016-17: £1,411,440). The total of pension contributions is £228,502 (2016-17: £210,447).

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

19 TRUSTEES' REMUNERATION (continued)

The following table sets out the remuneration received by Trustees as employees of the College:-

	Gross Pay £		Taxable benefits £	Pension Contributions £	2017-18 Total £	2016-17 Total £
Prof Sir Jonathan Bate	118,865		12,251	21,319	152,435	148,761
Prof Donald Fraser	3,059	a	1,005	551	4,615	22,538
Dr Simon Cowan	45,977	b	948	8,276	55,201	56,676
Dr Peter Darrah	27,731	a	1,358	4,992	34,081	30,422
Prof Susan Gillingham	45,977	b	0	8,276	54,253	53,193
Prof Tony Blakeborough	2,447	a	0	440	2,887	16,928
Prof Heather Viles	18,520	a	0	3,334	21,854	21,160
Dr Kate Tunstall	45,977	b	0	8,276	54,253	53,018
Prof Robert Saxton	12,736	a	0	1,806	14,542	12,739
Prof Donal Nolan	49,534	b	796	8,276	58,606	57,639
Dr Nir Vulkan	18,520	a	866	3,334	22,720	21,740
Dr Ben Morgan	50,924	b	892	9,156	60,972	50,199
Dr John Parrington	10,142	a	948	1,806	12,896	12,272
Dr Richard Earl	41,571	b	871	6,733	49,175	52,671
Dr Scott Scullion	52,057	c	1,304	9,050	62,411	61,329
Dr Josephine Quinn	10,036	a	0	1,806	11,842	11,765
Prof Endre Süli	18,731	a	1,366	3,334	23,431	22,048
Prof Grant Ritchie	11,314	a	0	1,806	13,120	13,541
Prof Bob Harris	37,493	b	0	6,749	44,242	43,502
Dr Paul Azzopardi	18,520	a	1,247	3,334	23,101	21,987
Dr Mark Howarth	19,114	a	0	3,334	22,448	21,160
Dr David Steinsaltz	18,520	a	0	3,334	21,854	15,812
Dr Conrad Leyser	47,284	b	0	8,489	55,773	53,437
Prof Laura Ashe	50,828	b	0	9,149	59,977	53,218
Prof Kim Dora	19,628	a	841	3,334	23,803	23,697
Dr Antonis Papachristodoulou	18,181	a	628	3,273	22,082	20,867
Prof Hongseok Yang	0	a	0	0	0	11,251
Dr Michail Peramatzis	43,659	b	0	7,859	51,518	49,141
Dr Zofia Stemplowska	18,520	a	0	3,334	21,854	21,104
Dr Felix Parra Diaz	10,503	a	569	1,806	12,878	12,038
Mr Jonathan Forrest	45,871		1,248	9,201	56,320	86,857
Dr Josephine van Zeben	31,558		0	6,835	38,393	40,935
Dr James Edwards	38,838	b	0	6,991	45,829	43,714
Dr Steven Methven	36,695		0	5,830	42,525	39,842
Mrs Coleen Day	71,178		1,531	13,524	86,233	86,422
Mr Mark Bainbridge	42,418		0	7,635	50,053	47,817
Rev Dr Tess Kuin Lawton	36,654		0	8,528	45,182	0
Dr Peta Fowler	27,625		0	4,367	31,992	0
Dr Alice Violet	24,666		0	4,258	28,924	0
Prof Andrzej Murawski	15,190	a	0	2,734	17,924	0
Dr Ton Van Den Bremer	5,544	a	0	883	6,427	0
Dr Robert Smith	3,062	a	0	551	3,613	0
Dr Hauke Marquardt	4,091	a	0	602	4,693	0

Where indicated the gross pay includes the College part of a joint arrangement with the University on the following scales; a University Lecturer, b CUF Lecturer, c Faculty Lecturer.

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

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

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

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

19 TRUSTEES' REMUNERATION (continued)

No fellow claimed any expenses for work as a trustee.

Other transactions with trustees

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

Key management remuneration

The total remuneration paid to key management was £713k (2017: £668k).

Key management are considered to be the College officers and senior as staff identified on pages 2 -3 of these financial statements.

20 PENSION SCHEMES

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 a National Employment Savings Trust for staff ineligible to join USS or OSPS, and to 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 & 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 are set out below.

	USS	OSPS
Date of valuation:	31/03/14	31/03/16
Date valuation results published:	24/07/15	28/04/2017
Value of liabilities:	£46.9bn	£661m
Value of assets:	£41.6bn	£528m
Funding surplus / (deficit):	(£5.3bn)	(£133m)
Principal assumptions:		
• Investment return	5.2%pa	-
• 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	RPI + 1%pa
• Rate of increase in pensions	CPI pa	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

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

20 PENSION SCHEMES (continued)

	USS	OSPS
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 salaries):	18%	23% decreasing to 19% from 01/8/17
Effective date of next valuation:	31/03/17	31/03/19

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

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 £133 m. 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 formally 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.

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

20 PENSION SCHEMES (continued)

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%

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 principal assumptions used in these calculations are tabled below:

	OSPS	USS
Finish Date for Deficit Recovery Plan	30/06/27	31/03/31
Average staff number increase	0%	0%
Average staff salary increase	2.00%	2.00%
Average discount rate over period	1.95%	2.20%
Effect of 0.5% change in discount rate	£7k	£18k
Effect of 1% change in staff growth	£95k	£38k

A provision of £826k has been made at 31 July 2018 (2017 - £851k) 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:

	2018	2017
	£'000	£'000
Scheme		
Universities Superannuation Scheme	359	379
University of Oxford Staff Pension Scheme	328	(320)
Other Schemes Contributions	16	6
	703	65

Included in other creditors are pension contributions payable of £nil (2017: £89k).

A copy of the full actuarial valuation report and other further details on the scheme are available on the relevant website: www.uss.co.uk, www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps.

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

21 TAXATION

The College is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to purposes that are exclusively charitable.

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

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

	2018	2017
	£'000	£'000
Net income	2,444	3,071
Elimination of non-operating cash flows:		
– Investment income	(1,387)	(1,143)
– Endowment donations	(3,029)	(2,433)
– Restricted income (capital)	(246)	(100)
– Profit on sale of investments	(11)	0
Depreciation	1,077	1,016
Increase in stock	(1)	(4)
Increase in debtors	(351)	(504)
Increase / (decrease) in creditors	27	(249)
Decrease in pension scheme liability	(25)	(633)
Net cash used in operating activities	<u>(1,502)</u>	<u>(979)</u>

23 FINANCIAL INSTRUMENTS

The following financial instruments are held at amortised cost:

	2018	2017	2018	2017
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Financial assets				
Trade debtors	240	228	197	213
Amounts owed by group undertakings	0	0	612	359
Other debtors	130	153	130	153
Accrued income	1,099	133	1,099	79
	<u>1,469</u>	<u>514</u>	<u>2,038</u>	<u>804</u>
Financial liabilities				
Trade creditors	641	321	641	321
Other creditors	701	720	663	678
Accruals	162	436	158	430
	<u>1,504</u>	<u>1,477</u>	<u>1,462</u>	<u>1,429</u>

24 CAPITAL COMMITMENTS

The College had no contracted commitments at 31 July for capital projects (2017: £nil).

WORCESTER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2018

25 RELATED PARTY TRANSACTIONS

The College is part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS102.

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 102, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

Four properties are owned under joint equity agreements between the Trustees, named below, 50% and the College, 50%. Full market values of the properties, following a desk top review carried out by Carter Jonas LLP:

	2018	2017
	£'000	£'000
Dr J Parrington	765	735
Dr J Quinn	672	665
Prof G Ritchie	495	478
Prof B Harris	729	722

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

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

26 CONTINGENT LIABILITIES

There were no known contingent liabilities.

27 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

28 ULTIMATE CONTROLLING PARTY

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