

# Hertford College

Annual Report and Financial Statements

Year ended 31 July 2011

**Hertford College**  
**Annual Report and Financial Statements**  
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## Hertford College

### Governing Body, Officers and Advisers

Year ended 31 July 2011

#### 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 during the year or subsequently are detailed below.

Governing Body Fellow	College Officers	In year change	(1)	(2)	(3)	(4)	(5)
Dr L F Alday		Elected 1/10/10					
Dr C Anderson		Elected 1/10/11					
Dr T C Barnard	Fellow Librarian and Archivist		•				
Professor R N E Barton							
Professor J H Bayley							
Dr A Bogg	Senior Tutor		•		•	•	
Professor C D Brewer	Editor of the College Magazine					•	
Dr P A Bull	Tutor for Admissions		•				
Dr S L Burrough							
Dr P Coones							
Professor Z F Cui							
Dr T C Cunnane		Retired 31/1/11					
Professor Dame K Davies							
Professor R C E Devenish		Retired 30/9/10					
Mr P A Dryden	Director of Development				•		
Professor F P E Dunne			•			•	•
Professor R F Foster							
Professor B M Frellesvig				•			
Dr D Gill		Elected 1/10/11					
Dr G Glickman							
Dr D Greaves				•			
Dr S Henry							•
Dr D M Hopkin					•	•	
Mr W Hutton	Principal	Elected 1/9/11					
Dr J Kiaer							
Dr J Landers	Principal	Resigned 31/8/11	•	•	•	•	•
Dr A G Lauder			•				
Dr M Leake							

**Hertford College**  
**Governing Body, Officers and Advisers**  
**Year ended 31 July 2011**

Mr S W B Lloyd	Bursar			•	•	•	•
Dr K Lunn-Rockliffe							
Professor M Maiden						•	
Dr P J R Millican				•	•		
Dr T A Murphy		Resigned 30/9/10					
Dr S J New				•			
Dr O J Noble Wood		Elected 1/10/10					
Mr T Paulin		Retired 30/9/10					
Professor P F Roche	Investment Bursar			•	•	•	
Professor C J Schofield			•				
Dr E Smith							
Dr T Suzuki							
Professor D Thomas							
Dr C Tyerman	Tutor for Graduates		•				•
Dr C Vallance							
Professor T Wilson							
Dr A C S Woollard	Dean					•	•
Dr A Young	Tutor for Women						•
Dr R G Zubek					•		

During the year the main activities of the Governing Body were carried out through five committees. The membership of these committees during the academic year 2010-11 is shown above for each Fellow.

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

Day to day management of the College is delegated to the College Officers noted above, who are in turn supported by members of staff.

**COLLEGE ADVISERS**

**Investment managers**

Rathbones Investment Management Ltd  
159 New Bond Street  
London W1E 9EU

**Auditor**

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

**Bankers**

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

**Solicitors**

Darbys Solicitors LLP  
52 New Inn Hall Street  
Oxford OX1 2ND

**College address**

Hertford College  
Catte street  
Oxford OX1 3BW

**Website**

*[www.hertford.ox.ac.uk](http://www.hertford.ox.ac.uk)*

**Hertford College**  
**Report of the Governing Body**  
**Year ended 31 July 2011**

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2011 under the Charities Act 1993 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. It was founded by Elias de Hertford as Hart Hall in 1282. A Royal Charter was granted in 1740. It was re-founded by act of Parliament in 1816 and in 1874. The College registered with the Charities Commission on 17<sup>th</sup> 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 dated 17<sup>th</sup> February 1988.

**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 ongoing strategic direction of the College and regulates its administration and the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by 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 Governing Body have the opportunity to attend trustee information briefings to keep them informed on their duties as trustees and regulatory requirements.

**Organisational management**

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

- 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.
- Committee for the Development Office: oversees the performance and financial management of the Development Office and identifies funding priorities within the framework of the College's strategic plan and in liaison with Academic Committee.
- General Purposes Committee: receives reports from and provides support to the Principal on College business and in his/her role as representative within the University and the wider world. The Committee receives nominations for College Offices and membership of committees.
- Domus Committee: has oversight of the domestic management of the College.

## Hertford College

### Report of the Governing Body

Year ended 31 July 2011

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- Remuneration Committee: consists of three persons not in receipt of remuneration from the College of which two are not members of Governing Body. The Committee makes recommendations to Governing Body on Fellows' allowances and College Officer stipends.

#### 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 a wholly owned non-charitable subsidiary, Hertford College Programmes, which started trading on 1<sup>st</sup> August 2010 and whose annual profits are donated to the College under the Gift Aid Scheme. The subsidiary's trading activities primarily comprise revenue from conferences and English Language programmes which use the College's facilities when not in use by the College. The subsidiary's aims, objectives and achievements are covered in the relevant sections of this report.

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.

#### Risk management

The College is engaged in risk assessment on an ongoing basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Principal. Financial risks are assessed by the Treasury Committee which is in turn advised by the Investment Advisory Board on investment risk. In addition, the Bursar and heads of department meet regularly to review health and safety issues. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas.

The Governing Body, who have ultimate responsibility for managing any risks faced by the College, have given consideration to the major risks to which the College and its subsidiary are exposed and have concluded that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

### 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 is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2006. In this connection the Governing Body has monitored closely the general and supplemental guidance produced by the Charity Commission, in particular its public benefit guidance on advancement of education and on fee-charging.

The College's aims for the public benefit are:

- 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.
- Promote excellence in research on the part of its Fellows and Stipendiary Lecturers.

The aim of the College's subsidiary is to help fund the achievement of the College's aims as above.

## Hertford College

### Report of the Governing Body

Year ended 31 July 2011

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#### Public benefit

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 web site.

The College advances public learning by providing higher education for undergraduate and postgraduate students within Oxford University, and by supporting the pursuit of publicly disseminated research. The College currently has approximately 380 undergraduates, 220 postgraduates, and 43 fellows who have contractual obligations to teaching and to 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 academic and 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. The high levels of research activity by College fellows have been audited by the national Research Assessment Scheme (2008); that 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 Fellowship for a period of up to three years to enable the holder to concentrate solely on their topic of research.

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

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 student loans provided by the Student Loans Company that are available to undergraduates from within the EU, other financial support is available to undergraduates from the University and the College who are from households where income is below a certain level. Oxford Opportunity Bursaries are available to undergraduates from lower income households at the College. In the 2010/11 academic year 104 students or about 30% of the College's UK undergraduates received this bursary, of which almost 50%, who had been assessed with a residual household income of less than £25,000, received the maximum bursary of £3,250. In 2010/11 there were 37 more students qualifying for this bursary than in the previous year at an additional cost of £65k. In addition, the College has a Student Support Fund which makes grants to both undergraduate and graduate students in financial hardship. In 2010/11 the College distributed £26k to support 55 students in this way. The College has identified student support as one of its key development priorities and is launching a College specific scheme in 2011/12 to complement the Oxford Opportunity Bursary.

Graduate funding is available for some studies and for the most able there are a limited number of scholarship funds available that graduates may apply for, which are administered by the University, the College or other sources. The College awards Senior Scholarships each year which are open to any student intending to read for a higher degree in Oxford. In 2010/11 there were six Senior Scholars with in year awards totalling £35k. A number of academic prizes are available to undergraduates and graduates at the College. Prizes are awarded on the basis of academic excellence and they serve to encourage academic endeavour at the College. The College also advances education for its graduates by providing travel grants to meet costs involved in undertaking research and presenting papers at conferences.



## **ACHIEVEMENTS AND PERFORMANCE**

The College set three key objectives in 2010/11. The objectives and progress in achieving them are summarised below:

**1. To assess the impact of forthcoming changes to Higher Education funding and start to define the College's response in the light of Hertford's academic strategy.**

The University's response to the Browne Report and subsequent Government announcements on higher education funding has been to charge a tuition fee of £9,000 for undergraduates admitted from 2012 and put in place a package of tuition fee waivers and bursaries intended to ensure students from financially disadvantaged backgrounds are not deterred from applying to Oxford. Initial assessment suggests the net financial impact on the College will be broadly neutral before taking account any unintended consequences of a potential adverse knock-on impact on student numbers. Fund raising for humanities tutorial fellowships potentially threatened by funding cuts and bursaries to ensure we can attract the most able students regardless of financial circumstances are an important element of the College's response. A review of admissions and outreach strategy is underway and will be linked to a wider review of academic strategy in the coming year. The College starts from a strong position having been placed 5<sup>th</sup> in the Norrington Table in 2011. During the year the College implemented more robust mechanisms for feedback on academic provision in partnership with the junior members. Governing Body approved measures to tighten control of undergraduate numbers planning and grow the contribution from the College's trading activities which will partially compensate for the adverse impacts of the expected changes to the funding environment.

**2. To re-define our strategy for undergraduate admissions and outreach activities in the light of forthcoming changes to Higher Education funding.**

At the beginning of Hilary Term, the College instituted a Review of Undergraduate Admissions, to consider the development of outreach activities and admissions policy in the light of the changing funding situation. Initial efforts focused on acquiring information from College officers, students, the central University, other Colleges, and external bodies. An interim report was produced early in Trinity Term, outlining progress and the emerging options, and the aim is to produce a full report in Michaelmas Term. We are exploring the possibility of piloting a new "Student Ambassador Scheme", this having emerged as having strong support as an excellent method for harnessing our students' enthusiasm for the tradition of outreach of which Hertford College has been such a proud pioneer.

**3. To launch fund-raising for a fellowship in History, continue fund-raising for an Economics fellowship and build the undergraduate bursary fund.**

We have launched fundraising for the Ellis-Barnard History Fellowship endowment fund where we aim to secure £1.2m by October 2013 in order to release £800,000 of matched funding from the University's teaching fund. Over 20% of this target had been secured and a public fundraising launch event is taking place in September 2011. Further progress has been made with fundraising to endow the Van Noorden Fellowship in Economics and for the Undergraduate Bursaries fund with donations of £47k and £89k received respectively in the last financial year.

## **FINANCIAL REVIEW**

There was a surplus of £1,113k for the year, an increase of £400k on the previous year.

Income from charitable activities was £4,728k an increase of £113k on the previous year. Income from tuition fees, HEFCE grants and other academic activities, was £2,520k, a decrease of £130k, due to cuts in HEFCE funding and a temporary reduction in undergraduate numbers. This was offset by higher residential income reflecting increased charges to members, a higher level of funding for Oxford Opportunity Bursaries and income from charitable events which primarily support the College's access and outreach policies. Expenditure on charitable activities was £5,744k, an increase of £255k primarily due to higher expenditure on scholarships and bursaries, a higher level of college contributions and increased depreciation charges. Total

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### Report of the Governing Body

Year ended 31 July 2011

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staff costs were £3,697k or £61k higher than the previous year. The deficit on charitable activities increased by £142k to £1,016k.

Income from non charitable trading activities was £1,866k, an increase of 22% on the previous year. Bookings for English language (EFL) programmes were at record levels as a number of new customers were secured and some existing customers returned in higher numbers. Expenditure was also higher due to activity related costs, particularly temporary staff. The College's trading subsidiary, Hertford College Programmes recorded a pre-tax profit of £457k which was donated to the College under gift aid.

Legacies and donations were £583k which is £53k higher than the previous year. Donations included £229k to endow the Ellis-Barnard History and Van Noorden Economics fellowships and £165k of restricted funds, the largest amount being for the Undergraduate Bursary Scheme. There were no legacies in the year (£104k in 2009-10). The cost of raising funds was £234k, £3k higher than the previous year.

Cash inflow was £187k supported by operational cash inflow of £282k and after capital expenditure of £659k representing the purchase and refurbishment of a property in Oxford to increase the College's stock of student accommodation. Cash at bank was £1,530k at the year end.

#### 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 £2,017k (2010: £1,368k), representing retained unrestricted income reserves excluding an amount of £10,134k for the book value of fixed assets. This represents a little in excess of the three month target to take into account an expectation of higher expenditure in the coming years.

Designated reserves at the year-end comprised: £663k for a rolling programme of expenditure on projects to improve the College's infrastructure, including those designed to reduce carbon emissions and increase energy efficiency; £295k for the Undergraduate Bursary Fund which guarantees a minimum of five year's funding for the scheme including donations received to date; £74k for graduate scholarships, the first of which has been awarded for the 2011-12 academic year.

#### Investment policy, objectives and performance

The College's Statement of Investment Principles is published on its web site and are summarised below. The College aims to manage its investments to:

- 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.
- 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.

Following a competitive selection process, the College appointed Rathbones to manage its endowment on a discretionary basis from 1<sup>st</sup> January 2011.

The investment strategy and performance is monitored by the Investment Advisory Board which in turn reports to the College's Treasury Committee. At the year end, the College's endowment, combining the securities and property investments, totalled £46.3m, an increase of £4.7m on the previous year of which £3.6m is capital appreciation. The total investment return was 12.4% over the year which compares to the relevant benchmark return of 11.4% and the FTSE100 index of 14.2%. This valuation predates the fall in equity markets in August 2011.

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**Report of the Governing Body**  
**Year ended 31 July 2011**

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Investment income was £1,431k, an increase of £232k on the previous year. This includes £79k of tax reclaimed on corporate bonds from previous years and reflects an increase in investments held in corporate bonds and higher company dividends.

**FUTURE PLANS**

The College plans to build on the achievements of the last year, to review its academic strategy, continue to raise funds to endow key teaching posts and fund bursaries, and continue to steward its finances to ensure it is well placed to manage what are anticipated to be challenging years ahead.

**STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

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

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

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

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue to operate.

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 1993. 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 12<sup>th</sup> October 2011 and signed on its behalf by:

Mr W Hutton  
Principal



## Hertford College

### Report of the Auditor to the Members of the Governing Body of Hertford College

We have audited the financial statements of Hertford College for the year ended 31 July 2011 which comprise the Statement of Accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

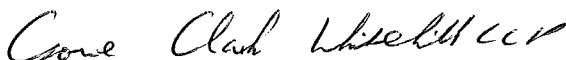
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2011 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; or
- sufficient 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.



**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

Date: 26 October 2011

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**1. Scope of the financial statements**

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement comprising the consolidation of the College and with its wholly owned subsidiary Hertford College Programmes. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiary as included the consolidated income, expenditure and results of the College are disclosed in note 12.

**2. Basis of accounting**

The financial statements have been prepared under the Charities Act 2006 and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 ("the Charities SORP") and applicable accounting standards. The financial statements are drawn up on the historical cost basis of accounting as modified by the revaluation of investment properties and other investments.

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

Fees receivable, HEFCE support and charges for services and use of the premises are accounted for in the period in which the related service is provided.

**4. Incoming resources from donations and legacies**

Voluntary income is accounted for when the College has entitlement to the funds, the amount can be reliably quantified and there is reasonable certainty of its ultimate receipt.

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

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

**5. Investment income**

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

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

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

**6. Expenditure**

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

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

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

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

**7. Leases**

Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms.

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**Statement of Accounting Policies**  
**Year ended 31 July 2011**

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The cost of the assets held under finance leases is included within fixed assets and depreciation is charged in accordance with the accounting policy for each class of asset concerned. The corresponding capital obligations under these leases are shown as liabilities. The finance charge element of rentals is charged to the Statement of Financial Activities and classified within finance costs as incurred.

**8. Tangible fixed assets**

Tangible fixed assets are stated at cost and are depreciated on a straight line basis over the following periods:

Freehold properties (major)	30 years
Freehold properties (minor)	10 years
Building improvements (major)	10 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.

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

The College operates a "de minimis" limit of £25,000 for the capitalisation of expenditure on fixed assets.

**9. Investments**

Listed investments held as fixed asset investments are valued at their mid-market values as at the balance sheet date. Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

**10. 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.

**11. Foreign currencies**

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

**12. Fund accounting**

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

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

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

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

## **Hertford College**

### **Statement of Accounting Policies**

**Year ended 31 July 2011**

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unrestricted funds unless the donor has placed restricted the use of that income, in which case it will be accounted for as a restricted fund.

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.

#### **13. Pension costs**

The costs of retirement benefits provided to employees of the College through two multi-employer defined pension schemes are accounted for as if these were defined contribution schemes in accordance with the requirements of FRS 17. The College's contributions to these schemes are charged in the period in which the salaries to which the contributions relate are payable.

**Hertford College**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2011**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
<b>INCOMING RESOURCES</b>						
<b>Resources from charitable activities</b>	1					
Teaching and research		4,497	231	0	4,728	4,615
<b>Resources from generated funds</b>						
Legacies and donations		189	165	229	583	530
Trading income	2	1,866	0	0	1,866	1,530
Investment income	3	1,274	157	0	1,431	1,199
Bank and other interest	4	4	0	0	4	10
		3,333	322	229	3,884	3,269
<b>Other incoming resources</b>		14	0	0	14	5
<b>Total Incoming Resources</b>		7,844	553	229	8,626	7,889
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>	5					
Fundraising		234	0	0	234	231
Trading expenditure		1,381	0	0	1,381	1,305
Investment management costs		88	11	0	99	90
		1,703	11	0	1,714	1,626
<b>Charitable activities</b>	5					
Teaching and research		5,318	426	0	5,744	5,489
Teaching and research		5,318	426	0	5,744	5,489
<b>Governance costs</b>	8	55	0	0	55	61
<b>Total Resources Expended</b>		7,076	437	0	7,513	7,176
<b>Net incoming/(outgoing) resources before transfers</b>		768	116	229	1,113	713
Transfers between funds	17	38	(17)	(21)	0	0
<b>Net incoming/(outgoing) resources before other gains and losses</b>		806	99	208	1,113	713
Investment gains/(losses)		182	30	3,387	3,599	4,233
<b>Net movement in funds for the year</b>		988	129	3,595	4,712	4,946
Fund balances brought forward	17	12,195	341	39,152	51,688	46,742
<b>Funds carried forward at 31 July</b>	17	13,183	470	42,747	56,400	51,688



**Hertford College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2011**

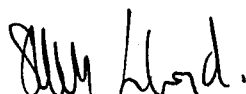
	Notes	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	10,134	10,059	10,134	10,059
Securities and other investments	11	46,300	41,601	46,300	41,601
		<u>56,434</u>	<u>51,660</u>	<u>56,434</u>	<u>51,660</u>
<b>CURRENT ASSETS</b>					
Stocks		19	18	19	18
Debtors	13	562	518	256	518
Deposits and other short term investments		0	0	0	0
Cash at bank and in hand		1,530	1,343	1,460	1,343
		<u>2,111</u>	<u>1,879</u>	<u>1,735</u>	<u>1,879</u>
<b>CREDITORS: falling due within one year</b>	14	<b>2,106</b>	<b>1,744</b>	<b>1,730</b>	<b>1,744</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u><b>5</b></u>	<u>135</u>	<u><b>5</b></u>	<u>135</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>56,439</b>	<b>51,795</b>	<b>56,439</b>	<b>51,795</b>
<b>CREDITORS: falling due after more than one year</b>	15	<b>39</b>	<b>107</b>	<b>39</b>	<b>107</b>
<b>NET ASSETS</b>		<u><b>56,400</b></u>	<u><b>51,688</b></u>	<u><b>56,400</b></u>	<u><b>51,688</b></u>
<b>FUNDS OF THE COLLEGE</b>					
	17				
<b>Endowment funds</b>		<b>42,747</b>	<b>39,152</b>	<b>42,747</b>	<b>39,152</b>
<b>Restricted funds</b>		<b>470</b>	<b>341</b>	<b>470</b>	<b>341</b>
<b>Unrestricted funds</b>					
Designated funds		11,166	10,827	11,166	10,827
General funds		2,017	1,368	2,017	1,368
		<u><b>56,400</b></u>	<u><b>51,688</b></u>	<u><b>56,400</b></u>	<u><b>51,688</b></u>

The financial statements were approved and authorised for issue by the Governing Body of Hertford College on: 12th October 2011

Trustee:



Trustee:



**Hertford College**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 July 2011**

	Notes	2011 Group £'000	2010 Group £'000
<b>Net cash inflow/(outflow) from operations</b>	22	<u>282</u>	<u>819</u>
<b>Returns on investments and servicing of finance</b>			
Income from investments		1,435	1,209
Finance costs paid		0	0
		<u>1,435</u>	<u>1,209</u>
<b>Capital expenditure and financial investment</b>			
New endowment capital received		229	19
Payments for tangible fixed assets		(659)	0
Proceeds from sales of tangible fixed assets		0	0
Payments for investments		(5,386)	(12,554)
Proceeds from sales of investments		4,286	11,739
		<u>(1,530)</u>	<u>(796)</u>
<b>Management of liquid resources</b>			
Net (additions to) / withdrawals from term deposits		0	0
Net (purchase) / sale of current asset investments		0	0
		<u>0</u>	<u>0</u>
<b>Financing</b>			
New bank loans		0	0
Bank loans repaid		0	0
New lease finance		0	0
Capital element of finance lease payments		0	0
		<u>0</u>	<u>0</u>
<b>Increase/(decrease) in cash in the year</b>		<u>187</u>	<u>1,232</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		187	1,232
Transfers to/(from) term deposits and current investments		0	0
(Increase)/decrease in loan and lease finance		0	0
<b>Change in net funds</b>		<u>187</u>	<u>1,232</u>
<b>Net funds at 1 August</b>		1,343	111
<b>Net funds at 31 July</b>		<u>1,530</u>	<u>1,343</u>

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
<b>Teaching and research</b>					
Tuition fees - UK and EU students	1,246	0	0	1,246	1,344
Tuition fees - Overseas students	352	0	0	352	333
Other fees	268	0	0	268	263
Other HEFCE support	338	0	0	338	423
Other academic income	85	231	0	316	287
College residential income	2,208	0	0	2,208	1,965
	<u>4,497</u>	<u>231</u>	<u>0</u>	<u>4,728</u>	<u>4,615</u>

The above analysis includes £1,584k received from Oxford University under the CFF Scheme, net of College fees received directly (2010 - £1,678k)

**2 TRADING INCOME**

	2011 £'000	2010 £'000
Subsidiary company trading income	1,838	0
Other trading income	28	1,530
	<u>1,866</u>	<u>1,530</u>

**3 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Commercial rent	35	0	0	35	115
Other property income	0	0	0	0	0
Equity dividends	645	82	0	727	659
Income from fixed interest stocks	592	75	0	667	425
Interest on fixed term deposits and cash	2	0	0	2	0
Other investment income	0	0	0	0	0
	<u>1,274</u>	<u>157</u>	<u>0</u>	<u>1,431</u>	<u>1,199</u>

**4 BANK AND OTHER INTEREST INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Bank interest	2	0	0	2	1
Other interest	2	0	0	2	9
	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>10</u>

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

**5 ANALYSIS OF RESOURCES EXPENDED**

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	2011 Total £'000	2010 Total £'000
<b>Costs of generating funds</b>					
Fundraising	183	39	11	234	231
Trading expenditure	263	410	708	1,381	1,305
Investment management costs	2	0	97	99	90
<b>Total costs of generating funds</b>	<b>448</b>	<b>449</b>	<b>817</b>	<b>1,714</b>	<b>1,626</b>
<b>Charitable expenditure</b>					
Teaching and research	2,430	2,160	1,155	5,744	5,489
<b>Total charitable expenditure</b>	<b>2,430</b>	<b>2,160</b>	<b>1,155</b>	<b>5,744</b>	<b>5,489</b>
<b>Governance costs</b>	<b>19</b>	<b>28</b>	<b>8</b>	<b>55</b>	<b>61</b>
<b>Total resources expended</b>	<b>2,897</b>	<b>2,637</b>	<b>1,979</b>	<b>7,513</b>	<b>7,176</b>

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. Contribution is calculated annually in accordance with regulations made by the Council.

The teaching and research costs include College Contribution payable of £34k (2010 - £16k).

**6 SUPPORT COSTS**

	Generating Funds £'000	Teaching and Research £'000	2011 Total £'000	2010 Total £'000
Financial and domestic admin	655	505	1,160	988
IT	30	197	227	225
Depreciation	131	453	584	518
Loss/(profit) on fixed assets	0	0	0	0
Bank interest payable	0	0	0	0
Other finance charges	0	0	0	0
	<b>817</b>	<b>1,155</b>	<b>1,971</b>	<b>1,731</b>

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.

**7 GRANTS AND AWARDS**

	Unrestricted Funds £'000	Restricted Funds £'000	2011 Total £'000	2010 Total £'000
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:				
Scholarships, prizes and grants	54	93	147	121
Bursaries and hardship awards	0	258	258	187
Grants to other institutions	0	0	0	0
	<b>54</b>	<b>351</b>	<b>405</b>	<b>308</b>

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

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

**8 GOVERNANCE COSTS**

	2011	2010
	£'000	£'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	19	17
Auditor's remuneration - other services	2	8
Legal and other fees on constitutional matters	7	9
Other governance costs	27	27
	<u>55</u>	<u>61</u>

No amount has been included in Governance Costs for the direct employment costs or reimbursed expenses of the College Fellows except in relation to the costs of registration with the Charity Commission. Details of the remuneration of the Fellows and their reimbursed expenses are included as a separate note within these financial statements.

**9 STAFF COSTS**

	2011	2010
	£'000	£'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	3,065	3,018
Social security costs	217	213
Pension costs	415	405
	<u>3,697</u>	<u>3,636</u>

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

	2011	2010
Tuition and research	11	10
College residential	51	54
Fundraising	2	2
Support	15	15
Total	<u>79</u>	<u>81</u>

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

	2011	2010
University Lecturers	20	21
CUF Lecturers	7	7
Other teaching and research	4	6
Other	3	3
Total	<u>34</u>	<u>37</u>

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

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.

There were no employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) were in excess of £60,000.

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

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

**10 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Leasehold land and buildings £'000</b>	<b>Freehold land and buildings £'000</b>	<b>Plant and Machinery £'000</b>	<b>Fixtures, Fittings and Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At start of year	0	17,208	0	0	17,208
Additions	0	659	0	0	659
Disposals	0	0	0	0	0
<b>At end of year</b>	<b>0</b>	<b>17,867</b>	<b>0</b>	<b>0</b>	<b>17,867</b>
<b>Depreciation</b>					
At start of year	0	7,149	0	0	7,149
Charge for the year	0	584	0	0	584
On disposals	0	0	0	0	0
<b>At end of year</b>	<b>0</b>	<b>7,733</b>	<b>0</b>	<b>0</b>	<b>7,733</b>
<b>Net book value</b>					
At end of year	0	10,134	0	0	10,134
At start of year	0	10,059	0	0	10,059
<b>College</b>					
<b>Cost</b>					
At start of year	0	17,208	0	0	17,208
Additions	0	659	0	0	659
Disposals	0	0	0	0	0
<b>At end of year</b>	<b>0</b>	<b>17,867</b>	<b>0</b>	<b>0</b>	<b>17,867</b>
<b>Depreciation</b>					
At start of year	0	7,149	0	0	7,149
Charge for the year	0	584	0	0	584
On disposals	0	0	0	0	0
<b>At end of year</b>	<b>0</b>	<b>7,733</b>	<b>0</b>	<b>0</b>	<b>7,733</b>
<b>Net book value</b>					
At end of year	0	10,134	0	0	10,134
At start of year	0	10,059	0	0	10,059

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.

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

**11 SECURITIES AND OTHER INVESTMENTS**

	2011 £'000	2010 £'000
<b>Group investments</b>		
Valuation at start of year	41,601	36,553
New money invested	1	0
Amounts withdrawn	(207)	(150)
Reinvested income	1,395	1,046
Investment management fees	(89)	(81)
(Decrease)/increase in value of investments	3,599	4,233
<b>Group investments at end of year</b>	<b>46,300</b>	<b>41,601</b>
Investment in subsidiaries	0	0
<b>College investments at end of year</b>	<b>46,300</b>	<b>41,601</b>

Group investments comprise:	Held outside	Held in	2011	2010
	the UK	the UK	Total	Total
	£'000	£'000	£'000	£'000
Equity investments		3,233	3,233	2,202
Global multi-asset funds		26,790	26,790	23,394
Property funds		681	681	669
Fixed interest stocks		15,133	15,133	14,205
Alternative and other investments		0	0	0
Fixed term deposits and cash		463	463	1,131
<b>Total group investments</b>	<b>0</b>	<b>46,300</b>	<b>46,300</b>	<b>41,601</b>

**12 SUBSIDIARY UNDERTAKINGS**

Hertford College Programmes, 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 event services on the College premises.

The results of the subsidiary and its assets and liabilities at the year end were as follows.

	Hertford College Programmes £'000
Turnover	1,839
Expenditure	(1,382)
Donation to College under gift aid	(457)
<b>Result for the year</b>	<b>0</b>
Total assets	1,136
Total liabilities	(1,136)
<b>Net funds at the end of year</b>	<b>0</b>

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

**13 DEBTORS**

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	194	89	63	89
Amounts owed by College members	59	122	59	122
Amounts owed by Group undertakings	0	0	0	0
Loans repayable within one year	9	6	9	6
Prepayments and accrued income	280	281	105	281
Other Debtors	0	0	0	0
<b>Amounts falling due after more than one year:</b>				
Loans	20	20	20	20
	<u>562</u>	<u>518</u>	<u>256</u>	<u>518</u>

**14 CREDITORS: falling due within one year**

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
Bank overdrafts	0	0	0	0
Bank loans	0	0	0	0
Obligations under finance leases	0	0	0	0
Trade creditors	295	215	295	215
Amounts owed to College Members	24	54	24	54
Amounts owed to Group undertakings	0	0	760	0
Taxation and social security	94	110	81	110
College contribution	36	35	36	35
Accruals and deferred income	291	170	289	170
Other creditors	1,366	1,160	245	1,160
	<u>2,106</u>	<u>1,744</u>	<u>1,730</u>	<u>1,744</u>

**15 CREDITORS: falling due after more than one year**

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
Bank loans	0	0	0	0
Obligations under finance leases	0	0	0	0
Other creditors	39	107	39	107
	<u>39</u>	<u>107</u>	<u>39</u>	<u>107</u>

**16 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	10,134	0	0	10,134
Property investments	0	0	0	0
Securities and other investments	3,083	470	42,747	46,300
Net current assets less creditors due after more than one year	(34)	0	0	(34)
	<u>13,183</u>	<u>470</u>	<u>42,747</u>	<u>56,400</u>



**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

**17 FUNDS OF THE COLLEGE MOVEMENTS**

	At 1 August 2010 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2011 £'000
<b>Endowment Funds - Permanent</b>						
College Endowment Fund	30,570				2,644	33,214
Carreras Endowment	1,060				92	1,152
Carreras General	2,361			17	204	2,582
Baring Trust Fund	1,350				117	1,467
Drapers	734				64	798
Mortimer May	608				52	660
E. M. Vaughan-Williams Trust	375				33	408
Five Fellowship	364				31	395
Michael Baring Travel Fund	56				5	61
Roger Van Noorden Economics Fund	80	47			7	134
Ellis-Barnard History Fellowship	0	182				182
Other Scholarship Funds	660				57	717
Other Funds	126				11	137
						0
<b>Endowment Funds - Expendable</b>						
Carreras Fellowship	368				32	400
Starun Fund	140				12	152
Japan Appeal	68			(38)	6	36
Armstrong-Macintyre-Markham	216				19	235
BCL Fund	16				1	17
<b>Total Endowment Funds</b>	<b>39,152</b>	<b>229</b>	<b>0</b>	<b>(21)</b>	<b>3,387</b>	<b>42,747</b>
<b>Restricted Funds</b>						
Undergraduate Bursaries	144	89			12	245
<i>Unspent income funds</i>						
Carreras Endowment	0	36	(19)	(17)		0
Drapers	6	25	(25)		1	7
Mortimer May	85	24	(17)		7	99
E. M. Vaughan-Williams Trust	45	14	(9)		4	54
Unspent income of other Funds above	27	52	(48)		3	34
Other Funds	34	22	(28)		3	31
Oxford Opportunity Bursary	0	231	(231)			0
Other funds expensed in year	0	60	(60)			0
<b>Total Restricted Funds</b>	<b>341</b>	<b>553</b>	<b>(437)</b>	<b>(17)</b>	<b>30</b>	<b>470</b>
<b>Unrestricted Funds</b>						
General	1,368	7,844	(7,076)	(301)	182	2,017
Fixed asset designated	10,059			75		10,134
Infrastructure Modernisation	663					663
Graduate Scholarship	74					74
Undergraduate Bursaries	31			264		295
<b>Total Unrestricted Funds</b>	<b>12,195</b>	<b>7,844</b>	<b>(7,076)</b>	<b>38</b>	<b>182</b>	<b>13,183</b>
<b>Total Funds</b>	<b>51,688</b>	<b>8,626</b>	<b>(7,513)</b>	<b>0</b>	<b>3,599</b>	<b>56,400</b>

**Transfers between funds :-**

*Carreras Endowment/Carreras General* 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.

*Japan Appeal/General fund* The transfer from Japan appeal represents the amount spent by the fund in excess of income in the year. It is anticipated that the fund will be exhausted in the forthcoming year.

*Undergraduate Bursaries/General Fund* Governing Body has designated a further £264k so that together with the restricted Bursary Fund, there are reserves equivalent to the anticipated costs of the first five years of the Bursary scheme which the College will start in October 2011.

**Hertford College**  
**Notes to the financial statements**  
**For the year ended 31 July 2011**

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**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.
Carreras Endowment	A gift from Carreras International whose income is split between the Carreras General and Fellowship Funds
Carreras General	Income from Carreras endowment Fund is reinvested and the income generated is used the general purposes of the College
Baring Trust Fund	Dates back to the re-foundation of the College in the 19th century. Income used for scholarships / general purposes.
Drapers	A gift from The Drapers' Company for Scholarships and in support of a Fellow.
Mortimer May	A gift from Mortimer May in memory of his son 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.
Five Fellowship	A gift in 1874 of which £1500 p.a. is to support Fellowships and the balance for general purposes.
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 wirth surplus for general purposes.
Other Funds	Comprise the Boyd Memorial,White,Brunsell and Old Hertford College Funds which are for Student Loans/Chapel/Library and general purposes.

**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
Japan Appeal	Gifts in 1991/2 from Tokyo Electric Power and the Kajima Fund to support a Fellowship 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
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 Undegraduate Bursary Scheme which will commence 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 Stublely,Geography Prize,Music and student hardship Funds.

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<b>Designated Funds</b>	
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
Infrastructure Modernisation	Unrestricted Funds allocated by the Fellows for future costs of the programme to improve the infrastructure of the college, including the reduction of the carbon footprint of the college by investing in energy efficient plant.
Graduate Scholarship	Unrestricted Funds allocated by the Fellows for future costs of providing enhanced scholarships.
Bursaries Fund	Unrestricted Funds allocated by the Fellows for future costs of the Undergraduate Bursary which will commence 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

**19 TRUSTEES' REMUNERATION**

**Trustee remuneration**

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

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

The college has a Remuneration Committee which consists of three persons who are not in receipt of remuneration from the college of which two 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. 28 trustees receive a housing allowance which is disclosed within the salary figures below. 2 trustees live in houses owned jointly with the college. No such houses were bought or sold during the year.

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 £925,089 (2009-10 £1,009,252).

The total of pension contributions is £145,468 (2009-10 £153,879).

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**Remuneration paid to trustees**

Range	2010-2011		2009-2010	
	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	1,331
£3,001-£4,000	1	3,013		
£4,001-£5,000	2	8,875		
£6,001-£7,000	1	6,663		
£7,001-£8,000	2	14,901	1	7,780
£8,001-£9,000	1	8,742	2	17,194
£9,001-£10,000	1	9,038	1	9,210
£10,001-£11,000			1	10,387
£12,001-£13,000	1	12,288		
£13,001-£14,000	1	13,452		
£16,001-£17,000	2	33,352	3	49,692
£17,001-£18,000	1	17,228		
£18,001-£19,000	8	145,621	10	181,060
£19,001-£20,000	1	19,378		
£20,001-£21,000			1	20,508
£21,001-£22,000	1	21,487	1	21,104
£22,001-£23,000			1	22,938
£23,001-£24,000	1	23,307		
£24,001-£25,000	1	24,434	1	24,267
£26,001-£27,000			1	26,316
£29,001-£30,000			1	29,307
£35,001-£36,000	1	35,953		
£40,001-£41,000	1	40,254		
£41,001-£42,000			1	41,170
£43,001-£44,000	1	43,796	1	43,496
£44,001-£45,000			1	44,934
£45,001-£46,000			1	45,677
£47,001-£48,000	2	94,579	2	94,432
£48,001-£49,000	2	96,877		
£50,001-£51,000			1	50,461
£51,001-£52,000	2	102,537	1	51,076
£54,001-£55,000	1	54,031		
£55,001-£56,000			1	55,509
£69,001-£70,000			1	69,748
£70,001-£71,000	1	70,226		
£76,001-£77,000			1	76,108
£83,010-£84,000			1	83,918
£84,001-£85,000	1	84,499		
£85,001-£86,000			1	85,508
£86,001-£87,000	1	86,026		
	38	1,070,557	38	1,163,131

6 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**

5 fellows were paid travel expenses for travel to meetings in London.  
The total cost of these expenses was £544 (2009-10 £nil).

**Other transactions with trustees**

There were no other transactions with the trustees

**20 PENSION SCHEMES**

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf its staff. Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds.

Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, as required by the accounting standard FRS17 "Retirement Benefits", the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

In September 2005 the government introduced legislation that an employer may not withdraw from a multi-employer scheme without funding (to a specified level) its share of any pension liability in the scheme. The funding level specified is the amount required to buy-out the liabilities with an insurance company, and is commonly known as the 'buy-out debt' or 'section 75 debt'. The buy-out debt is a more onerous funding requirement than the scheme's own cautious assumptions and the sums involved can be very substantial.

The latest actuarial valuation of the USS was carried out at 31 March 2008 and published in February 2009. This valuation showed the scheme assets to represent 103% of the scheme liabilities at that date. Based on this valuation the actuary recommended an employer contribution rate of 16% with an employee contribution rate of 6.35%. The full valuation is available on the USS website, [http://www.uss.co.uk/Actuarial%20Valuation/actuarial\\_valuation\\_2008.pdf](http://www.uss.co.uk/Actuarial%20Valuation/actuarial_valuation_2008.pdf). The next actuarial valuation of the USS is due to take place at 31 March 2011 and should be published early in 2012. In addition, a national review of the future of the USS is currently underway.

The latest actuarial valuation of the OSPS was carried out at 31 March 2007 and showed that this scheme had a deficit of approximately £43m. Following this valuation a recovery plan was put in place, which required the University and the participating Colleges to increase their contribution rate from 17.5% to 21.5% to help reduce the deficit. Since the last funding valuation, the economic downturn has had a significant impact on the value of the assets held by the scheme. An estimate of OSPS's funding position as at 31 July 2009 indicated that the shortfall had risen to £166 million.

In light of the actuarial deficit, and in order to ensure that the scheme remains sustainable in the long term, the University is working with the participating Colleges and the scheme's trustees to identify what changes need to be made to OSPS.

The pension charge for the year includes contributions payable to the USS of £190k (2010 - £190k) and contributions payable to the OSPS of £217k (2010 - £206k). At 31 July 2011 £nil was accrued in respect of pension contributions (2010 - £nil).

**21 TAXATION**

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

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

	2011 £'000	2010 £'000
<b>Net incoming resources for the year</b>	<b>1,113</b>	<b>713</b>
Elimination of non-operating cash flows:		
- Investment income	(1,435)	(1,209)
- Endowment donations	(229)	(19)
- Financing costs	0	0
Depreciation	584	518
(Surplus)/loss on sale of fixed assets	0	0
Decrease/(Increase) in stock	(1)	(3)
Decrease/(Increase) in debtors	(44)	32
(Decrease)/Increase in creditors	294	787
(Decrease)/Increase in provisions	0	0
<b>Net cash inflow/(outflow) from operations</b>	<b>282</b>	<b>819</b>

**23 ANALYSIS OF CHANGES IN NET FUNDS**

	2010 £'000	Cash flow £'000	2011 £'000
Cash at bank and in hand	1,343	187	1,530
Bank overdrafts	0	0	0
	<u>1,343</u>	<u>187</u>	<u>1,530</u>
Deposits and other short term investments	0	0	0
Bank loans due within one year	0	0	0
Bank loans due after one year	0	0	0
Finance lease obligations due within one year	0	0	0
Finance lease obligations due after one year	0	0	0
	<u>1,343</u>	<u>187</u>	<u>1,530</u>

**24 FINANCIAL COMMITMENTS**

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

	2011 £'000	2010 £'000
<b>Land and buildings</b>		
- expiring within one year	2	0
- expiring between two and five years		
- expiring in over five years		
	<u>2</u>	<u>0</u>
<b>Other</b>		
- expiring within one year	1	0
- expiring between two and five years	3	5
- expiring in over five years		
	<u>4</u>	<u>5</u>

**Hertford College**  
**Notes to the financial statements**  
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**25 CAPITAL COMMITMENTS**

The College had no contracted commitments at 31 July for future capital projects (2010 - £nil).

**26 RELATED PARTY TRANSACTIONS**

The College is part of the collegiate University of Oxford. Material interdependencies between the University and of the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS8 ("Related party disclosures").

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 8, 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.

	2011 £'000	2010 £'000
B Frellesvig	35	41
T Suzuki	25	34

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.

**27 CONTINGENT LIABILITIES**

There are no obligations arising from events occurring before the date of the balance sheet whose existence will be confirmed only by the occurrence of events not wholly within the College's control.

**28 POST BALANCE SHEET EVENTS**

There were no events occurring after the date of the balance sheet which would have a material effect on these financial statements.