

Hertford College

Annual Report and Financial Statements

Year ended 31st July 2021

Hertford College
Annual Report and Financial Statements for the year ended 31st July 2021

CONTENTS

| | |
|--|----|
| Governing Body, Officers and Advisers | 2 |
| Report of the Governing Body | 5 |
| Auditor's Report | 14 |
| Statement of Accounting Policies | 17 |
| Consolidated Statement of Financial Activities | 23 |
| Consolidated and College Balance Sheets | 25 |
| Consolidated Statement of Cash Flows | 26 |
| Notes to the Financial Statements | 27 |

Hertford College
Governing Body, Officers and Advisers
Year ended 31st July 2021

MEMBERS OF THE GOVERNING BODY

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

| Governing Body Fellow | College Officers | (1) | (2) | (3) | (4) | (5) |
|--------------------------|--------------------------------|-----|-----|-----|-----|-----|
| Professor L F Alday | | | | | | |
| Professor E Baldwin | Tutor for Equality & Diversity | | | | | • |
| Professor H Bayley | | | | | | |
| Professor R N E Barton | | | | | | |
| Professor C D Brewer | | | | | | |
| Professor E Chatzis | | | | | | |
| Mr J K Clark | Bursar | | • | • | • | • |
| Professor Z F Cui | | | | | | |
| Professor F Duarte | | | | | • | |
| Dr D Dwan | | | | | • | |
| Mr T Fletcher | Principal | • | • | • | • | • |
| Professor B M Frellesvig | Tutor for Graduates | • | | • | • | |
| Dr A Galanis | | • | | | | • |
| Dr K Greasley | | • | | | | |
| Professor D Greaves | | | | | | |
| Professor D M Hopkin | Senior Tutor | • | | • | • | |
| Dr J Kiaer | | | | | | |
| Professor D Kielak | | | | | | |
| Professor A G Lauder | | | | | | |
| Professor P Ligoxygakis | Dean of Degrees | | | | • | |
| Dr J Lorimer | | | • | | | |
| Dr K Lunn-Rockliffe | | | | | • | |
| Professor I McBride | | | | | | |
| Professor M Maiden | | | | | | |
| Dr L Malafouris | | | | | | |
| Professor A Mikes | | | • | | | |
| Professor P J R Millican | | • | | | | |
| Dr A Nair | | | | | | • |
| Dr S J New | Student Conduct Officer | | | | | |
| Dr O J Noble Wood | Dean and SCR Steward | | | | • | • |
| Professor S Parameswaran | | • | | | | |

Hertford College
Governing Body, Officers and Advisers
Year ended 31st July 2021

| Governing Body Fellow | College Officers | (1) | (2) | (3) | (4) | (5) |
|--------------------------|-------------------------|-----|-----|-----|-----|-----|
| Professor P F Roche | Investment Bursar | | • | • | • | |
| Dr F Romei | | | | | | |
| Dr L Slater | | | • | | | |
| Dr C Sloan | | • | | | | |
| Professor E Smith | Fellow Librarian | • | | • | | |
| Professor G Sternberg | | | | | | |
| Professor D Thomas | | | | | | |
| Professor C Tyerman | Fellow Archivist | | | • | | |
| Professor C Vallance | | | | • | | |
| Dr C Veliz | | | | | | |
| Dr Vyazovskiy | | | | | | |
| Professor T Wilson | | | | • | | |
| Professor M Wooldridge | | | | • | | |
| Professor A C S Woollard | | | | | | |
| Ms F Wheare | Director of Development | | | • | | |
| Professor G Wright | | | • | | | |
| Professor R G Zubek | | | | | | |

After the year end date, Prof Tyerman, and Prof Wright, have ceased to be members of Governing Body. Prof Alday ceased to be a member of Governing Body in November 2020.

During the year the activities of the Governing Body were carried out through various committees. Membership of the main committees is shown above for each Fellow.

- (1) Academic Committee
- (2) Treasury Committee
- (3) Development Committee
- (4) General Purposes Committee
- (5) Domus Committee

COLLEGE SENIOR STAFF

The senior staff of the College to whom specific aspects of day to day management were delegated during the course of the year, and who are regarded as Key Management Personnel, was as follows.

Deputy Bursar and College Accountant *Mr Graham May (to Aug 21)*
Domestic Bursar *Mr Gareth Tebbutt (to Jul 21) Mr James Hill (from Jul 21)*
Registrar and Director of Admissions *Ms Lynn Featherstone*

The Deputy Bursar role has been discontinued, and *Ms Judi Banks* has subsequently (post financial year end) been appointed to the role of College Accountant.

COLLEGE ADVISERS

Investment managers

Rathbones Investment Management Ltd
8 Finsbury Circus
London
EC2M 7AZ

Oxford University Endowment Management
27 Park End Street
Oxford
OX1 1HU

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Barclays Bank PLC
Oxford City Branch
PO Box 333
Oxford OX1 3HS

Solicitors

Knights 1759
Midland House
West Way
Botley
Oxford
OX2 0PH
United Kingdom

College address

Hertford College, Caffe street, Oxford OX1 3BW

Website

www.hertford.ox.ac.uk

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

REPORT OF THE GOVERNING BODY

The Members of the Governing Body present their Annual Report for the year ended 31st July 2021 under the Charities Act 2011, together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Principal Fellows and Scholars of Hertford College in the University of Oxford, which is known as Hertford College ("the College"), is an eleemosynary chartered charitable corporation aggregate. The College was founded by an Act of Parliament in 1874 that incorporated Magdalen Hall as Hertford College. An Act of Parliament of 1816 had granted Magdalen Hall the site and residual possessions of an earlier, by then defunct, Hertford College. This had received a Royal Charter in 1740, being the successor to Hart Hall which claimed its origins in a hall of residence established by Elias de Hertford c. 1282. The College registered with the Charities Commission on 17th August 2010 (registered number 1137527).

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 advisers of the College, are given on pages 2 to 4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Statutes made under the provision of the Oxford and Cambridge act 1923 and approved by Order in Council on 12th October 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, who is the Chancellor of The University of Oxford. New members of the Governing Body are elected by the votes of not less than two thirds of the total number of Fellows and with the consent of the Principal.

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

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are inducted into the workings of the College, including Governing Body policy and procedures, by the Principal and Bursar.

Members of the Governing Body can attend trustee information briefings to keep them informed of their duties as trustees and about regulatory requirements.

Remuneration of Members of the Governing Body and Senior College Staff

Members of the Governing Body receive no remuneration or benefits from their trusteeship of the College. Those members that are also employees of the College receive remuneration for their work as employees of the College, which is set in accordance with the advice of the College's Remuneration Committee. Where possible and relevant, remuneration is set in line with that awarded to the University's academic staff. All staff are all remunerated at a level which equals or exceeds the National Living Wage.

The remuneration of senior college staff is set by the Treasury Committee in line with guidelines set by the Remuneration Committee by reference to the annual (anonymised) survey of College Officers and Fellows' Benefits conducted by the University and Conference of Colleges.

Organisational management

The members of the Governing Body meet at least six times a year. The main work of developing their policies and monitoring their implementation is carried out by various committees:

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

- Academic Committee: advises and reports to Governing Body on all matters relating to academic policy and has oversight of the academic reputation of the College in all its aspects.
- Treasury Committee: has oversight of the College's finances and investments and reports to Governing Body on the effectiveness and propriety of the College's financial management.
- Development Committee: leads on the development of the strategy for the College's development activities, identifies funding priorities within the framework of the College's strategic plan and liaises with the Treasury Committee to oversee the performance and financial management of the Development Office.
- General Purposes Committee: receives reports from and provides support to the Principal on College business in his role as its representative within the University and the wider world. The Committee receives nominations for College Offices and the membership of committees.
- Domus Committee: has oversight of the domestic management of the College.
- Remuneration Committee: consists of four persons not in receipt of remuneration from the College of which three are not members of Governing Body, with the Principal and the Bursar in attendance. The Committee makes recommendations to the Governing Body on Fellows' allowances and College Officers' stipends.

The day-to-day running of the College is delegated to the Bursar, supported by the Domestic Bursar. The Bursar attends all meetings of the Governing Body's Committees, except Academic Committee.

Group structure and relationships

The College administers a number of special trusts, as detailed in Notes 17 and 18 to the financial statements.

The College has two wholly-owned non-charitable subsidiaries. Hertford College Programmes started trading on 1st August 2010, and its activities primarily comprise conferences and English Language programmes which use the College's facilities when not in use by the College. Annual profits are donated to the College under the Gift Aid Scheme. Hertford College Design and Build started trading on 13th March 2020, and its activities comprise designing, commissioning and constructing new estates facilities for the College. Hertford College Design and Build will be preparing its first set of accounts for the period to 31st July 2021. Annual profits are donated to the College under the Gift Aid Scheme.

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

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's Objects are to advance public learning by the provision of a college in the University of Oxford.

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

- Promote excellence in undergraduate education, including pastoral and academic support,
- Make that excellence accessible to all who can benefit from it regardless of their social or economic background,
- Provide pastoral and academic support to graduate students, and
- Promote excellence in research on the part of its Fellows and Stipendiary Lecturers.

The aims of the College's subsidiaries are to help to fund, or otherwise support, the achievement of the College's aims as above.

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

The College remains committed to the aim of providing public benefit in accordance with its founding principles. The College's Public Benefit Statement is published on the College website.

The College advances public learning by providing higher education to undergraduate and postgraduate students within Oxford University and by supporting the pursuit of publicly disseminated research. The College currently has approximately 416 undergraduates, 336 postgraduates, and 36 fellows who have contractual obligations to teach as well as research. The College provides public benefit by offering higher education to its undergraduates, much of it via the tutorial system which provides the opportunity to meet with a tutor on a weekly basis during term time. In addition, the College provides classes, seminars and other forms of teaching as appropriate, in conjunction with the University's departments. To support student learning, the College also provides the use of the College's library and accommodation and actively promotes the wider cultural and social education of its students through the provision of computer, sports, careers advice and other facilities.

Graduates at the College form an important part of the academic community. While they are taught at their University Faculty, every graduate student is assigned a College Graduate Adviser who provides pastoral support.

The College also advances research in a range of disciplines by employing academics who have a contractual obligation to undertake published research, and providing them with a supportive academic atmosphere, including the provision of research grants, library and computer facilities, office accommodation and meals. Research is disseminated through published papers, books, websites and lectures. The College supports the research of academics who, at the beginning of their careers, have already shown outstanding promise in their chosen field of research by providing a fully funded Junior Research or Career Development Fellowship for a period of up to three years to enable the holders to concentrate solely on their topic of research.

The College offers undergraduate places on the basis of academic merit. The College aims to attract the students who are most able to benefit from an Oxford education regardless of sex, gender, income, ethnic origin, religion, previous educational opportunity, or disability, and actively works to recruit students from non-traditional backgrounds by encouraging applications from under-represented groups.

Financial support is available to undergraduates from the UK or the EU to assist them with the costs of tuition fees and living costs whilst at the College. In addition to the student loans provided by the Student Loans Company that are available to undergraduates from within the EU, other financial support from the University and the College is available to undergraduates who are from households where income is below a certain level. A range of financial support is also available to Graduate students.

- **Oxford Bursaries** are available to UK undergraduates from households assessed as having a sufficiently low income. In the 2020/21 year, 82 of the College's undergraduates received an Oxford Opportunity Bursary funded jointly by the University and the College, with a total value of £245k.
- In 2011/12 the College introduced a means-tested **Hertford Undergraduate Bursary** of £1,000, for undergraduates. This bursary was extended to EU students in 2012/13. In 2020/21, 115 Hertford students were awarded the Hertford Undergraduate Bursary.
- **Graduate funding** is also provided in the form of scholarships and grants. The College awarded a total of £308k in 2020/21 for this purpose.
- The College also offers **Student Support** in the form of grants to both undergraduate and graduate students who experience unexpected financial hardship, for academic related travel, or as rent subsidies. In 2020/21 the College distributed £153k to support students in this way.

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

ACADEMIC REVIEW

We welcomed five new fellows to the college in 2020-21: three of these were replacements (Maths, Economics, Medicine), however the second Philosophy fellow and the second Archaeology fellow are additions to strengthen our provision, in line with the current academic strategy. This means that, in the last four years, sixteen new joint appointments have been added to the College's Governing Body. Of those sixteen, ten are women, which has made a significant alteration to the profile of the College. Having more fellows provides greater strength in depth not only to meet our teaching commitments but also to oversee and administer all the other activities of the College. Given the challenges of the pandemic, this greater resilience has been welcomed.

As highlighted in previous reviews, a significant amount of teaching within the College is supplied by stipendiary lecturers, who do not hold either a fellowship or a joint appointment with the University. We welcomed twelve new lecturers and teaching assistants to the college in 2020-21. We continued our efforts to integrate and support this cohort more fully this last year; we ran our comprehensive induction programme for fellows and lecturers over two days in September, and the termly tutors' meetings for teaching staff focussed on sharing experiences of remote teaching and preparations for online exams. In such an unusual year, we made space for looking to the future: we ran extensive consultation amongst academic staff for the Hertford 2030 strategy, a key aspiration of which is to explore ways of supporting academic careers, in particular in relation to research.

Following the UCAS Confirmation cycle in August 2020, we welcomed the largest ever undergraduate fresher cohort, of 133, in October 2020. 85% of the group are UK students, of which 81% from state schools and 60% from disadvantaged backgrounds (as determined by socio-economic and/or educational information).

The pandemic continued to affect all aspects of the College's academic provision. At the start of the year, we quickly recognised the reliance which continued remote study placed on IT provision, and the College purchased supplementary tablet devices to loan to students and academic staff for effective remote teaching, especially for subjects involving a reader or screen sharing. The College's Porter Fellow in academic skills, Dr Catherine Sloan, continued to develop materials for remote study and teaching. She also supported students through the now well-established programme of workshops and one-to-one meetings. The College's librarian Alice Roques remained active finding online resources and helping students in other ways to find the material required for their studies.

Our students demonstrated hard work and tenacity in relation to examinations and assessments. Whilst the Norrington Table, which compares undergraduate Finals results by college, has not yet been published, within college, 57 students retained their academic scholarship and 52 students were promoted to a scholarship over the course of the year following first class performance in university examinations or college collections. Prizes were awarded to 46 students delivering outstanding performance in final exams. Fifteen students won prizes from the University's faculties and departments against stiff competition from other colleges.

We have continued to run an extensive outreach programme, engaging primarily with schools and students in our link regions of Camden, Essex (including Southend-on-Sea and Thurrock), Medway and Peterborough. The vast majority of outreach activities have been conducted online this year, with new programmes supplementing existing initiatives in light of the pandemic.

Now in its third year, our Unsung Heroes of Science video competition continues to attract great interest, especially from female students and those from BAME backgrounds. This year we received a record 70 entries and shortlisted 30, which were watched on YouTube more than 24,000 times. The competition prizes were provided by the Royal Institution, which we hope to work with on the competition again in the future.

Once again, we ran our Swiftstream programme of sustained webinars for students in Medway and hope to develop this in future with an in-person residential element. New online initiatives included Next Steps Essex, a series of information, advice and guidance webinars organised jointly with Emmanuel College, Cambridge; sustained Geography and Physics clubs which brought together prospective applicants with current students to develop their subject-specific skills and interests; Teacher Forums organised with our

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

Oxford for East England consortium partners; and Springboard, another consortium activity which engaged graduate students to create an online repository of stretching super-curricular videos.

Our two outreach officers also participated in the co-ordination of University-wide remote interview workshops at the planning, delivery and evaluation phases. We organised three virtual open days, creating recorded content, hosting live-streamed events, and utilising student ambassadors in Q&A sessions and text-based chats. In 2020-21 we had 114 trained student ambassadors, representing around a quarter of the College's undergraduates. Six Tanner Prizes were awarded to the most active ambassadors in recognition of their hard work and dedication.

The most powerful demonstration of our access work is admissions. The College received 968 applications in October 2020, of which 900 were direct applications, a 38.2 per cent increase on 2019, and making Hertford the 8th most popular campus selection based on number of direct applicants. The latest University statistical release shows that we continue to be at the forefront of access in many respects – especially state school intake (74.8 per cent three-year rolling average).

Following the decision to move admissions interviews online for all shortlisted candidates in December 2020, we ran a series of briefing sessions with our admitting tutors, discussing practical arrangements and highlighting the need to take due consideration of the differential impact of the pandemic on students' learning and attainment. We participated in the University's 'Opportunity Oxford' scheme for students from disadvantaged backgrounds, making four offers under the scheme and a further 19 standard offers to students with the relevant eligibility. In response to the educational disruption and associated challenges of the pandemic, we once again put in place a programme of offer-holder support, including enhanced communications, webinars, study skills sessions, electronic reading lists, and college tours at key moments during the period between offer-making in January 2021 and the students' arrival in October 2021.

FINANCIAL REVIEW

The Financial Statements for 2020/21 follow the requirements of FRS102.

The impact of the COVID 19 Pandemic continued to be a significant factor. Reduced Visiting Student numbers, and another full term of non-residence for most undergraduates accounted for the majority of the drop of some £727k in teaching, research and residential income. There was no conference business income during the year (versus £2.2m YE July 2020). Investment income was down almost 15%, although at £2.46m was better than predicted. Donations and Legacies at £1.38m were at a similar level to the previous year, and again better than anticipated. The College continued to make use of the Coronavirus Job Retention Scheme at various points of the year, which provided a £655k positive contribution. Overall, income (before gains on disposal of £7m) was down a further £3.2m on the previous year. This was expected, as the full year impact of no conference income took full effect.

Expenditure was also significantly lower, with no direct costs for conference activity. Teaching costs were up, partly through an allocation of residual overheads not defrayed by conference trading, but mainly owing to the higher staff costs associated with the realisation of the planned Academic Strategy. Overall the net reduction in expenditure at £1.37m was some way short of the income loss, resulting in an overall net loss on core operations of approximately £1.8m. The net (negative) impact of COVID for the year is estimated to be around £2.9m.

By contrast, the year saw a significant recovery in the value of investments, with net gains of just over £13m, providing the majority of the net positive movement in funds for the year of some £11.7m.

The College continued to fund key capital investment projects, taking advantage of the reduced use of the estates to progress works ahead of schedule. The net cash demand of core operations and this capital investment amounted to around £6m, which was funded through available liquid investments.

The College issued a further private bond in the amount of £20m, to support future capital projects, with a term of 30 years, at a fixed coupon of 2.31% per annum. The funds received have been invested in OUEM funds pending drawdown for developments, at a current distribution rate of 4.25% per annum.

On the final balance sheet date the College revalued and transferred approximately £7m of residential properties to investment holdings, resulting in an equivalent increase in unrestricted funds.

Reserves policy

The College's reserves policy is to maintain a minimum of three months' 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 services.

The College's free reserves at the year-end amounted to £8.113m, representing retained unrestricted income reserves, excluding an amount of £14.3m for the book value of fixed assets, the reserve against future Pension Deficits required by the implementation of FRS102 (£1.8m), and £500k reserves for the Undergraduate Bursary Fund (which guarantees a minimum of five years' funding for the scheme). The governing body have reviewed the free reserves and are satisfied that the level of free reserves, the current cash flow projections, and the availability of external financing facilities would provide an adequate safety net in the event of adverse operating conditions.

Total funds of the College and its subsidiary at the year-end amounted to £97.6m (2020: £79.2m). This includes endowment capital of £70.7m, and unspent restricted income funds totalling £5.8m.

The Fellows have assessed the College's ability to continue as a going concern. The Fellows have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements, including a review of updated forecasts, and a consideration of key risks - including the impact of Covid 19 - that could impact the College, and the latest available management information. Covid 19 has had a significant impact on the College. Both the budget and forecast include additional costs and savings arising from our response to the pandemic and we have made prudent assumptions surrounding our income streams. The College has a large endowment, and financial performance continues to be monitored regularly. The Fellows have scrutinised the key assumptions within the financial budget and forecast, and are satisfied that the current level of free reserves, available investment and cash balances are adequate to meet the College's obligations as they fall due. Having regards to the above, the Fellows are satisfied that there are no material uncertainties around the decision to adopt the going concern basis of accounting in preparing these financial statements.

Risk management

The College has on-going processes which operated throughout the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College and its subsidiary in undertaking their activities. The College identifies and regularly reviews the risks it faces, the potential impact of each risk, the likelihood of recurrence, the severity of impact, and the steps taken to mitigate each particular risk.

Principal risks are assessed by the Treasury Committee, and more detailed risks by other committees (e.g. Health and Safety Committee), College Officers and Heads of Department. Training courses and other forms of career development are made available to Trustees and members of staff to enhance their skills in risk-related areas.

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

- Governance risks – e.g. inappropriate organisational structure, difficulties recruiting trustees with relevant skills, conflict of interest;
- Operational risks- e.g. service quality and development, contract pricing, employment issues; health and safety issues; fraud and misappropriation;
- Financial risks- e.g. accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources, investment management;
- External risks- e.g. public perception and adverse publicity, demographic changes, government policy; and
- Compliance with law and regulation - e.g. breach of trust law, employment law, and regulative

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

requirements of particular activities such as fund-raising and information security.

Strategies for managing the risks identified by the College as described above include:

- Operating structured and formalised processes for the identification, assessment, and management of the response to risk.
- Establishing the appropriate committees to ensure oversight of all key activities, with responsibility for formulating recommendations to Governing Body;
- Providing appropriate training to all members of staff, and at the induction of new Fellows;
- Ensuring accountability of College Officers to the appropriate committee, and for the committees in turn to be accountable to the Governing Body;
- Developing and implementing key policies across the main areas of activity of the College, including, for example, admissions policy, health & safety policy, and information security policy;
- Ensuring the appropriate insurance policies are in place, and reviewed regularly.

In light of the COVID pandemic, the College has developed and operates a COVID Response Framework, based on detailed risk assessment of all operations and activities in the context of COVID transmission and mitigation. This framework is administered by a dedicated COVID group, appointed by Governing Body.

Fundraising

In the 2020-21 financial year, Hertford College exceeded its £1m target for cash received, for the fourth year. In total, £1.406m was received, with a further £977k pledged over the next five years. Our donor numbers increased by 100 this year to 906 (from 805 in 2019-20), and the number of donors committing to a regular monthly gift continued to arise. The rise in donor numbers is attributable to having held a telethon during this financial year, as well as a small email fundraising campaign that attracted almost exclusively new donors.

2020-21 was the most successful year to date for legacies, with £784k received. The majority of this total came from two alumni for whom Hertford was the sole beneficiary of their estates. Beyond this, donors continued to support a range of projects, including capital projects, teaching and research, scholarships, bursaries, and outreach activities. Our unrestricted fund continues to receive the most donations during the year.

The ongoing COVID-19 pandemic meant that all alumni relations events took place online. We held networking events organised by subject and geographic location, as well as strategy briefing sessions. We also organised several events aimed at students in which alumni were able to share their experiences and offer practical advice for the future.

We have maintained the level of engagement on social media through targeted campaigns, and our e-bulletins continue to have an open rate of around 45%. This year, we took the decision to move The Bridge, which features news, experience and research by Fellows and alumni, to an online format by default, and from early 2022 this will now be available as a year-round blog. Our Magazine and Donor Report will remain printed publications.

In May 2021 the college announced Hertford 2030, our aspirations for the next ten years. World-class facilities are at the centre of our Hertford 2030 plans, and consequently our priority for 2021-22 will be on securing support for capital projects, with a specific focus on the renovation and extension of the main college library. Hertford 2030 also renews our commitment to eliminating finance as a barrier, delivering excellent teaching and research, and providing an unrivalled student experience. These areas will continue to be priorities for our fundraising.

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

Hertford College is committed to best practice in relation to all fundraising activities. The in-house Development team co-ordinate fundraising activities, and are subject to the scrutiny of the Development Committee and college Governing Body. Hertford College is registered with the Fundraising Regulator. The college has protocols and procedures to ensure that all college fundraising is open, honest and respectful, and that it adheres to legal and fundraising guidelines. Hertford does not engage any professional third parties to carry out fundraising activities on its behalf.

Investment policy, objectives and performance

The College's Statement of Investment Principles sets out the following aims:

- Generate income to support the College's charitable educational aims,
- Improve the educational experience of current and future generations of students and to pursue excellence in scholarship by means of teaching and research and the provision of the cultural and social context which supports this, and
- Produce the optimal sustainable return given the college's low risk tolerance and to preserve the value of investments against the threat of inflation over the long term.

The investment strategy and performance is monitored by the Investment Advisory Committee which in turn reports to the College's Treasury Committee. At the year end, the value of the College's investments was £115.7m (2020 £86.5m), of which £68.6m represents endowed or restricted funds. The total investment income was c. 2.5% gross (average value).

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 of its permanent endowed funds 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 value date for establishing the initial values of the Investment Fund and the Unapplied Total Return was 31st July 2009.

The investment strategy, policy and performance is monitored by the Investment Committee. At the year end, the College's long term investments (permanent endowment only), combining securities and property investments, totalled £70.6m. Direct income earned on these investments amounted to £1.79m, and net value gains were £11.5m.

Under the total return accounting basis, it is the Governing Body's policy to extract as income 4.25% of the value of the relevant investments. However, to smooth and moderate, the amounts withdrawn are calculated on the average of the year end values in each of the last five years. Due to fluctuating investment values over the previous five years, the effective amounts withdrawn are currently may vary from the nominal rate. For the year ending July 31st 2021, an amount of £3.2m was withdrawn as income. The College also operates a policy of applying an amount of the UTR to the Investment Fund to preserve its real value. This is set based on the most recent RPI at the balance sheet date. For the year ending July 31st 2021, £1.7m was transferred, representing 3.8% of the Investment Fund value. The Governing Body will keep the level of income withdrawn under review to balance the needs and interests of current and future beneficiaries of the College's activities.

The Governing body is satisfied that the overall performance of investment activities for the year has met the objectives set.

HERTFORD COLLEGE

Report of the Governing Body

Year ended 31 July 2021

FUTURE PLANS

The College has agreed a 10 year plan to develop its buildings and facilities (“the Estates Strategy”). This will encompass significant refurbishment works (e.g. upgrading student accommodation), the expansion of existing facilities (e.g. a new Library), and provision of new facilities (e.g. additional graduate accommodation).

The anticipated expenditure over that horizon is around £75m, to be found from a combination of reserves, fundraising, bond capital, and other finance arrangements.

Several of the projects under this strategy are now underway.

The immediate impact of COVID (on financial resources and restrictions on activities) has been a suspension of most new Estates work for the time being. Essential works, and those in progress, have continued.

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 with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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

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

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

Approved by the Governing Body on 24th November 2021 and signed on its behalf by:



Mr J Clark

Bursar

HERTFORD COLLEGE

Report of the Auditors

Year ended 31 July 2021

Independent Auditor's Report to the Trustees of Hertford College

Opinion

We have audited the financial statements of Hertford College for the year ended 31 July 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated and College Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including 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 the parent charity's affairs as at 31 July 2021 and of the group's income and receipts of endowments and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, 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.

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

HERTFORD COLLEGE

Report of the Auditors

Year ended 31 July 2021

Matters on which we are required to report by exception

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

the information given in the financial statements is inconsistent in any material respect with the trustees' report; or

sufficient and proper accounting records have not been kept by the parent charity; or

the financial statements are not in agreement with the accounting records and returns; or

we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the parent charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were taxation legislation, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the parent charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the parent charity and the group for fraud. The other laws and regulations we

HERTFORD COLLEGE

Report of the Auditors

Year ended 31 July 2021

considered in this context for the group were General Data Protection Regulations and Health and Safety regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, and the override of controls by management. Our audit procedures to respond to risk of income recognition included selecting a sample of income during the year, agreeing back to the relevant documentation and ensuring it has been recognised correctly. Our audit procedures to respond to the risk of management override included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor

London

Date: 1st December 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

HERTFORD COLLEGE

Statement of Accounting Policies

Year ended 31 July 2021

Statement of Accounting Policies

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 Cash Flow Statement of Cash Flows for the College and its wholly owned subsidiaries Hertford Programmes Limited and Hertford College Design and Build Limited. The subsidiaries have been consolidated from the date of their formation, being the date from which the College has exercised control through voting rights in the subsidiaries. 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.

Basis of accounting

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

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

Having reviewed the funding facilities available to the College together with the expected ongoing demand for places and the College's future projected cash flows, the Governing Body have a reasonable expectation that the College has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the College's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 12 and to adopt 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.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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 (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

2. 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 Governing Body, in applying the accounting policies, have included an estimate for the College's share of the USS and OSPS pension scheme liabilities, and an estimate of the useful economic life of its buildings. Otherwise no judgements were required that have a significant effect on the amounts recognised in the financial statements.

The College calculates its liability for USS pension deficit based on the current agreed schedule of deficit contributions with reference to the latest scheme valuation.

3. 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.

HERTFORD COLLEGE

Statement of Accounting Policies

Year ended 31 July 2021

Income from fees, Office for Students support and other charges for services

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

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.

Investment income

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

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

Dividend income and similar distributions are recognised on the date the share interest 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.

Total Return accounting principles have been adopted in relation to investments held as part of the permanent endowment.

The carrying value of the trust for investment (the preserved permanent capital) has been taken as the market value of the relevant investments as at 31st July 2009, together with the original gift value of all subsequent endowments received and transfers from the unapplied total return approved by the Governing Body to increase the value of the trust for investment in line with the RPI index. The balance of the investment unapplied total returns are accumulated as a component of the relevant endowment funds with amounts from this being released to income each year at the discretion of the Governing Body.

4. 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).

HERTFORD COLLEGE

Statement of Accounting Policies

Year ended 31 July 2021

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

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

5. Leases

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

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

6. 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 and amounting to more than £25,000 together with expenditure on equipment costing more than £25,000 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.

7. Heritage Assets

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

8. Depreciation

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

- Freehold properties 30 years
- Equipment 5 years

Freehold land is not depreciated. The cost of freehold land associated with the main historic site is not included in the balance sheet but is not material. The cost of maintenance is charged in the Statement of Financial Activities in the period in which it is incurred.

HERTFORD COLLEGE

Statement of Accounting Policies

Year ended 31 July 2021

The costs of major renovation projects which increase the service potential of buildings are capitalised and depreciated over applicable periods.

9. Investments

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

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

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

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

10. Other financial instruments

Cash and cash equivalents

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

Debtors and creditors

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

11. Stocks

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

12. Foreign currencies

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

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

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

13. Fund accounting

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

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

HERTFORD COLLEGE

Statement of Accounting Policies

Year ended 31 July 2021

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

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

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

14. Pension costs

The College participates in Universities Superannuation Scheme and the University of Oxford Staff Pension Scheme. These schemes are hybrid pension schemes, providing defined benefits based on salaries as well as benefits based on contributions.

The assets of the schemes are each held in a separate trustee-administered fund. Because of the mutual nature of the schemes, the assets applicable to the defined benefit membership are not attributed to individual Colleges and scheme-wide contribution rates are set. The College is therefore exposed to actuarial risks associated with other Universities' and Colleges' employees and is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "Employee benefits", the College accounts for the schemes as if they were wholly defined contribution schemes and 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.

The College has entered into agreements for both schemes (the Recovery Plans) that determine how each employer within the schemes will fund the overall scheme deficits. A liability is recognised at each balance sheet date for the discounted value of the expected future contribution payments under these past service deficit funding agreements, with changes to these liabilities being recognised as an expense in the periods in which the changes occur.

HERTFORD COLLEGE
Statement of Accounting Policies
Year ended 31 July 2021

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Hertford College
Consolidated Statement of Financial Activities
For the year ended 31 July 2021

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowed Funds £'000 | 2021 Total £'000 | 2020 Total £'000 |
|---|-------|-----------------------------|---------------------------|------------------------|------------------------|------------------------|
| INCOME AND ENDOWMENTS FROM: | | | | | | |
| Charitable activities: | 1 | | | | | |
| Teaching, research and residential | | 4,976 | 10 | 9 | 4,995 | 5,722 |
| Other Trading Income | 3 | - | - | - | - | 2,270 |
| Donations and legacies | 2 | 1,022 | 363 | - | 1,385 | 1,371 |
| Investments | | | | | | |
| Investment income | 4 | 607 | 123 | 1,731 | 2,461 | 2,872 |
| Total return allocated to income | 17 | 2,793 | 412 | (3,205) | - | - |
| Other income | 5 | 7,604 | - | - | 7,604 | 462 |
| Total income | | 17,002 | 908 | (1,465) | 16,445 | 12,697 |
| EXPENDITURE ON: | | | | | | |
| | 6 | | | | | |
| Charitable activities: | | | | | | |
| Teaching, research and residential | | 9,310 | 160 | - | 9,470 | 9,101 |
| Generating funds: | | | | | | |
| Fundraising | | 620 | - | - | 620 | 525 |
| Trading expenditure | | 342 | - | - | 342 | 2,273 |
| Investment management costs | | 677 | 9 | 133 | 819 | 728 |
| Total Expenditure | | 10,949 | 169 | 133 | 11,251 | 12,627 |
| Net Income/(Expenditure) before gains | | 6,053 | 739 | (1,598) | 5,194 | 70 |
| Net gains/(losses) on investments | 12 | 730 | 827 | 11,741 | 13,298 | (6,647) |
| Net Income/(Expenditure) | | 6,783 | 1,566 | 10,143 | 18,492 | (6,577) |
| Transfers between funds | 17 | - | 31 | (31) | - | - |
| Other recognised gains/losses | | | | | | |
| Gains/(losses) on revaluation of fixed assets | | - | - | - | - | - |
| Actuarial gains/(losses) on defined benefit pension schemes | | - | - | - | - | - |
| Net movement in funds for the year | | 6,783 | 1,597 | 10,112 | 18,492 | (6,577) |
| Fund balances brought forward | 17 | 14,375 | 4,256 | 60,552 | 79,183 | 85,760 |
| Funds carried forward at 31 July | | 21,158 | 5,853 | 70,664 | 97,675 | 79,183 |

Hertford College
 Consolidated Statement of Financial Activities
 For the year ended 31 July 2020

25th November 2021

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowed Funds £'000 | 2020 Total £'000 |
|--|--------------------------------|------------------------------|---------------------------|------------------------|
| INCOME AND ENDOWMENTS FROM: | | | | |
| Charitable activities: | | | | |
| Teaching, research and residential | 5,701 | 2 | 19 | 5,722 |
| Other Trading Income | 2,270 | - | - | 2,270 |
| Donations and legacies | 675 | 666 | 30 | 1,371 |
| Investments | | | | |
| Investment income | 859 | 107 | 1,906 | 2,872 |
| Total return allocated to income | 1,868 | 283 | (2,151) | - |
| Other income | 462 | - | - | 462 |
| Total income | 11,835 | 1,058 | (196) | 12,697 |
| EXPENDITURE ON: | | | | |
| Charitable activities: | | | | |
| Teaching, research and residential | 8,818 | 281 | 2 | 9,101 |
| Generating funds: | | | | |
| Fundraising | 525 | - | - | 525 |
| Trading expenditure | 2,273 | - | - | 2,273 |
| Investment management costs | 568 | 8 | 152 | 728 |
| Total Expenditure | 12,184 | 289 | 154 | 12,627 |
| Net Income/(Expenditure) before gains | (349) | 769 | (350) | 70 |
| Net gains/(losses) on investments | (630) | (324) | (5,693) | (6,647) |
| Net Income/(Expenditure) | (979) | 445 | (6,043) | (6,577) |
| Transfers between funds | | | | |
| | - | 32 | (32) | - |
| Net movement in funds for the year | (979) | 477 | (6,075) | (6,577) |
| Fund balances brought forward | 15,354 | 3,779 | 66,627 | 85,760 |
| Funds carried forward at 31 July | 14,375 | 4,256 | 60,552 | 79,183 |

Hertford College
Consolidated and College Balance Sheets
As at 31 July 2021

| | Notes | 2021 Group £'000 | 2020 Group £'000 | 2021 College £'000 | 2020 College £'000 |
|--|-------|------------------------|------------------------|--------------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | 14,346 | 12,807 | 14,346 | 12,640 |
| Property investments | 11 | 7,951 | 928 | 7,951 | 928 |
| Other Investments | 12 | 115,705 | 86,515 | 115,705 | 86,515 |
| Total Fixed Assets | | 138,002 | 100,250 | 138,002 | 100,083 |
| CURRENT ASSETS | | | | | |
| Stocks | | 21 | 11 | 21 | 11 |
| Debtors | 14 | 1,484 | 1,097 | 1,971 | 1,503 |
| Cash at bank and in hand | | 1,364 | 1,508 | 1,213 | 1,057 |
| Total Current Assets | | 2,869 | 2,616 | 3,205 | 2,571 |
| LIABILITIES | | | | | |
| Creditors: Amounts falling due within one year | 15 | (1,395) | (1,253) | (1,388) | (1,031) |
| NET CURRENT ASSETS | | 1,474 | 1,363 | 1,817 | 1,540 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 139,476 | 101,613 | 139,819 | 101,623 |
| CREDITORS: falling due after more than one year | 16 | (40,000) | (20,000) | (40,000) | (20,000) |
| NET ASSETS BEFORE PENSION ASSET OR LIABILITY | | 99,476 | 81,613 | 99,819 | 81,623 |
| Defined benefit pension scheme liability | 21 | (1,801) | (2,430) | (1,801) | (2,430) |
| TOTAL NET ASSETS | | 97,675 | 79,183 | 98,018 | 79,193 |
| FUNDS OF THE COLLEGE | | | | | |
| Endowment funds | | 70,664 | 60,552 | 70,666 | 60,552 |
| Restricted funds | | 5,853 | 4,256 | 5,853 | 4,256 |
| Unrestricted funds | | | | | |
| Designated funds | | 14,845 | 13,307 | 15,187 | 13,317 |
| General funds | | 8,114 | 3,498 | 8,114 | 3,498 |
| Revaluation reserve | | | | | |
| Pension reserve | 21 | (1,801) | (2,430) | (1,801) | (2,430) |
| | | 97,675 | 79,183 | 98,018 | 79,193 |

The financial statements were approved and authorised for issue by the Governing Body of Hertford College on 25th November 2021

Trustee:



Trustee:

Hertford College
Consolidated Statement of Cash Flows
For the year ended 31 July 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|---|-------|-----------------|----------------|
| Net cash provided by (used in) operating activities | 23 | <u>3,445</u> | <u>(3,954)</u> |
| Cash flows from investing activities | | | |
| Dividends, interest and rents from investments | | 2,460 | 2,872 |
| Proceeds from the sale of property, plant and equipment | | 217 | - |
| Purchase of property, plant and equipment | | (2,921) | (2,745) |
| Proceeds from sale of investments | | 11,169 | 16,159 |
| Purchase of investments | | (34,010) | (15,064) |
| Net cash provided by (used in) investing activities | | <u>(23,085)</u> | <u>1,222</u> |
| Cash flows from financing activities | | | |
| Coupon on Private Placement Paid | | (504) | (504) |
| Cash inflows from new borrowing | | 20,000 | - |
| Receipt of endowment | | - | 30 |
| Net cash provided by (used in) financing activities | | <u>19,496</u> | <u>(474)</u> |
| Change in cash and cash equivalents in the reporting period | | <u>(144)</u> | <u>(3,206)</u> |
| Cash and cash equivalents at the beginning of the reporting period | | 1,508 | 4,715 |
| Change in cash and cash equivalents in the reporting period | | (144) | (3,207) |
| Cash and cash equivalents at the end of the reporting period | 24 | <u>1,364</u> | <u>1,508</u> |

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

| 6 ANALYSIS OF EXPENDITURE | 2021 £'000 | 2020 £'000 |
|---|------------------|--------------------|
| Charitable expenditure | | |
| Direct staff costs allocated to: Teaching, research and residential | 4,837 | 4,312 |
| Other direct costs allocated to: Teaching, research and residential | 2,368 | 2,744 |
| Support and governance costs allocated to: Teaching, research and residential | 2,265 | 2,045 |
| Total charitable expenditure | <u>9,470</u> | <u>9,101</u> |
| Expenditure on raising funds | | |
| Direct staff costs allocated to: Fundraising Trading expenditure | 313 - | 304 479 |
| Other direct costs allocated to: Fundraising Trading expenditure | 262 75 | 182 512 |
| Support and governance costs allocated to: Fundraising Trading expenditure Investment management costs | 45 267 821 | 39 1,282 728 |
| Total expenditure on raising funds | <u>1,783</u> | <u>3,526</u> |
| Total expenditure | <u>11,253</u> | <u>12,627</u> |

As in prior years, the College was liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund was used to make grants and loans to Colleges on the basis of need. Contributions were calculated annually in accordance with regulations made by the Council of the University of Oxford.

The teaching and research costs include College Contribution payable of £20k (2020 - £38k).

7 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

| | Generating Funds £'000 | Teaching and Research £'000 | 2021 Total £'000 |
|-------------------------------|------------------------------|--------------------------------------|------------------------|
| General administration | 1,098 | 1,207 | 2,305 |
| Human resources | - | 59 | 59 |
| IT | 5 | 366 | 371 |
| Depreciation | 9 | 1,135 | 1,144 |
| Loss/(profit) on fixed assets | - | (52) | (52) |
| Other finance charges | - | (629) | (629) |
| Governance costs | 21 | 179 | 200 |
| | <u>1,133</u> | <u>2,265</u> | <u>3,398</u> |

| | Generating Funds £'000 | Teaching and Research £'000 | 2020 Total £'000 |
|-------------------------------|------------------------------|--------------------------------------|------------------------|
| General administration | 1,852 | 1,092 | 2,944 |
| Human resources | - | 57 | 57 |
| IT | 45 | 396 | 441 |
| Depreciation | 121 | 688 | 809 |
| Loss/(profit) on fixed assets | - | - | - |
| Bank interest payable | - | - | - |
| Other finance charges | - | (335) | (335) |
| Governance costs | 32 | 147 | 179 |
| | <u>2,050</u> | <u>2,045</u> | <u>4,095</u> |

Finance and administration and IT 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.

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

| | 2021 | 2020 |
|--|------------|------------|
| | £'000 | £'000 |
| Governance costs comprise: | | |
| Auditor's remuneration - audit services | 11 | 22 |
| Auditor's remuneration - tax advisory services | 9 | 7 |
| Legal and other fees on constitutional matters | 180 | 150 |
| | <u>200</u> | <u>179</u> |

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.

8 GRANTS AND AWARDS

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

| | 2021 | 2020 |
|---------------------------------|------------|------------|
| | £'000 | £'000 |
| Unrestricted funds | | |
| Grants to individuals: | | |
| Scholarships, prizes and grants | 58 | 138 |
| Bursaries and hardship awards | 222 | 104 |
| Grants to other institutions | - | - |
| Total unrestricted | <u>280</u> | <u>242</u> |
| Restricted funds | | |
| Grants to individuals: | | |
| Scholarships, prizes and grants | 396 | 340 |
| Bursaries and hardship awards | - | 108 |
| Total restricted | <u>396</u> | <u>448</u> |
| Total grants and awards | <u>676</u> | <u>690</u> |

The above costs are included within the charitable expenditure on Teaching, research and residential.

9 STAFF COSTS

The aggregate staff costs for the year were as follows.

| | 2021 | 2020 |
|-------------------------|--------------|--------------|
| | £'000 | £'000 |
| Salaries and wages | 5,119 | 5,633 |
| Social security costs | 358 | 372 |
| Pension costs: | | |
| Defined benefit schemes | 248 | 495 |
| | <u>5,725</u> | <u>6,500</u> |

The average number of employees of the College, excluding Trustees, on an average headcount basis was as follows.

| | 2021 | 2020 |
|----------------------|------------|------------|
| Tuition and research | 30 | 30 |
| College residential | 86 | 84 |
| Fundraising | 3 | 5 |
| Support | 35 | 39 |
| Total | <u>154</u> | <u>158</u> |

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

| | | |
|---|-------------|-------------|
| The average number of employed College Trustees during the year was as follows. | 2021 | 2020 |
| University Lecturers | 33 | 24 |
| CUF Lecturers | 6 | 8 |
| Other teaching and research | 1 | 1 |
| Other | 3 | 3 |
| Total | 43 | 36 |

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

Redundancy payments are accounted for in the period in which the employee was informed of the decision. Where redundancy costs are uncertain, the figure in the accounts represents a best estimate. These costs will be met through unrestricted funds. Redundancy costs totalled £44k in 2020/21 (£14k in 2019/20). All redundancy costs were paid within the financial year.

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

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

| | | |
|-------------------|-------------|-------------|
| | 2021 | 2020 |
| £60,001-£70,000 | 5 | 4 |
| £70,001-£80,001 | - | - |
| £80,001-£90,001 | - | - |
| £90,001-£100,001 | - | - |
| £100,001-£110,001 | - | - |

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

| | | |
|--|------------|------------|
| In defined benefits schemes | 5 | 4 |
| The College contributions to defined contribution pension schemes totalled (This comprises £877k contributions paid and a credit for reduced pension provision liability of £629k) | 248 | 495 |

10 TANGIBLE FIXED ASSETS

| Group | Freehold land and buildings £'000 | Plant and machinery £'000 | Total £'000 |
|------------------------------------|--|--|------------------------|
| Cost | | | |
| At start of year | 25,464 | 321 | 25,785 |
| Additions | 2,760 | 161 | 2,921 |
| Transfers to Investment properties | (1,392) | | (1,392) |
| Disposals | (200) | - | (200) |
| At end of year | 26,632 | 482 | 27,114 |
| Depreciation and impairment | | | |
| At start of year | 12,696 | 282 | 12,978 |
| Depreciation charge for the year | 1,057 | 86 | 1,143 |
| Transfers to Investment properties | (1,319) | | (1,319) |
| Depreciation on disposals | (35) | - | (35) |
| At end of year | 12,399 | 368 | 12,767 |
| Net book value | | | |
| At end of year | 14,232 | 114 | 14,346 |
| At start of year | 12,768 | 39 | 12,807 |

At 31st July 2021, £2.4m of the Net Book Value of Fixed Assets represented assets under construction (2020: £2.9m).

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

| College | Freehold land and buildings £'000 | Plant and machinery £'000 | Total £'000 |
|------------------------------------|--|---------------------------------|----------------|
| Cost | | | |
| At start of year | | | 25,618 |
| Additions | 25,297 | 321 | 3,088 |
| Transfers to Investment properties | 2,927 | 161 | (1,392) |
| Disposals | (1,392) | - | (200) |
| | (200) | | |
| At end of year | 26,632 | 482 | 27,114 |
| Depreciation and impairment | | | |
| At start of year | | | 12,978 |
| Charge for the year | 12,696 | 282 | 1,143 |
| Transfers to Investment properties | 1,057 | 86 | (1,319) |
| On disposals | (1,319) | - | (35) |
| Impairment | (35) | - | - |
| | - | - | - |
| At end of year | 12,399 | 368 | 12,767 |
| Net book value | | | |
| At end of year | 14,232 | 114 | 14,346 |
| At start of year | 12,601 | 39 | 12,640 |

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.

11 PROPERTY INVESTMENTS

| Group | Other £'000 | 2021 Total £'000 | 2020 Total £'000 |
|--|----------------|------------------------|------------------------|
| Valuation at start of year | | | 928 |
| Transfers | 929 | 929 | |
| Revaluation gains/(losses) in the year | 7,023 | 7,023 | |
| Additions and improvements at cost | - | - | |
| Valuation at end of year | 7,951 | 7,951 | 928 |
| College | | | |
| | Other £'000 | 2021 Total £'000 | 2020 Total £'000 |
| Valuation at start of year | | | 928 |
| Transfers | 929 | 929 | |
| Revaluation gains/(losses) in the year | 7,023 | 7,023 | |
| Additions and improvements at cost | - | - | |
| Valuation at end of year | 7,951 | 7,951 | 928 |

12 SECURITIES AND OTHER INVESTMENTS

All investments are held at fair value.

| | 2021 £'000 | 2020 £'000 |
|---|----------------|---------------|
| Group investments | | |
| Valuation at start of year | | 94,257 |
| New money invested | 86,514 | - |
| Amounts withdrawn | 20,000 | (3,800) |
| Reinvested income | (11,000) | 2,886 |
| Investment management fees | 7,062 | (181) |
| Increase / (Decrease) in value of investments | (169) | (6,647) |
| | 13,298 | |
| Group investments at end of year | 115,705 | 86,515 |
| Investment in subsidiaries | - | - |
| College investments at end of year | 115,705 | 86,515 |

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

| Group investments comprise: | Held in the UK £'000 | 2021 Total £'000 | Held in the UK £'000 | 2020 Total £'000 |
|--|----------------------------|---------------------------------|----------------------------|---------------------------------|
| Equity investments | 24,270 | 24,270 | 707 | 707 |
| Global multi-asset funds | 24,839 | 24,839 | 50,616 | 50,616 |
| Property funds | 379 | 379 | 4,187 | 4,187 |
| Fixed interest stocks | 19,933 | 19,933 | 12,139 | 12,139 |
| Alternative and other investments (OUEM) | 45,315 | 45,315 | 15,473 | 15,473 |
| Fixed term deposits and cash | 969 | 969 | 3,393 | 3,393 |
| Total group investments | 115,705 | 115,705 | 86,515 | 86,515 |

13 PARENT AND SUBSIDIARY UNDERTAKINGS

Hertford College Programmes (Company Registration Number 7247311), a company limited by guarantee, is a wholly owned subsidiary of the college. It commenced trading on 1st August 2010 and provides English Language programmes and other similar programmes on the College premises.

Hertford College Design and Build Limited (Company Registration Number 12517047), a company limited by guarantee, is a wholly owned subsidiary of the College. It commenced trading on 13th March 2020 and its activities comprise designing, commissioning and constructing new estates facilities for the College.

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

| | 2021 Hertford College Design and Build £'000 | 2021 Hertford College Programmes Ltd £'000 | 2020 Hertford College Design and Build £'000 | 2020 Hertford College Programmes £'000 |
|-------------------------------------|---|---|---|---|
| Income | (248) | - | - | 2,270 |
| Expenditure | 248 | 342 | (167) | (2,280) |
| Donation to College under gift aid | - | - | - | - |
| Result for the year | - | 342 | (167) | (10) |
| Total assets | 15 | 133 | 326 | 151 |
| Total liabilities | (14) | (133) | (493) | (151) |
| Net funds at the end of year | 1 | - | (167) | - |

There was no Gift Aided management charge paid by Hertford College Programmes to the College during 2020-21 (2020: £570k). At the year end, a balance of £484k was owed by Hertford College Programmes to Hertford College (2019: £122k was owed by Hertford College Programmes to Hertford College).

14 DEBTORS

| | 2021 Group £'000 | 2020 Group £'000 | 2021 College £'000 | 2020 College £'000 |
|---|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 201 | 82 | 204 | 82 |
| Amounts owed by College members | 49 | 129 | 49 | 129 |
| Amounts owed by Group undertakings | - | - | 484 | 432 |
| Loans repayable within one year | 13 | 16 | 13 | 16 |
| Prepayments and accrued income | 1,221 | 870 | 1,221 | 844 |
| | 1,484 | 1,097 | 1,971 | 1,503 |

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

15 CREDITORS: falling due within one year

| | 2021 Group £'000 | 2020 Group £'000 | 2021 College £'000 | 2020 College £'000 |
|---------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade creditors | 309 | 493 | 309 | 334 |
| Amounts owed to College Members | (131) | 11 | (131) | 11 |
| Taxation and social security | 163 | 121 | 151 | 121 |
| College contribution | (7) | - | (7) | - |
| Accruals and deferred income | 399 | 82 | 403 | 32 |
| Other creditors | 663 | 546 | 663 | 533 |
| | <u>1,396</u> | <u>1,253</u> | <u>1,388</u> | <u>1,031</u> |

16 CREDITORS: falling due after more than one year

| | 2021 Group £'000 | 2020 Group £'000 | 2021 College £'000 | 2020 College £'000 |
|-----------------|------------------------|------------------------|--------------------------|--------------------------|
| Other creditors | 40,000 | 20,000 | 40,000 | 20,000 |
| | <u>40,000</u> | <u>20,000</u> | <u>40,000</u> | <u>20,000</u> |

Creditors falling due after more than one year comprise two bonds. The first was entered into in 2017/18, which has a fixed term of 30 years of which 28 remain, with a fixed coupon of 2.52%. These funds will be used to support the College's Estates Strategy, where significant investment is envisaged over the next few years. A portion of the proceeds has been designated for long-term investment to cover eventual repayment of the capital. The second bond was entered into during 2020/21 with a fixed term of 30 years and a fixed coupon of 2.31%. These funds will be used to support the significant capital investment in new facilities for the college. In a similar manner to the first bond, a portion of the proceeds has also been designated for long term investment to cover the repayment of the capital.

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

| 17 ANALYSIS OF MOVEMENTS ON FUNDS | At 1 August 2020 £'000 | Incoming resources £'000 | Resources expended £'000 | Transfers £'000 | Total Return £'000 | Gains/ (losses) £'000 | At 31 July 2021 £'000 |
|---|------------------------------|--------------------------------|--------------------------------|--------------------|--------------------------|-----------------------------|-----------------------------|
| Endowment Funds - Permanent | | | | | | | |
| College Endowment Fund | 52,096 | 1,487 | (117) | - | (2,793) | 10,101 | 60,774 |
| Drapers Fellowship Fund (Previously "Drapers Fund") | 559 | 17 | (1) | - | (30) | 108 | 653 |
| Mortimer May | 900 | 27 | (2) | - | (49) | 174 | 1,050 |
| E. M. Vaughan-Williams Trust | 559 | 17 | (1) | - | (30) | 108 | 653 |
| Michael Baring Travel Fund | 84 | 3 | - | - | (5) | 16 | 98 |
| Roger Van Noorden Economics Fund | 559 | 17 | (1) | - | (30) | 108 | 653 |
| Ellis-Barnard History Fellowship | 1,407 | 42 | (3) | - | (76) | 273 | 1,643 |
| Other Scholarship Funds | 135 | 4 | - | - | (29) | 26 | 136 |
| Student Support | 670 | 20 | (1) | - | (31) | 130 | 788 |
| Fellowship Fund | 1,895 | 57 | (4) | - | (102) | 368 | 2,214 |
| Drapers Scholarship Fund | 589 | 18 | (1) | - | (31) | 114 | 689 |
| Endowment Funds - Expendable | | | | | | | |
| Carreras Fellowship | 545 | 16 | (1) | (15) | - | 106 | 651 |
| Starun Fund | 208 | 6 | - | (6) | - | 41 | 249 |
| Armstrong-Macintyre-Markham | 349 | 1 | - | (1) | - | 5 | 354 |
| Law Student Support (Previously "BCL") Fund | (3) | 10 | (1) | (9) | - | 62 | 59 |
| Total Endowment Funds - College | <u>60,582</u> | <u>1,742</u> | <u>(133)</u> | <u>(31)</u> | <u>(3,206)</u> | <u>11,740</u> | <u>70,666</u> |
| Restricted Funds | | | | | | | |
| Undergraduate Bursaries | 23 | 21 | - | - | - | 4 | 48 |
| Carreras Fellowship | 11 | - | - | 15 | - | 2 | 28 |
| Drapers Fellowship | 20 | 1 | - | - | 30 | 4 | 55 |
| Drapers Scholarship | 4 | 30 | (24) | - | 31 | 1 | 42 |
| Mortimer May | 214 | 6 | - | - | 49 | 41 | 310 |
| E. M. Vaughan-Williams Trust | 134 | 4 | (7) | - | 30 | 26 | 187 |
| Janeway Restricted Fund | 26 | 51 | (21) | - | - | 5 | 61 |
| Unspent income of other Funds above | 338 | 24 | (1) | 15 | 140 | 66 | 582 |
| Other Funds | 2,108 | 319 | (113) | - | 31 | 408 | 2,753 |
| Matched Library | 715 | 22 | (2) | - | - | 139 | 874 |
| General Fellowships | 663 | 20 | (1) | - | 102 | 129 | 913 |
| Total Restricted Funds - College | <u>4,256</u> | <u>498</u> | <u>(169)</u> | <u>30</u> | <u>413</u> | <u>825</u> | <u>5,853</u> |
| Unrestricted Funds | | | | | | | |
| General | 3,498 | 14,209 | (10,949) | (2,167) | 2,793 | 730 | 8,114 |
| Fixed asset designated | 12,807 | - | - | 1,539 | - | - | 14,346 |
| Undergraduate Bursaries | 500 | - | - | - | - | - | 500 |
| Pension Reserve | (2,430) | - | - | 629 | - | - | (1,801) |
| Total Unrestricted Funds - College | <u>14,375</u> | <u>14,209</u> | <u>(10,949)</u> | <u>1</u> | <u>2,793</u> | <u>730</u> | <u>21,159</u> |
| Total Unrestricted Funds - Group | <u>14,378</u> | <u>14,209</u> | <u>(10,949)</u> | <u>1</u> | <u>2,793</u> | <u>730</u> | <u>21,162</u> |
| Total Funds | <u>79,186</u> | <u>16,449</u> | <u>(11,251)</u> | <u>-</u> | <u>-</u> | <u>13,295</u> | <u>97,681</u> |

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

| | At 1 August 2019 £'000 | Incoming resources £'000 | Resources expended £'000 | Transfers £'000 | Total Return £'000 | Gains/ (losses) £'000 | At 31 July 2020 £'000 |
|---|------------------------------|--------------------------------|--------------------------------|--------------------|--------------------------|-----------------------------|-----------------------------|
| Endowment Funds - Permanent | | | | | | | |
| College Endowment Fund | 57,345 | 1,655 | (134) | - | (1,868) | (4,902) | 52,096 |
| Drapers Fellowship Fund (Previously "Drapers Fund") | 614 | 18 | (1) | - | (20) | (52) | 559 |
| Mortimer May | 991 | 29 | (2) | - | (33) | (85) | 900 |
| E. M. Vaughan-Williams Trust | 614 | 18 | (1) | - | (20) | (52) | 559 |
| Michael Baring Travel Fund | 92 | 3 | - | - | (3) | (8) | 84 |
| Roger Van Noorden Economics Fund | 614 | 18 | (1) | - | (20) | (52) | 559 |
| Ellis-Barnard History Fellowship | 1,549 | 45 | (4) | - | (51) | (132) | 1,407 |
| Other Scholarship Funds | 167 | 5 | - | - | (23) | (14) | 135 |
| Student Support | 739 | 21 | (2) | - | (25) | (63) | 670 |
| Fellowship Fund | 2,086 | 60 | (5) | - | (68) | (178) | 1,895 |
| Drapers Scholarship Fund | 614 | 48 | (1) | - | (20) | (52) | 589 |
| Endowment Funds - Expendable | | | | | | | |
| Carreras Fellowship | 596 | 17 | (1) | (16) | - | (51) | 545 |
| Starun Fund | 228 | 7 | (1) | (6) | - | (20) | 208 |
| Armstrong-Macintyre-Markham | 351 | 1 | - | (1) | - | (2) | 349 |
| Law Student Support (Previously "BCL") Fund | 27 | 10 | (1) | (9) | - | (30) | (3) |
| Total Endowment Funds - College | 66,627 | 1,955 | (154) | (32) | (2,151) | (5,693) | 60,552 |
| Restricted Funds | | | | | | | |
| Undergraduate Bursaries | - | 23 | - | - | - | - | 23 |
| Carreras Fellowship | - | - | (5) | 16 | - | - | 11 |
| Drapers Fellowship | - | - | - | - | 20 | - | 20 |
| Drapers Scholarship | - | - | (16) | - | 20 | - | 4 |
| Mortimer May | 262 | 8 | (67) | - | 33 | (22) | 214 |
| E. M. Vaughan-Williams Trust | 142 | 4 | (20) | - | 20 | (12) | 134 |
| Janeway Restricted Fund | 8 | 50 | (31) | - | - | (1) | 26 |
| Unspent income of other Funds above | 283 | 16 | (50) | 16 | 97 | (24) | 338 |
| Other Funds | 1,692 | 634 | (97) | - | 25 | (146) | 2,108 |
| Matched Library | 760 | 22 | (2) | - | - | (65) | 715 |
| General Fellowships | 632 | 18 | (1) | - | 68 | (54) | 663 |
| Total Restricted Funds - College | 3,779 | 775 | (289) | 32 | 283 | (324) | 4,256 |
| Unrestricted Funds | | | | | | | |
| General | 6,749 | 9,967 | (12,184) | (2,272) | 1,868 | (630) | 3,498 |
| Fixed asset designated | 10,870 | - | - | 1,937 | - | - | 12,807 |
| Undergraduate Bursaries | 500 | - | - | - | - | - | 500 |
| Pension Reserve | (2,765) | - | - | 335 | - | - | (2,430) |
| Total Unrestricted Funds - College | 15,354 | 9,967 | (12,184) | - | 1,868 | (630) | 14,378 |
| Total Unrestricted Funds - Group | 15,354 | 9,967 | (12,184) | - | 1,868 | (630) | 14,378 |
| Total Funds | 85,760 | 12,697 | (12,627) | - | - | (6,647) | 79,186 |

Transfers between funds :-

| | |
|--|---|
| <i>Carreras Endowment/Carreras General</i> | 50% of the income (net of investment expenses) of the Carreras Endowment Fund is transferred to the Carreras General Fund whose income is used for the general purposes of the College. |
| <i>Undergraduate Bursaries/General Fund</i> | Governing Body has designated funds so that together with the restricted Bursary Fund, there are reserves equivalent to the anticipated costs of the next five years of the Bursary scheme which the College started in October 2011. |
| <i>Infrastructure Modernisation/General Fund</i> | Governing Body has decided to transfer the Infrastructure Modernisation Fund to the General Fund pending the creation of a long-term Estates Plan. |
| <i>Other transfers between funds</i> | During the year the College agreed with the Charities Commission that a number of the endowment funds could be merged and/or redefined to reflect current application. Net funds remain the same. |

Endowment Funds (continued)

| | Unapplied total return £000 | Permanent capital £000 | Total endowment £000 |
|------------------------------------|-----------------------------------|------------------------------|----------------------------|
| Balance at 1 August 2020 | 9,630 | 49,821 | 59,451 |
| Income and gains | | | |
| Investment income | 1,708 | - | 1,708 |
| Investment gains | 11,527 | - | 11,527 |
| Total income and gains | 13,235 | 0 | 13,235 |
| Application of total return | (3,206) | - | (3,206) |
| Fees and transfers | | | |
| Investment management fees | (132) | - | (132) |
| RPI adjustment | (1,723) | 1,723 | - |
| Total fees and transfers | (1,855) | 1,723 | (132) |
| Net movement in year | 8,174 | 1,723 | 9,897 |
| Balance at 31st July 2021 | 17,804 | 51,544 | 69,348 |

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns with effect from 1 August 2019. The investment return to be applied as income is calculated as 4.25% of the average of the year-end values of the relevant investments in each of the last 5 years (or the period since the original donation, if that is less than five years). The preserved (frozen) value of the invested endowment capital represents its open market value at 31st July 2009 together with all subsequent endowments valued at date of gift.

Endowment funds (continued)

| | Trust for Investment 2020 £000 | Unapplied total return 2020 £000 | RPI Inflation 2021 £000 | Income and gains £000 | Application of total return 2021 £000 | Total endowment 2021 £000 | Unapplied total return 2021 £000 |
|----------------------------------|-----------------------------------|-------------------------------------|----------------------------|--------------------------|--|------------------------------|-------------------------------------|
| Funds | | | | | | | |
| Mortimer May | 744 | 154 | (28) | 199 | (49) | 1,048 | 276 |
| Drapers Fellowship Fund | 466 | 92 | (18) | 124 | (30) | 652 | 168 |
| E. M. Vaughan-Williams Trust | 462 | 95 | (18) | 124 | (30) | 651 | 171 |
| Michael Baring Travel Fund | 69 | 14 | (3) | 19 | (5) | 97 | 25 |
| Roger Van Noorden Economics Fund | 525 | 32 | (20) | 123 | (30) | 650 | 105 |
| Ellis-Barnard History Fellowship | 1,316 | 91 | (50) | 312 | (76) | 1,643 | 277 |
| Fellowship Fund | 1,575 | 320 | (60) | 420 | (102) | 2,213 | 578 |
| Matched Student Support | 740 | (69) | 69 | 149 | (31) | 789 | 118 |
| Drapers Scholarship Fund | 614 | (26) | 26 | 130 | (31) | 687 | 99 |
| College Endowment Fund | 43,157 | 8,946 | (1,640) | 11,554 | (2,793) | 60,864 | 16,067 |
| Scholarship Augmentation Fund | 153 | (19) | 19 | 30 | (29) | 135 | 1 |
| Funds total | 49,821 | 9,630 | (1,723) | 13,184 | (3,206) | 69,429 | 17,885 |

18 FUNDS OF THE COLLEGE DETAILS

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

Endowment Funds - Permanent:

| | |
|---|---|
| College Endowment Fund | Funds received from the University, in the 1960s, to establish a permanent endowment plus subsequent legacies and donations for endowment purposes. |
| Drapers Fellowship Fund (Previously "Drapers Fund") | A gift from The Drapers' Company for Scholarships and in support of a Fellow. |
| Mortimer May | A gift from Bruce and Julia May in memory of their son Mortimer to support a student in "Geography or a related subject". |
| E. M. Vaughan-Williams Trust | A gift from Miles Vaughan-Williams to support Medical Students. |
| Michael Baring Travel Fund | Gifts since 2001 in memory of Michael Baring to assist History Students with their research expenses. |
| Roger Van Noorden Economics Fund | Gifts since 2007 for the Economics Fund, which was renamed in 2010 in memory of Roger Van Noorden, in support of a Fellow in Economics. |
| Ellis-Barnard History Fellowship | Established in 2011 to fund the teaching of History. |
| Other Scholarship Funds | Comprise the Lucy,Lusby,McBride,Meeke, Scholarship Augumentation and War Memorial Funds which represent gifts, received between 1665 and 1919, to support scholars with surplus for general purposes. |
| Student Support | A permanent endowment for graduate and undergraduate student support initiatives or scholarships. |
| Fellowship Fund | Combined Historic Funds. |
| Drapers Scholarship Fund | Combined Historic Funds. |

Endowment Funds - Expendable:

| | |
|--|---|
| Carreras Fellowship | Income from Carreras Endowment Fund to support Fellowship and Scholars. |
| Starun Fund | Gifts from Mr L. Starun 1974-78 for research into Polish History, Language or Literature in Japanese and academic visits to/from Japan. |
| Armstrong-Macintyre-Markham History Fellowship | Gifts in the 1990s in memory of Angus Macintyre, Felix Markham and John Armstrong to support teaching and research by a History Fellow |
| Law student support (previously known as BCL Fund) | Gifts since 2007, some in memory of Roy Stuart to support Law students particularly those on the B.C.L. course. |

Restricted Funds

| | |
|-------------------------|--|
| Bursaries Fund | Gifts since 2009 to support the Undergraduate Bursary Scheme which commenced in October 2011 |
| Unspent income | Unspent income from the following funds named above:- Mortimer May,Drapers, Carreras Fellowship,E.M. Vaughan-Williams,Starun,Baring Travel, and the BCL funds. |
| Other Funds | Comprise the Tanner/Thorne,G. Robinson,John Stubbley,Geography Prize,Music and student hardship Funds. |
| Janeway Restricted Fund | This Fund was established by donation to support the teaching of Philosophy and Computing. |
| Matched Library | An expendable endowment for the redevelopment or renovation of the library. |
| General Fellowships | Combined Historic Funds. |

Designated Funds

| | |
|----------------------------|---|
| Fixed asset designated | Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes |
| Bursaries Fund | Unrestricted Funds allocated by the Fellows for future costs of the Undergraduate Bursary Scheme which commenced in October 2011. |
| General Unrestricted Funds | Represent accumulated income from the College's activities and other sources that are available for the general purposes of the College. |
| Pension Reserve | This Fund sets asides funds for the Deferred Benefit Pension Scheme Liability as required by FRS 102. |

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns with effect from 1 August 2019. The investment return to be applied as income is calculated as 3.5% of the average of the year-end values of the relevant investments in each of the last 5 years (or whole years since the date of donation, where donations have been received within 5 years of the end of the year in question). The preserved (frozen) value of the invested endowment capital represents its open market value in 2009 together with all subsequent endowments valued at date of gift, inflated annually in line with RPI.

Hertford College
Notes to the financial statements
For the year ended 31 July 2021

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | 2021 Total £'000 |
|--------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Tangible fixed assets | 14,346 | - | - | 14,346 |
| Property investments | - | - | 7,951 | 7,951 |
| Other investments | 47,139 | 5,853 | 62,713 | 115,705 |
| Net current assets | 1,474 | - | - | 1,474 |
| Long term liabilities | (40,000) | - | - | (40,000) |
| Pension Scheme Liability | (1,801) | - | - | (1,801) |
| | <u>21,158</u> | <u>5,853</u> | <u>70,664</u> | <u>97,675</u> |

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | 2020 Total £'000 |
|--------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Tangible fixed assets | 12,807 | - | - | 12,807 |
| Property investments | 928 | - | - | 928 |
| Other investments | 15,632 | 4,256 | 66,627 | 86,515 |
| Net current assets | 1,363 | - | - | 1,363 |
| Long term liabilities | (20,000) | - | - | (20,000) |
| Pension Scheme Liability | (2,430) | - | - | (2,430) |
| | <u>8,300</u> | <u>4,256</u> | <u>66,627</u> | <u>79,183</u> |

20 TRUSTEES' REMUNERATION

The trustees of the college comprise the governing body, primarily fellows who are teaching and research employees of the college and who sit on 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 college has a Remuneration Committee which consists of four persons who are not in receipt of remuneration from the college of whom three are not members of Governing Body. The Committee makes recommendations to Governing Body on Fellows allowances and College Officer stipends.

Trustees of the college fall into the following categories:

Principal and Official Fellows, Professorial Fellows, Supernumerary Fellows, Senior Research Fellows and Junior Research Fellows.

The Principal and Official Fellows are the Head of House, Bursar and Development Director who work full time on management and fundraising.

Some trustees are eligible for college housing schemes. 33 trustees receive a housing allowance which which is disclosed within the salary figures below. 4 trustees live in a house owned jointly with the college. One such house was sold during the year, and no new properties were purchased.

Some trustees receive allowances for additional work carried out as part time college officers.

For example, the Senior Tutor, Dean, Tutor for Admissions, Tutor for Graduates and the Investment Bursar.

These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,508,274 (2019-20 £1,391,346).

The total of pension contributions is £241,996 (2019-20 £202,234).

Remuneration paid to trustees

| Range | 2021 | | 2020 | |
|---------------------|--------------------|---|--------------------|---|
| | Number of trustees | Gross remuneration, taxable benefits and pension contributions £ | Number of trustees | Gross remuneration, taxable benefits and pension contributions £ |
| £1,001-£2,000 | | | 1 | 868 |
| £2,001-£3,000 | | | 1 | 1,896 |
| £3,001-£4,000 | 1 | 3,461 | 1 | 3,240 |
| £7,001-£8,000 | | | 1 | 7,139 |
| £8,001-£9,000 | | | - | - |
| £9,001-£10,000 | 1 | 9,209 | - | - |
| £11,001-£12,000 | 1 | 11,867 | 3 | 34,856 |
| £12,001-£13,000 | 2 | 24,501 | - | - |
| £15,001 - £16,000 | 1 | 15,451 | - | - |
| £16,001-£17,000 | | | 1 | 16,207 |
| £17,001-£18,000 | 1 | 17,558 | - | - |
| £18,001-£19,000 | | | 1 | 18,790 |
| £19,001-£20,000 | 1 | 19,496 | - | - |
| £21,001-£22,000 | 1 | 21,161 | - | - |
| £22,001-£23,000 | 4 | 90,602 | 2 | 44,694 |
| £23,001-£24,000 | 13 | 318,240 | - | - |
| £24,001 -£25,000 | | | 14 | 342,040 |
| £25,001 -£26,000 | 1 | 25,298 | 2 | 51,145 |
| £26,001-£27,000 | 1 | 26,023 | - | - |
| £28,001-£29,000 | 1 | 28,404 | 1 | 28,342 |
| £29,001 -£30,000 | 1 | 29,504 | 1 | 29,439 |
| £30,001-£31,000 | | | | |
| £31,001-£32,000 | 1 | 31,692 | 1 | 31,535 |
| £32,001-£33,000 | | | - | - |
| £33,001-£34,000 | 1 | 33,475 | - | - |
| £34,001-£35,000 | | | 1 | 34,214 |
| £36,001-£37,000 | | | 2 | 73,337 |
| £40,001-£41,000 | | | | |
| £41,001-£42,000 | 1 | 41,145 | - | - |
| £50,001-£51,000 | 1 | 50,987 | 1 | 50,875 |
| £51,001-£52,000 | | | 1 | 51,557 |
| £52,001-£53,000 | 1 | 52,674 | - | - |
| £53,001-£54,000 | | | | |
| £54,001-£55,000 | 1 | 54,811 | 1 | 54,939 |
| £55,001-£56,000 | | | | |
| £56,001-£57,000 | | | 2 | 112,493 |
| £57,001-£58,000 | 2 | 115,056 | - | - |
| £58,001-£59,000 | | | | |
| £59,001-£60,000 | 1 | 59,008 | 1 | 59,313 |
| £62,001 - £63,000 | 1 | 62,932 | | |
| £63,001-£64,000 | | | 1 | 63,043 |
| £71,001-£72,000 | 1 | 71,494 | 1 | 71,730 |
| £83,001-£84,000 | | | | |
| £84,001-£85,000 | 1 | 84,770 | - | - |
| £97,001-£98,000 | | | - | - |
| £99,001-£100,000 | | | 1 | 99,143 |
| £100,001-£101,000 | | | | |
| £103,001-£104,000 | 1 | 103,997 | | |
| £105,001 - £106,000 | 1 | 105,458 | | |
| £110,001-£111,000 | | | 1 | 110,511 |
| | 44 | 1,508,274 | 43 | 1,391,346 |

5 trustees are not employees of the college and do not receive remuneration.
All trustees may eat at common table, as can all other employees who are entitled to meals while working.

Trustee expenses

No Fellow claimed any expenses for work as a Trustee (2019/20: £0).
See also note 28 Related Party Transactions

Key management remuneration

The total remuneration paid to key management was £260k (2020: £252k).
Key management are considered to be the Deputy Bursar, the Domestic Bursar and the Registrar and Director of Admissions.

21 PENSION SCHEMES

The College participates in the Universities Superannuation Scheme ('USS') and the University of Oxford Staff Pension Scheme ('OSPS') on behalf of its fellows and staff.

As explained in the accounting policies, due to insufficient information being available to enable the College to use defined benefit accounting for the USS and OSPS, in accordance with the provisions of FRS 102 both schemes are accounted for as if they were defined contribution schemes.

Both schemes have put in place agreements for additional contributions to fund their past service deficits and the College has recognised a liability for the present value of the future contributions that it estimates will be payable as a result of these deficit funding agreements as explained below and reported in note 9.

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

The USS comprises two parts, USS Retirement Income Builder which is a defined benefit arrangement and USS Investment Builder which is a defined contribution arrangement. However, as explained above, both parts are accounted for as if they were defined contribution arrangements.

The pension charge for the year in the Statement of Financial Activities includes £469k (2020 - £95k) in relation to the USS. This represents normal contributions of £519k (2020 - £458k) payable to the USS together with the change in the deficit funding liability between the opening and closing balance sheet dates of -£50k (2020 - £553).

The latest triennial actuarial valuation of the USS defined benefit liabilities was prepared as at 31 March 2020 and the related actuarial report and contribution determination were shared with the USS's Joint Negotiating Committee (JNC) (which represents employers and scheme members) in March 2021.

This report sets out increases in pension contributions that would be necessary to maintain the scheme's existing benefits under three scenarios. The most favourable of these scenarios required an overall contribution rate of 42.1% with higher rates for the other scenarios of 49.6% and 56.2%. These compare to the current overall contribution rate of 30.7%. The scheme deficit as at March 2020 also varies depending on the scenario from £14.9bn to £17.9bn (on a technical provisions basis).

In response to these rising costs of providing the scheme's current benefits, the JNC has proposed changes to the way future benefits are built up which, if agreed, will pave the way for the introduction of new contribution rates

Any changes are still subject to a statutory employer-led consultation with affected employees and their representatives and, because of the necessary time for this, USS informed The Pensions Regulator that it was not possible to complete the 2020 valuation by the statutory deadline of 30 June 2021. The current expectation is that the valuation process will not conclude until late 2021 or early 2022.

Under the terms of the previous 2018 valuation, the total contributions from employers and active members of the scheme were set to rise to 34.7% from October 2021 – split 23.7% and 11% respectively. Subject to the above consultation on the 2020 valuation, a total contribution rate from October 2021 of 31.2% is proposed - split 21.4% and 9.8% respectively.

In summary, the current and proposed future contribution rates are:

| | Employer | Employee | Total |
|---|----------|----------|-------|
| 1 October 2019 to 30 September 2021 | 21.1% | 9.6% | 30.7% |
| 1 October 2021 – from 2018 valuation | 23.7% | 11.0% | 34.7% |
| 1 October 2021 – from JNC proposed scheme changes | 21.4% | 9.8% | 31.2% |

The College has used a financial modeller to estimate the expected future deficit funding contributions payable and the present value of this amount is recognised as a liability in the balance sheet. Changes in the estimated amount of this deficit funding liability each year are shown on the Statement of Financial Activities. For the year ended 31 July 2021 the College's provision for the USS deficit funding liability was £1,075k (2020 - £1,125k). Further details on the Actuarial Valuations of the USS can be found on the USS website.

Oxford Staff Pension Scheme "OSPS"

The pension charge for the year includes a credit of £221k (2020 - £590k) in relation to the OSPS. This represents contributions of £358k (2020 - £372k) payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of -£579k (2020 - £218k).

The latest formal actuarial valuation of OSPS was carried out as at 31 March 2019 and was published in June 2020. This valuation showed the scheme assets as £735.3m, sufficient to cover 87% of its liabilities of £848.1m on a technical provisions basis with an overall shortfall of £112.8m. The subsequent annual actuarial report prepared as at 31 March 2020 indicates that the deficit had increased to £166.6m with a funding level of 81%.

Based on the 2019 valuation the trustee and University agreed a recovery plan under which the employers will continue to pay contributions to the OSPS of 19% of pensionable salaries of both defined benefits members and defined contributions members who join on or after 1 October 2017. Part of the contributions for defined contribution members is 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. In addition, the employers will continue to reimburse the scheme in respect of Pension Protection Fund (PPF) and other levies collected by the Pensions Regulator. These contributions, together with an allowance for the Scheme's assets to return 2.5% per annum above gilt yields, are expected to eliminate the technical provisions deficit by 31 January 2028.

A provision of £725k has been included in the financial statements as at 31 July 2021 (2020 - £1,305k) for the present value of the estimated future deficit funding element of the contributions payable under this recovery plan agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the University of Oxford website.

22 TAXATION

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

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

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

| | 2021 Group £'000 | 2020 Group £'000 |
|---|------------------------|------------------------|
| Net income | 18,492 | (6,577) |
| Elimination of non-operating cash flows: | | |
| Investment income | (2,461) | (2,872) |
| (Gains)/ Losses in investments | (13,298) | 6,647 |
| Endowment donations | - | (30) |
| Depreciation | 1,144 | 809 |
| (Surplus)/loss on sale of fixed assets | (52) | - |
| (Increase) / Decrease in stock | (10) | 19 |
| (Increase) / Decrease in debtors | (387) | 143 |
| Increase / (Decrease) in creditors | 142 | (2,262) |
| (Decrease)/increase in provisions | - | - |
| Increase / (Decrease) in pension scheme liability | (629) | (335) |
| Coupon on Private Placement paid | 504 | 504 |
| Net cash used in operating activities | <u>3,445</u> | <u>(3,954)</u> |

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2021 £'000 | 2020 £'000 |
|--|---------------------|---------------------|
| Cash at bank and in hand | 1,364 | 1,508 |
| Total cash and cash equivalents | <u>1,364</u> | <u>1,508</u> |

25 FINANCIAL COMMITMENTS

The totals of future minimum lease payments under non-cancellable operating leases for each of the following periods were:

| | 2021 £'000 | 2020 £'000 |
|---|-------------------|-------------------|
| Land and buildings | | |
| Not later than one year | 335 | 318 |
| Later than one year and not later than five years | 396 | 592 |
| Later than five years | - | 5 |
| | <u>731</u> | <u>915</u> |
| Other | | |
| Not later than one year | 17 | 5 |
| Later than one year and not later than five years | 56 | - |
| | <u>73</u> | <u>5</u> |

26 CAPITAL COMMITMENTS

The College had no contracted commitments at 31 July 2020 for future capital projects totalling (2019: £0k)

27 RELATED PARTY TRANSACTIONS

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

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.

No trustees had loans outstanding from the College at the start and/or end of the year.

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

| | 2021 £'000 | 2020 £'000 |
|------------------------|---------------|---------------|
| B Frellesvig | | |
| D Dwan | 11 | 14 |
| R Zubek | - | 167 |
| G Wright and S Waddell | 163 | 170 |
| | <u>181</u> | <u>188</u> |

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

The joint equity share property belonging to D Dwan and the college was sold during 2020-21.

28 CONTINGENT LIABILITIES

There are no obligations arising from events occurring before the date of the balance sheet whose existence will be confirmed

29 POST BALANCE SHEET EVENTS

Universities Superannuation Scheme ('USS')

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in a increased obligation to fund the deficit of £2.008m, an increase of £0.933million. A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Negotiations continue and an increase to this level is considered remote. If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

