



St Hugh's College

Annual Report and Financial Statements

Year ended 31 July 2018

ST HUGH'S COLLEGE
Annual Report and Financial Statements
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Governing Body, Officers and Advisers
Year ended 31 July 2018

MEMBERS OF THE GOVERNING BODY

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

		Finance Committee	Investment Committee	Academic Committee	Risk Committee	Remuneration Committee
Dame Elish Angiolini (Principal)		•	•	•	•	
Professor A L Harris						
Professor A W Moore					•	
Dr G S Garnett						
Dr T M Kuhn						
Professor J T Chalker						
Professor K R Plunkett						
Professor M B Giles		•				
Professor J S Getzler			•			
Professor L L Wong						
Professor G A Stellardi						
Professor P J Mitchell						
Professor P D McDonald				•		
Mrs S J Vainker						
Professor S R Duncan						
Professor R K Westbrook		•		•	•	
Dr S Pasetta				•		
Professor R G Grainger						

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Governing Body, Officers and Advisers
Year ended 31 July 2018

		Finance Committee	Investment Committee	Academic Committee	Risk Committee	Remuneration Committee
Professor C J Stevens		•				
Professor M R Macnair				•		
Professor C Wilson						
Professor I A Walmsley	Resigned 30 September 2018					
Dr T C B Rood						
Professor A Harnden						
Dr N E R Perkins						
Professor T C Powell						
Professor J Martin						
Professor C Capelli				•		
Professor D P Marshall		•				
Professor R Perera						
Mr P R C Marshall						
Professor E E Leach						
Professor G Loutzenhiser			•			
Professor S J Conway		•		•		
Professor P Blunsom						
Professor R Baker						
Professor E Mann		•				
Dr T Sanders				•		

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		Finance Committee	Investment Committee	Academic Committee	Risk Committee	Remuneration Committee
Ms V C Stott		•	•	•	•	
Dr J Parkin						
Professor EM Husband						
Professor C Ballentine						•
Professor D Biro				•		
Professor D Doyle						
Professor O Sullivan						
Professor Eidenmuller						•
Professor Jerusalem						
Professor H Oberhauser						
Professor E Saupe						
Professor J Llewellyn	3 year appointment ended 30 September 2018					
Professor E Morisi				•		
Professor M McMahan			•			
Professor T D Cousins	Appointed 1 January 2018					
Professor R Cont	Appointed 1 October 2018					
Professor B Kornmann	Appointed 1 October 2018					
Professor D F Taylor	Appointed 1 October 2018					

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

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		Finance Committee	Investment Committee	Academic Committee	Risk Committee	Remuneration Committee
External Committee Members						
Mr T P Roberts	Appointed 29 April 2015; Renewed 13 June 2018		●			
Mr J Digges	Appointed 29 April 2015; Renewed 13 June 2018		●			
Ms R Emerson	Appointed 13 June 2018		●			
Mrs J Lambert	Appointed 19 May 2015; Renewed 14 June 2017					●
Prof M Esiri	Remuneration Committee Membership ended June 2017					
Dame Frances Cairncross	Appointed April 2018					●
Dr Timothy Power	Appointed April 2018					●

COLLEGE SENIOR STAFF

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

A Dame Elish Angiolini	Principal
B Professor A Moore	Vice Principal
C Ms V Stott	Bursar
D Professor R Westbrook	Senior Tutor

Mr Jeremy Weeks	College Accountant
Mrs Sarah Carthew	Director of Development
Mrs Rahele Mirnateghi	Domestic Bursar

COLLEGE ADVISERS

Investment managers	
BlackRock Advisors (UK) Limited Murray House 1 Royal Mint Court London EC3N 4HH	Oxford University Endowment Management Limited King Charles House Park End Street Oxford OX1 1JD
Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU	
Bankers Barclays Bank PLC P O Box 299 Birmingham B1 3PF	
Auditor Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP	Solicitors Mills and Reeve Botanic House, 100 Hills Road Cambridge CB2 1PH
College address St Margaret's Road Oxford OX2 6LE Website www.st-hughs.ox.ac.uk	

ST HUGH'S COLLEGE
Report of the Governing Body
Year ended 31 July 2018

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

REFERENCE AND ADMINISTRATIVE INFORMATION

St Hugh's College in the University of Oxford, which is known as St Hugh's, ("the College") is an eleemosynary chartered charitable corporation aggregate. The College was opened in 1886 by Miss Elizabeth Wordsworth under the title of St Hugh's Hal2I as a society for women students to study for Oxford examinations. The College registered with the Charities Commission on 6th January 2011 (registered number 1139717).

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 1 to 5.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Charter, Statutes and Bylaws dated 28 June 1926 and last amended in February 2018.

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 was The Rt Hon Lord Brown of Eaton-under-Heywood, PC during the year 2017/18. The Governing Body is self-appointing, and has such powers as are conferred on it by its Charter and subject thereto and to the Statutes, has the entire direction and management of the affairs of the College.

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 five main committees.

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are normally recruited through a joint appointment process with the University of Oxford in the case of academics, which includes open advertisement of the posts and a professional selection and appointment process. In the case of posts funded solely by the College, recruitment is also through open advertisement of the post followed by a professional selection and appointment process including external representatives as appropriate. Recommendations of appointment panels in both cases are confirmed by paper vote at Governing Body. New members of the Governing Body are inducted into the workings of the College, including Governing Body policy and procedures, through meetings with the Principal, the Senior Tutor and the Bursar and the provision of a comprehensive set of reference documents. Trustee training is also provided by the University for new Fellows.

Remuneration of Members of the Governing Body and Senior College Staff

Members of the Governing Body are primarily Fellows and are teaching and research employees of the College or University and they receive no remuneration or benefits from their trusteeship of the College. Those trustees that are also employees of the College including the Principal and Bursar receive remuneration for their work as employees of the College which is set, based on the advice of the College's Remuneration Committee. The members of the College's Remuneration Committee are Fellows not in receipt of remuneration from the College

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and two external advisors. Where possible, remuneration is set in line with that awarded through the national salary settlement for Higher Education.

The remuneration of senior college staff, with the exception of the Principal and Bursar, is set in accordance with the salary scale adopted for that purpose. The remuneration of the Principal and Bursar is set by the College's Remuneration Committee.

Organisational management

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

- The Finance Committee

Responsibility for advising the Governing Body on all matters of financial policy and practice, and in particular on the financial implications of any proposals under consideration; presenting annual statements of accounts for the preceding year; approval of budgets and review of management accounts for each period; annual review of all charges made by the College; review of policy relating to conferences; review of salaries for all College employees and others paid by the College.

- The Investment Committee

Responsibility for review and provision of advice to Governing Body, through Finance Committee, on the investments of the College and the appropriate level of income drawdown.

- The Academic Committee

Responsibility for general planning in academic matters; the appropriateness of the existing establishment of Tutors and Lecturers to the current academic needs of the College; recommending the use of funds available for the purpose of research; presentation to Governing Body of annual reports from Junior Research Fellows and Career Development Fellows; general responsibility for the supervision of studies.

- The Risk Committee

Responsibility for the review, monitoring and reporting of major risks to the College, and recommendation to Governing Body of actions to mitigate those risks.

- The Remuneration Committee

Review and recommendation to Governing Body through Finance Committee, of remuneration and conditions of employment of Fellows/members of Governing Body and advice to Finance Committee on the framework of pay and conditions of senior non-academic staff whose detailed pay and conditions are determined by the Principal and Bursar.

The day-to-day running of the College is delegated to the Principal, supported by the Bursar and the Senior Tutor.

Group structure and relationships

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

The College also has two wholly owned non-charitable subsidiaries: St Hugh's Conferences Limited, whose annual profits are donated to the College under the Gift Aid Scheme, and St Hugh's Estates Limited, which

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undertakes some of the College's building works. The trading activities of St Hugh's Conferences Limited primarily comprise revenue from letting of the College facilities when not in use by the College. The subsidiaries' 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.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's Objects are:

- To provide for members of the University of Oxford the protection and training of an Academic House, conducted according to the principles of the Church of England, but with full provision for the liberty of those who are not members.
- To do all such other things as are incidental or conducive to advancing education, learning and research in Oxford or elsewhere

The Governing Body has considered the Charity Commission's guidance on public benefit. In keeping with its objects, the College admits as students those who have the highest potential to benefit from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College. In the case of both students and academic staff, recruitment is regardless of financial, social, religious or ethnic background:

The College's aims for the public benefit are:

- To advance education, learning and research, in particular by providing, in conjunction with the University of Oxford, an education for approximately 425 undergraduate and 400 graduate students. This education is recognised internationally as being of the very highest standard and develops students academically, personally and socially, preparing them to play a full and effective role in society. In particular, the College provides:
 - teaching facilities and individual or small-group teaching, together with academic, pastoral and administrative support;
 - IT and other administrative support and welfare services, including the availability of the Chaplain to assist every member of the College of every religious belief and none; and
 - residential, social, cultural, musical, recreational and sporting facilities to enable students to realise as much as possible of their academic and personal potential whilst studying at the College.
 - To advance research by providing:
 - Official Fellowships, Career Development Fellowships, and Junior and Senior Research Fellowships to outstanding academics, to enable them to develop their research work and disseminate their research in the public domain; and
 - facilities and grants to assist with the pursuit of research, including grants for attendance at national and international academic conferences and assistance with the costs of research trips and research materials.
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There are no geographical restrictions to those who may benefit from the College's aims and objects. Students and academic staff of the College are drawn from across the UK and internationally;

There are no age restrictions in the College's objects but students of the College are predominantly between 18 and 24 years old; and

There are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

In order to raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to the college, the College operates an extensive outreach programme as part of University-wide initiatives to widen access. This programme is under the responsibility of the Senior Tutor and includes an extensive programme of visits by schools to the College, open days, admissions symposia for teachers as well as visits to schools and guidance and information on the College website for prospective applicants.

The College is midway through its current Strategic Framework, which sets out its ambitions for growth under four categories (strategic goals). These are Academic Vision; Financial Sustainability; Heritage and Estate; and Community. Progress toward the goals set out in the Strategic Framework is monitored by Governing Body.

The aims set for the College's subsidiaries are to help finance the achievement of the College's aims as above.

Activities and objectives of the College

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

The focus of the College is strongly academic and students need to satisfy high academic entry requirements.

In order to assist undergraduates entitled to financial support, the College provides, through a scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. For the academic year 2017/18, the number of awards made was 101 including 15 Moritz-Heyman awards. The average value of the awards was £3,899. That scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement.

To support the costs of graduate students, the College provides some financial support. This includes a number of scholarships to fund fees and living costs and 'top-up' funding to fill funding shortfalls in students' funding packages and a grant scheme to assist with the purchase of books and equipment, attendance at conferences and travel grants. The total amount expended by the College in 2017/18 for this purpose was £77,154.

The College also makes awards for academic development and has various scholarships and prizes available to reward academic excellence. During the year the College awarded £26,381.

In addition to its other programmes, the College operates a scheme for all students in financial hardship and provides access to hardship schemes operated by the University. For the academic year 2017/18 the College awarded £28,372 of hardship loans and grants and provided £75,147 of free vacation residence. A programme to encourage legacies to be made to the College is in place and annual fundraising campaigns focus on the provision of support for students suffering financial hardship.

Value for money

The Governing Body of St Hugh's College has considered the processes in place during the financial period ending 31 July 2018 and is satisfied that, with regard to public and publically accountable funds, the processes

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for achieving economy, efficiency and effectiveness were appropriate.

In making this confirmation, members of the Governing Body are cognisant of their obligations as Charity Trustees to ensure that funds are correctly applied, in line with the objects of the College.

ACHIEVEMENTS AND PERFORMANCE

The College has continued to provide an extremely high level of education to undergraduate students and to offer an environment for research and teaching, alongside providing pastoral and administrative support for undergraduate students, graduate students, Fellows, Lecturers and tutors.

Degrees

117 students completed undergraduate degrees, with 190 graduate students completing taught degrees and 25 completing research degrees.

Student recruitment and widening participation

The College continues to work with schools and colleges to encourage able students to consider Oxford and St Hugh's. Tutors and current students work together with the College's Admissions and Outreach Officer to visit schools and colleges and arrange visits to St Hugh's, offering introductory talks about Oxford and university in general, alongside 'taster' subject sessions. The College continues to work with 'Teach First' to offer bursaries to St Hugh's students who join the programme in underprivileged schools, and to arrange programmes of visits and information for students from those schools. The College has been able to develop its outreach programme and the work we do with schools.

St Hugh's coordinates a broad range of outreach and recruitment activities to encourage applications from academically able students from all backgrounds; activities include three annual open days and visits to and from schools in the College's link region (Kent), featuring admissions talks, academic taster sessions and college tours. The College also continues to develop its collaborations with partners such as Target Oxbridge, The Brilliant Club, Oxford Pathways, and Universify, to broaden the scope of its outreach and recruitment activities, and in 2017/18 the College employed a full-time Outreach Officer. It is hoped that her work will help the College to develop new and existing approaches to improving access to underrepresented groups, including BAME students.

The College continues to target its outreach work at traditionally underrepresented groups, and in 2017/18 it supported a BAME initiative ('Riot Squad'), led by a former student. This project addressed the representation of BAME women in Oxford, culminating in an extremely successful photography exhibition featuring women of colour studying at Oxford, held in London. In Michaelmas term 2018, St Hugh's will be hosting the exhibition in Oxford; there are also plans to display the portraits during the admissions interview period.

Early-career development

The College continues its drive to recruit early-career academics to 'Career Development Fellowships' (CDFs). A new CDF in Chinese Commercial Law joined the College this year. The Development Office continues to raise funds to support further posts of this kind.

Research Environment

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The College continues to provide funding and assistance to its Fellows to enable them to continue to produce world-class research, ranging from attendance at conference events to providing research assistance, periods of sabbatical leave for specific projects, and the opportunity to hold academic networking events in College.

Library

The Librarian continues to work closely with Fellows to strengthen and update the collection with relevant textbooks and other key works for undergraduate and graduate students. Some subject areas have seen an increase in spend due to the arrival of new Fellows.

Noteworthy progress has been made with the reclassification project and new refinements in the classification system have improved users' ease of access. The project is currently focussed on the Linguistics section.

The library continues to strive to improve its services for all students. A range of study spaces are available for group study and quiet work, and the self-issue system enables access to and circulation of the working collection at all times.

The library hosts termly exhibitions which are opportunities to showcase material from the archive and the rare books collection.

Chapel

The Chapel continues to provide for religious worship, offering the opportunity for students to join its vibrant Choir. The Choir numbers approximately twenty-five undergraduate, graduate, and staff singers each year, presenting a popular extracurricular activity and a support to the Chapel's services and events.

A Chapel Music Tutor gives overall musical guidance, especially to our three Organ Scholars and four Choral Award holders. A professional voice teacher is in regular engagement with our singers.

The main Chapel services are Choral Evensongs, with guest speakers on Sunday evenings at 6.15pm, followed by drinks and a meal in the Dining Hall. A wide variety of speakers visit us from the national media, university, and religious sectors, drawing strong crowds. Occasional services including Eucharists, Baptisms, and Weddings occur regularly. Alumni Gaudy services are full each September. While the Chapel is historically a Church of England foundation, careful efforts to welcome and cater for all College constituents, regardless of viewpoint, continue to be given increasing attention. Services with the University Catholic Chaplaincy, and interfaith events with speakers from non-Christian religions now happen each term. Interfaith services with Muslim, Jewish, and other religious communities have proven to be particularly popular, with capacity crowds in attendance who dine with us afterwards. A Multi-faith Prayer and Quiet Room exists to complement the Chapel, offering a space for those of any religious viewpoint or none an alternative room for prayer, contemplation, or healthy quiet time. Recent popular additions to Chapel activities have included College fine artists' exhibitions, and musical concerts. A play to be held in the Chapel is planned for the upcoming academic year. All financial gifts from weekly congregations are given to a different registered charity at the conclusion of each Term.

Development

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The major priority continues to be fundraising for the Future Project which remains in the non-public stage. Working closely with the Principal, time has been spent in Hong Kong to steward past relationships as well as to foster new ones. The Elizabeth Wordsworth ceremony for Mr and Mrs Z Chen was held in Hong Kong on 30 May where new contacts were made and plans developed for further activity with potential donors for the Future Project.

Further priorities were confirmed at an Academic Committee away day in January 2018. The Development team has therefore continued to work to fundraise for Career Development Fellowships (CDFs) and funding support for postgraduate scholarships and undergraduate bursaries. Plans remain ongoing to support CDFs in Engineering, Biodiversity and the Elizabeth Wordsworth Centenary Fellowship for Women in Humanities. In addition, funding was agreed to support the now full time outreach officer post.

The College is grateful to those who have pledged legacies for the future as legacy income continues to be play an important role. Significant legacies were received from many alumni over the year including those from Miss Flora Welch (Modern History, 1925), Dr Margaret Belcher (English Lang and Literature, 1958) and Mrs Jeanette Cockshoot (English Lang and Literature, 1944).

In addition, the Development team continues to run the annual Telethon which reached £172,000, the highest amount to date. The Direct Mail campaign also raised a new record amount, £53,500. Events continue to be very popular with over 500 booking tickets for the annual Garden Party held in June. The new Business Breakfast meetings, mostly based in London, are targeted at, and are attracting, a new audience with over 60 attending the Brexit Briefing at the Oxford and Cambridge Club.

Conference Business

Summer Schools continue to provide a significant source of external income to the College. A strategic approach of better distribution of bedroom availability and occupancy guarantee, led to an increase in overall income. In addition, this was the first year of mixing both Summer Schools and residential conferences in the early summer period, which proved to be a success.

This year has seen a healthy growth in conference and bed & breakfast income. Following a number of refurbishment projects, College has upgraded the soft furnishing across student bedrooms on site, which has led to a fresher, and a more modern feel in the accommodation for students as well as visitors.

This has been a very positive year with an increase of 7% compared to last year.

Catering

In August 2017 the College entered into a one-year agreement with a new food procurement agency. Food purchasing is one of the larger costs for College and at the present time costs are rising and there are uncertainties over future pressures. We are pleased to see that the results after the initial 8- month period show a total saving of 15% against our original submitted invoices prior to joining the agency.

The Wordsworth Tea Room continues to be popular and well used, in particular amongst St Hugh's students. The Sous Chef in charge of this kitchen travelled to Hong Kong where she spent several days getting more hands-on experience preparing and cooking Chinese food. She continues to utilise those skills here at the College.

Good use of seasonal produce and promotions help differentiating the offerings from the main Dining Hall. This year we have increased revenue by 20% on last year.

Strategy and Planning Horizon

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The Governing Body has reviewed the strategic framework and has continued to keep operational and strategic plans under review. We have made good progress in our long term target of retained surplus of 5% of income, which will allow us to rebuild working capital reserves and improve our operational sustainability.

FINANCIAL REVIEW

Total income excluding donations rose by £1,673k (2017: £273k) and this 18% (2016: 2.9%) increase is due mainly to an increase in investment income.

Total expenditure has increased by £1,820k (18%). The main factor is additional interest costs following the private placement of £50m at the beginning of the year. There are also other factors that have given rise to this increase but these include the costs of continuing to meet the Oxford Living Wage and the effect of changes to both employer's pension contributions and national insurance that were introduced in April 2016.

Total bank borrowings reduced from £3.6m to £3.4m. The College has three loans from Barclays; two of these loans are repayable by instalments of currently £0.26m per annum with the third, £1.825m to be fully repaid in March 2019. The College has entered into an agreement on 19th October 2016 to borrow £50m under a Private Placement Agreement with Pension Insurance Corporation. This loan is split into two elements; Series A Senior Unsecured Notes are for £25m borrowed for a term of 45 years at 2.56% repayable on 19th October 2061 and Series B Senior Unsecured Notes are for £25m borrowed for a term of 50 years at 2.57% repayable on 19th October 2066. The loan has been taken under a deferred drawdown arrangement with a drawdown date of 25th September 2017. Interest on this loan is payable semi-annually.

Reserves policy

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

Total funds of the College and its subsidiaries at the year-end amounted to £70.7m (2017: £65.3m). This includes endowment capital of £37.5m (2017: £33.3m) and unspent restricted income funds totalling £3.2m (2017: £2.4m). Free reserves at the year-end amounted to £1.4m (2017: £1.4m), representing retained unrestricted income reserves excluding an amount of £27.2m (2017: £27.2m) for the book value of tangible fixed assets less associated funding arrangements.

The College is making progress towards its target for free reserves of between 3 months and 12 months expenditure. Our objective is to reach this target in the next 4 years.

Designated reserves at the year-end comprised £2.3m (2017: £2.2m) for Scholarships, Lectureships and for General Educational purposes. All Designated funds are capital funds where only the income is treated as expendable.

Risk management

The College has on-going processes, which operate throughout the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College and its subsidiaries in undertaking their activities. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee. Financial risks are assessed by the Finance Committee and investment risks are monitored by the Investment Committee. In addition, the Head of Estates and relevant staff 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.

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

Investment policy, objectives and performance

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

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

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

The investment policy and strategy are set by the Governing Body as advised by the Investment Committee from time to time and performance is regularly monitored by the Investment Committee. At the year end, the College's long term investments, combining the securities and property investments, totalled £88.9m (2017:£39.5m). The overall total investment return was 10.2% (2017: 14%) over the year which compared to the relevant benchmark return of 7.6% (CPI + 5%).

The carrying value of the preserved permanent capital and the amount of any unapplied total return available for expenditure was taken as the open market values of these funds as at 1 August 2002 together with the original gift value of all subsequent endowment received.

On the total return basis of investing, it is the Governing Body's policy to extract as income 3.77% (plus costs) of the value of the relevant investments. However, to smooth and moderate the amounts withdrawn this 3.77% is calculated on the average of the year end values in each of the last five years.

The equivalent of 3.77% of the opening value of the securities and property investments, plus costs, was extracted as income on the total return basis in the year. The Governing Body will keep the level of income withdrawn under review to balance the needs and interests of current and future beneficiaries of the College's activities.

Within the College's holdings of securities and investments, this income extraction policy is not applied to: one holding of shares in Oxford University's Endowment Management's Oxford Endowment Fund and to the joint equity properties which are listed in Note 27 of the financial statements. Any income distributions issued by these investments are treated as income as they are received.

FUTURE PLANS

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

- to balance a thriving culture of research, scholarship and intellectual custodianship with a commitment to teaching at the highest level;
- to recruit the best minds and nurture the next generation of academics;
- to ensure the College retains sufficient working capital to ensure its sustainability;
- to establish a fundraising programme to renew and preserve the College's estate;
- to increase our endowment to a sustainable level, endowing and protecting Fellowships and increasing bursary, scholarship and hardship funding for students, particularly at graduate level;
- to ensure our links with alumni maintains a relevant and enduring relationship;
- to improve diversity in the College community, in particular addressing the under-representation of women and ethnic minorities on the Governing Body.

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

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

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

- select the most suitable accounting policies and then apply them consistently;
- make 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;
- 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

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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 31 October 2018 and signed on its behalf by:

Principal

Dame Elish Angiolini

ST HUGH'S COLLEGE
Report of the Auditors
Year ended 31 July 2018

Independent auditor's report to the Governing Body of St Hugh's College

Opinion

We have audited the financial statements of St Hugh's College (the "Charity") for the year ended 31 July 2018 which comprise the Statement of Accounting Policies, the Statement of Financial Activities, the Balance Sheet, the 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, 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 Charity's affairs as at 31 July 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Governing Body are responsible for the other information. The other information comprises the information included in the 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.

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

We have nothing to report in this regard.

ST HUGH'S COLLEGE

Report of the Auditors

Year ended 31 July 2018

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 Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Governing Body

As explained more fully in the Governing Body responsibilities statement set out on page 15, the Governing Body is 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 they 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 Governing Body is responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body 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

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

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

Use of our report

This report is made solely to the College's Governing Body in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. 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.

Critchleys Audit LLP (Statutory Auditor)
23-28 Hythe Bridge
Oxford
OX1 2EP

Date:

Critchleys Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

ST HUGH'S COLLEGE
Statement of Accounting Policies
Year ended 31 July 2018

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Statement of Cash Flows for the College and its wholly owned subsidiaries, St Hugh's Conferences Limited and St Hugh's Estates Limited. No separate SOFA has been presented for the College alone, as currently permitted by the Charity Commission on a concessionary basis. A summary of the results and financial position of the charity and each of its material subsidiaries for the reporting year are in note 11.

2. Basis of accounting

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

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

The College has adopted FRS 102 in preparing these financial statements. The transition date to FRS 102 was 1 August 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 July 2015.

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

3. Accounting judgements and estimation uncertainty

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

4. Income recognition

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

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

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

b. *Income from donations, grants and legacies*

Donations and grants that do not impose 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.

ST HUGH'S COLLEGE
Statement of Accounting Policies
Year ended 31 July 2018

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

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

c. Investment income

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

5. Expenditure

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

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

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

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

6. Leases

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases. The costs of the assets held under finance leases are included within fixed assets and depreciation is charged over the shorter of the lease term and the assets' useful lives. Assets are assessed for impairment at each reporting date. The corresponding capital obligations under these leases are shown as liabilities and recognised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Lease payments are apportioned between capital repayment and finance charges in the SOFA so as to achieve a constant rate of interest on the remaining balance of the liability. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the SOFA on a straight line

ST HUGH'S COLLEGE
Statement of Accounting Policies
Year ended 31 July 2018

basis over the relevant lease terms. Any lease incentives are recognised over the lease term on a straight line basis.

7. Tangible fixed assets

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

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 £10,000 together with expenditure on equipment costing more than £10,000 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.

8. Depreciation

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

Freehold properties, including major extensions	50 years
Leasehold properties	50 years or period of lease if shorter
Building improvements	15 years
Equipment	3-10 years

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

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

9. 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

a. Cash and cash equivalents

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

b. Debtors and creditors

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

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. Total Return investment accounting

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

14. Fund accounting

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

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

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

Permanent endowment funds arise where donors specify that the funds are to be retained as capital for the permanent benefit of the College. Any part of the total return arising from the capital that is allocated to

ST HUGH'S COLLEGE
Statement of Accounting Policies
Year ended 31 July 2018

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

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

15. Pension costs

The College participates in two principal pension schemes for its staff - the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary) and until April 2016 were contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. The 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, in accordance with the accounting standard FRS 102 paragraph 28.11, the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the schemes in respect of the accounting period.

The College has recognised a provision for its commitments under the agreed deficit reduction plans for each scheme, in calculating these provisions the College has estimated that salary expense will increase at 2.0% p.a. and the liability is discounted at a 15 year corporate bond rate of 1.55% (2016: 3.75%).

St Hugh's College
Consolidated Statement of Financial Activities
For the year ended 31 July 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2018 Total £'000	2017 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:						
Teaching, research and residential	1	7,487	-	-	7,487	7,240
Other Trading Income	3	1,347	-	-	1,347	1,193
Donations and legacies	2	460	1,923	1,619	4,002	2,799
Investments						
Investment income	4	1,522	13	608	2,143	872
Total return allocated to income	12	274	-	(274)	-	-
Other income		21	-	-	21	20
Total income		11,111	1,936	1,953	15,000	12,124
EXPENDITURE ON:						
Charitable activities:						
Teaching, research and residential		9,788	492	-	10,280	8,549
Generating funds:						
Fundraising		834	-	-	834	905
Trading expenditure		617	-	-	617	574
Investment management costs		109	-	35	144	27
Total Expenditure		11,348	492	35	11,875	10,055
Net Income/(Expenditure) before gains		(237)	1,444	1,918	3,125	2,069
Net gains/(losses) on investments	10	(65)	48	2,346	2,329	4,358
Net Income/(Expenditure)		(302)	1,492	4,264	5,454	6,427
Transfers between funds	17	758	(758)	-	-	-
Net movement in funds for the year		456	734	4,264	5,454	6,427
Fund balances brought forward	17	29,556	2,420	33,298	65,274	58,847
Funds carried forward at 31 July		30,012	3,154	37,562	70,728	65,274

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

	Notes	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
FIXED ASSETS					
Tangible assets	9	27,153	27,229	27,153	27,229
Other Investments	10	88,873	39,544	88,873	39,544
Total Fixed Assets		116,026	66,773	116,026	66,773
CURRENT ASSETS					
Stocks		153	164	153	164
Debtors	13	2,313	1,854	1,970	1,377
Cash at bank and in hand		9,079	3,101	9,079	3,101
Total Current Assets		11,545	5,119	11,202	4,642
LIABILITIES					
Creditors: Amounts falling due within one year	14	2,625	1,965	2,269	1,488
NET CURRENT ASSETS/(LIABILITIES)		8,920	3,154	8,933	3,154
TOTAL ASSETS LESS CURRENT LIABILITIES		124,946	69,927	124,959	69,927
CREDITORS: falling due after more than one year	15	53,120	3,378	53,120	3,378
Provisions for liabilities and charges		-	-	-	-
NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY		71,826	66,549	71,839	66,549
Defined benefit pension scheme liability	16	1,098	1,275	1,098	1,275
TOTAL NET ASSETS/(LIABILITIES)		70,728	65,274	70,741	65,274
FUNDS OF THE COLLEGE					
	17				
Endowment funds		37,562	33,298	37,562	33,298
Restricted funds		3,154	2,420	3,154	2,420
Unrestricted funds					
Designated funds		2,317	2,172	2,317	2,172
General funds		28,793	28,659	28,806	28,659
Revaluation reserve					
Pension reserve		(1,098)	(1,275)	(1,098)	(1,275)
		70,728	65,274	70,741	65,274

The financial statements were approved and authorised for issue by the Governing Body of St Hugh's College

Trustee:

Trustee:

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

	Notes	2018 £'000	2017 £'000
Net cash provided by (used in) operating activities	23	<u>569</u>	<u>611</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		2,143	872
Proceeds from the sale of property, plant and equipment		5	5
Purchase of property, plant and equipment		(1,097)	(876)
Proceeds from sale of investments		-	1,266
Purchase of investments		(47,003)	(1,657)
Net cash provided by (used in) investing activities		<u>(45,952)</u>	<u>(390)</u>
Cash flows from financing activities			
Repayments of borrowing		(258)	(259)
Cash inflows from new borrowing		50,000	-
Receipt of endowment		1,619	134
Net cash provided by (used in) financing activities		<u>51,361</u>	<u>(125)</u>
Change in cash and cash equivalents in the reporting period		<u>5,978</u>	<u>96</u>
Cash and cash equivalents at the beginning of the reporting period		3,101	3,005
Change in cash and cash equivalents in the reporting period		5,978	96
Cash and cash equivalents at the end of the reporting period	24	<u>9,079</u>	<u>3,101</u>

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

1 INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	£'000	£'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	1,804	1,830
Tuition fees - Overseas students	1,323	1,194
Other fees	66	56
Other HEFCE support	215	216
Other academic income	71	46
College residential income	4,008	3,898
Total Teaching, Research and Residential	7,487	7,240
Total income from charitable activities	7,487	7,240

The above analysis includes £2,072k (2017: £2,072k) received from Oxford University from publicly accountable funds under the CFF Scheme

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the college share of the fees waived amounted to £7k (2017: £22k). These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2018	2017
	£'000	£'000
Donations and Legacies		
Unrestricted funds	460	1,017
Restricted funds	1,923	1,648
Endowed funds	1,619	134
	4,002	2,799

3 INCOME FROM OTHER TRADING ACTIVITIES

	2018	2017
	£'000	£'000
Subsidiary company trading income	1,347	1,193
	1,347	1,193

4 INVESTMENT INCOME

	2018	2017
	£'000	£'000
<i>Unrestricted funds</i>		
Other property income	(20)	135
Other investment income	1,494	48
Bank interest	48	9
	1,522	192
<i>Restricted funds</i>		
Other investment income	13	13
	13	13
<i>Endowed funds</i>		
Other investment income	608	667
	608	667
Total Investment income	2,143	872

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

5 ANALYSIS OF EXPENDITURE

	2018	2017
	£'000	£'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	5,023	4,845
Other direct costs allocated to:		
Teaching, research and residential	2,832	2,225
Support and governance costs allocated to:		
Teaching, research and residential	2,425	1,479
Total charitable expenditure	<u>10,280</u>	<u>8,549</u>
Expenditure on raising funds		
Direct staff costs allocated to:		
Fundraising	392	331
Trading expenditure	133	133
Investment management costs	-	-
Other direct costs allocated to:		
Fundraising	350	476
Trading expenditure	211	161
Investment management costs	-	-
Support and governance costs allocated to:		
Fundraising	92	98
Trading expenditure	273	280
Investment management costs	144	27
Total expenditure on raising funds	<u>1,595</u>	<u>1,506</u>
Total expenditure	<u>11,875</u>	<u>10,055</u>

The 2018 resources expended of £11,855k (2017: £10,055k) represented £11,355k (2017: £9,517k) from unrestricted funds, £465k (2017 : £511k) from restricted funds and £35k (2017 : £27k) from endowed funds.

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

The teaching and research costs include College Contribution payable of £3k (2017 - £3k).

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

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	2018 Total £'000
Financial administration	212	190	402
Human resources	15	133	148
IT	45	198	243
Depreciation	235	936	1,171
Bank interest payable **	-	1,127	1,127
Other finance charges	-	(179)	(179)
Governance costs	2	20	22
			-
	509	2,425	2,934

	Generating Funds £'000	Teaching and Research £'000	2017 Total £'000
Financial administration	109	231	340
Human resources	11	100	111
IT	43	193	236
Depreciation	240	961	1,201
Bank interest payable	-	1	1
Other finance charges	-	(30)	(30)
Governance costs	2	23	25
	405	1,479	1,884

Bank Interest in 2018 includes a rebate of £nil (2017: £36k) for interest overpayments in previous years.

Financial and domestic administration, IT and human resources costs are attributed according to the estimated staff time spent on each activity.

Depreciation costs and profit or loss on disposal of fixed assets are attributed according to the use made of the underlying assets.

Interest and other finance charges are attributed according to the purpose of the related financing.

Governance costs comprise:

Auditor's remuneration - audit services

	2018 £'000	2017 £'000
Auditor's remuneration - audit services	22	25
	22	25

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

7 GRANTS AND AWARDS

	2018 £'000	2017 £'000
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During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:

Unrestricted funds

Grants to individuals:

Scholarships, prizes and grants

Bursaries and hardship awards

Total unrestricted

Scholarships, prizes and grants	126	152
Bursaries and hardship awards	130	123
Total unrestricted	256	275

Restricted funds

Grants to individuals:

Scholarships, prizes and grants

Bursaries and hardship awards

Total restricted

Scholarships, prizes and grants	68	43
Bursaries and hardship awards	-	-
Total restricted	68	43

Total grants and awards

Total grants and awards	324	318
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The figure included above represents the cost to the College of the Oxford Bursary scheme. Students of this college received £0k (2017: £112k). Some of those students also received fee waivers amounting to £0k (2017: £22k).

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

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

8 STAFF COSTS

	2018	2017
	£'000	£'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	4,702	4,618
Social security costs	387	401
Pension costs:		
Defined benefit schemes	650	610
Defined contribution schemes	10	3
	5,749	5,632

	2018	2017
The average number of employees of the College, excluding Trustees, on a full time equivalent basis was as follows.		
Tuition and research	23	23
College residential	84	83
Fundraising	7	6
Support	12	12
Total	126	124

The average number of employed College Trustees during the year was as follows.		
University Lecturers	26	25
CUF Lecturers	9	9
Other teaching and research	3	4
Other	2	2
Total	40	40

Redundancy payments are accounted for in the period in which the employee was informed of the decision. Where redundancy costs are uncertain, the figure in the accounts represents a best estimate. These costs will be met through unrestricted funds.

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

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

£70,001-£80,000	-	-
£90,001-£100,000	1	-
The number of the above employees with retirement benefits accruing was as follows:		
In defined benefits schemes	1	1
The College contributions to defined contribution pension schemes totalled	28	17

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

9 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At start of year	37,521	3,212	40,733
Additions	1,036	61	1,097
Disposals	-	(2)	(2)
At end of year	38,557	3,271	41,828
Depreciation and impairment			
At start of year	11,279	2,225	13,504
Depreciation charge for the year	953	218	1,171
Depreciation on disposals	-	-	-
Impairment	-	-	-
At end of year	12,232	2,443	14,675
Net book value			
At end of year	26,325	828	27,153
At start of year	26,242	987	27,229
College			
Cost			
At start of year	37,521	3,212	40,733
Additions	1,036	61	1,097
Disposals	-	(2)	(2)
At end of year	38,557	3,271	41,828
Depreciation and impairment			
At start of year	11,279	2,225	13,504
Charge for the year	953	218	1,171
On disposals	-	-	-
Impairment	-	-	-
At end of year	12,232	2,443	14,675
Net book value			
At end of year	26,325	828	27,153
At start of year	26,242	987	27,229

The above includes:

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

£0k (2017:£0k) of fixtures and fittings held under finance leases.

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

St Hugh's College
Notes to the financial statements
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10 OTHER INVESTMENTS

All investments are held at fair value.

	2018	2017
	£'000	£'000
Group investments		
Valuation at start of year	39,493	34,744
New money invested	46,382	965
Amounts withdrawn	-	(1,266)
Reinvested income	621	692
Investment management fees	-	-
(Decrease)/increase in value of investments	2,329	4,358
Group investments at end of year	88,825	39,493
Investment in associates	48	51
College investments at end of year	88,873	39,544

Group investments comprise:	Held outside the UK £'000	Held in the UK £'000	2018 Total £'000	Held outside the UK £'000	Held in the UK £'000	2017 Total £'000
Equity investments	22,800	29,383	52,183	10,987	21,597	32,584
Global multi-asset funds	-	-	-	-	-	-
Property funds	-	3,760	3,760	-	2,073	2,073
Fixed interest stocks	-	27,087	27,087	-	4,602	4,602
Alternative and other investments	-	1,519	1,519	-	-	-
Fixed term deposits and cash	-	4,276	4,276	-	234	234
Total group investments	22,800	66,025	88,825	10,987	28,506	39,493

North Oxford Shared College Services Limited

The College owns 33.3% of the issued share capital of North Oxford Shared College Services Limited. The company provides IT services to the College. The company was incorporated 20 July 2017 in England & Wales. This investment is not consolidated on the basis of materiality.

Boathouse Consortium Limited

The College owns 33.3% of the issued share capital of Boathouse Consortium Limited. The company owns a boathouse that is utilised by the College. The company was incorporated 28 February 1989 in England & Wales. This investment is not consolidated on the basis of materiality.

11 PARENT AND SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in St Hugh's Conferences Limited, a company providing conference and other event services on the College premises, and 100% of the issued share capital in St Hugh's Estates Limited, a company providing design and build construction services to the College. The results of both subsidiary companies are incorporated into the group financial statements of St Hugh's College. Both subsidiary companies are registered in England and Wales

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

	Parent College	Conference	Estates
	£'000	£'000	£'000
Income	13,309	1,339	-
Expenditure	(10,526)	(992)	(2)
Donation to College under gift aid	347	(347)	-
Result for the year	3,130	-	(2)
Total assets	127	391	-
Total liabilities	(56)	(391)	(10)
Net funds at the end of year	71	-	(10)
Registered Company number		5670486	7797621
		£	£
Authorised. Allotted and Fully paid Issued Share Capital			
1 ordinary shares of £1 each		1	1

St Hugh's College
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12 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns with effect from 15 May 2002. The investment return to be applied as income is calculated as 3.77% (2016: 3.77%) (plus costs) of the average of the year-end values of the relevant investments in each of the last 5 years. The preserved (frozen) value of the invested endowment capital represents its open market value at 31 July 2002 together with all subsequent endowments valued at date of gift.

	Trust for Investment £'000	Permanent Endowment Unapplied Total Return £'000	Total £'000	Expendable Endowment £'000	Total Endowments £'000
At the beginning of the year:					
Gift component of the permanent endowment	12,543	-	12,543	-	12,543
Unapplied total return	-	9,217	9,217	-	9,217
Expendable endowment				11,538	11,538
Total Endowments	12,543	9,217	21,760	11,538	33,298
Movements in the reporting period:					
Gift of endowment funds	1,585	-	1,585	34	1,619
Recoupment of trust for investment	-	-	-	-	-
Allocation from trust for investment	-	-	-	-	-
Investment return: total investment income	-	402	402	206	608
Investment return: realised and unrealised gains and losses	-	1,533	1,533	813	2,346
Less: Investment management costs	-	-	-	(35)	(35)
Other transfers	-	-	-	-	-
Total	1,585	1,935	3,520	1,018	4,538
Unapplied total return allocated to income in the reporting period	-	28	28	-	28
Expendable endowments transferred to income	-	-	-	(302)	(302)
	-	28	28	(302)	(274)
Net movements in reporting period	1,585	1,963	3,548	716	4,264
At end of the reporting period:					
Gift component of the permanent endowment	14,128	-	14,128	-	14,128
Unapplied total return	-	11,180	11,180	-	11,180
Expendable endowment	-	-	-	12,254	12,254
Total Endowments	14,128	11,180	25,308	12,254	37,562

13 DEBTORS

	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
Amounts falling due within one year:				
Trade debtors	695	859	525	393
Loans repayable within one year	29	26	29	25
Prepayments and accrued income	1,504	887	1,331	878
Other debtors	7	8	7	7
Amounts falling due after more than one year:				
Loans	78	74	78	74
	2,313	1,854	1,970	1,377

St Hugh's College
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14 CREDITORS: falling due within one year

	2018	2017	2018	2017
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank loans	260	260	260	260
Trade creditors	612	555	612	555
Amounts owed to Group undertakings	-	-	38	-
Taxation and social security	71	85	(3)	(10)
Accruals and deferred income	1,180	641	1,045	310
Other creditors	502	424	317	373
	2,625	1,965	2,269	1,488

Deferred Income included within Accruals and Other Income

Balance brought forward	484	174	274	84
Vacation Residence Students Allowances	14	14	14	14
Graduate Rents	33	33	33	33
Visitors	31	151	31	31
CFF	82	82	82	82
Other	30	30	30	30
Balance carried forward	674	484	464	274

15 CREDITORS: falling due after more than one year

	2018	2017	2018	2017
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank loans	3,120	3,378	3,120	3,378
Bond	50,000	-	50,000	-
	53,120	3,378	53,120	3,378

The College has three bank loans with an element that is due in more than one year

Loan 1 : £807k (2017: £1,016k) repayable quarterly LIBOR +0.5% - end date 27/3/2023. This loan is secured on various of the College's properties.

Loan 2 : £1,825k (2017: £1,825k) repayable at the end of the agreement - End date 11/3/2019 LIBOR +0.5%

Loan 3 : £488k (2017 : £537k) repayable quarterly LIBOR +0.275% - End date 14/3/2028

On the 25th September 2017 a £50m Private Placement issue was completed, with Pension Insurance Corporation.

Series A Senior Unsecured Notes are for £25m borrowed for a term of 45 years at 2.56% repayable on 19th October 2061

Series B Senior Unsecured Notes are for £25m borrowed for a term of 50 years at 2.57% repayable on 19th October 2066

16 PROVISIONS FOR PENSION LIABILITIES

	2018	2017	2018	2017
	Group	Group	College	College
	£'000	£'000	£'000	£'000
At start of year	1,275	1,304	1,275	1,304
Charged in the Statement of Financial Activities	(177)	(29)	(177)	(29)
Settled in the year	-	-	-	-
At end of year	1,098	1,275	1,098	1,275

The above provision relates to an estimate of the share of liabilities arising from the underfunding of defined benefit pension schemes.

St Hugh's College
Notes to the financial statements
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17 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2018 £'000
Endowment Funds - Permanent						
Bursaries	558	10	-	(7)	39	600
Fellowships and lectureships	13,857	1,797	-	(278)	976	16,352
General educational purposes	1,498	27	-	(11)	106	1,620
Library	482	9	-	(23)	34	502
Other purposes	2,824	59	-	(69)	199	3,013
Prizes	181	4	-	(4)	13	194
Scholarships	2,360	81	-	420	166	3,027
Endowment Funds - Expendable						
Bursaries	137	2	-	(4)	10	145
Chapel	267	5	-	(6)	19	285
Fellowships and lectureships	1,301	23	-	(23)	92	1,393
General educational purposes	8,915	160	(35)	(256)	628	9,412
Library	50	1	-	(2)	3	52
Other purposes	347	40	-	(11)	24	400
Scholarships	521	9	-	-	37	567
Total Endowment Funds - College	33,298	2,227	(35)	(274)	2,346	37,562
Endowment funds held by subsidiaries	-	-	-	-	-	-
Total Endowment Funds - Group	33,298	2,227	(35)	(274)	2,346	37,562
Restricted Funds						
Aung San Suu Kyi Summer School	6	-	-	-	-	6
Burma Exchange Programme	11	-	-	-	-	11
Italian Pavia Exchange Programme	-	18	-	-	-	18
Bursaries	249	30	(2)	-	16	293
Capital projects fund	230	200	(321)	-	-	109
Career development fellowships	207	50	(118)	-	-	139
China Studies building	-	708	-	(708)	-	-
College prizes	19	-	(1)	-	-	18
Fellowships	-	1	-	-	-	1
Lecture series	41	-	(4)	-	-	37
Refurbishment and development of buildings	12	9	(2)	-	-	19
Scholarships	106	67	(33)	(59)	-	81
Legacy -Student Support	956	40	(11)	9	32	1,026
Futures Project	583	813	-	-	-	1,396
Total Restricted Funds - College	2,420	1,936	(492)	(758)	48	3,154
Restricted funds held by subsidiaries	-	-	-	-	-	-
Total Restricted Funds - Group	2,420	1,936	(492)	(758)	48	3,154
Unrestricted Funds						
Designated funds	2,172	38	(46)	-	153	2,317
General funds	28,659	10,799	(11,479)	1,032	(218)	28,793
Pension Reserve	(1,275)	-	177	-	-	(1,098)
Total Unrestricted Funds - College	29,556	10,837	(11,348)	1,032	(65)	30,012
Unrestricted funds held by subsidiaries	-	-	-	-	-	-
Total Unrestricted Funds - Group	29,556	10,837	(11,348)	1,032	(65)	30,012
Total Funds	65,274	15,000	(11,875)	-	2,329	70,728

St Hugh's College
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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:

Bursaries, Fellowships and Lectureships, Library, Prizes, Scholarships	A consolidation of gifts and donations where income, but not capital, can be used for the payment of bursaries, the cost of fellowships and lectureships, the running costs of the library and for student prizes and scholarships.
General Educational Purposes	Capital balance of past donations where related income, but not the original capital, can be used for the general educational purposes of the charity
Other purposes	A consolidation of gifts and donations where income, but not capital, can be used for a variety of educational purposes such as lectures and student support.

Endowment Funds - Expendable:

Bursaries, Fellowships and Lectureships, Library, Chapel, History, Scholarships	A consolidation of gifts and donations where either income, or income and capital, can be used for the payment of bursaries, the cost of fellowships and lectureships, the running costs of the library and for student prizes and scholarships.
General Educational Purposes	Capital balance of past donations where related income, or income and capital, can be used for the general educational purposes of the charity
Other purposes	A consolidation of gifts and donations where either income, or income and capital, can be used for a variety of educational purposes such as travel grants, prizes and student support.

Restricted Funds:

Student support	A consolidation of gifts and donations where both income and capital can be used for student support.
Refurbishment and development of buildings Futures Project	A consolidation of gifts and donations where both income and capital can be used for the refurbishment and development of buildings.
Capital projects fund	A consolidation of gifts and donations which are being released into unrestricted funds in line with the depreciation of the project that they were raised to finance.
China Studies building	A consolidation of gifts and donations where both income and capital can be used to finance the construction of a China studies building. As the building was completed in 2015 further donations are transferred to unrestricted funds.
Career development fellowships	A consolidation of gifts and donations where both income and capital can be used for career development fellowships.
Lecture series	A gift to be used to provide a series of lectures over a 10 year period.
Bursaries, Scholarships, Fellowships	A consolidation of gifts to be used to fund bursaries, scholarships and fellowships
Aung San Suu Kyi Summer School	A consolidation of gifts to fund a summer school for Burmese students
College Prizes	A consolidation of gifts to fund a named prize in Chemistry
Futures Project	A project to raise funds for the redevelopment of the site around the Wolfson Building in the North West corner of the College site

Designated Funds

Bursaries, Fellowships and Lectureships, Scholarships	Unrestricted Funds allocated by the Fellows for future costs of bursaries fellowships and lectureships and scholarships.
General educational purposes	Unrestricted Funds allocated by the Fellows for future general educational purposes of the charity
Other purposes	Unrestricted Funds allocated by the Fellows for a variety of future costs such as the gardens, the library, prizes and student hardship.

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

St Hugh's College
Notes to the financial statements
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19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2018 Total £'000
Tangible fixed assets	27,151			27,151
Other investments	51,311	-	37,562	88,873
Net current assets	8,920			8,920
Long term liabilities	(53,120)			(53,120)
Defined benefit pension scheme liability	(1,098)			(1,098)
	<u>30,012</u>	<u>3,154</u>	<u>37,562</u>	<u>70,726</u>

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
Tangible fixed assets	27,229			27,229
Other investments	3,826	2,420	33,298	39,544
Net current assets	3,154			3,154
Long term liabilities	(3,378)			(3,378)
Defined benefit pension scheme liability	(1,275)			(1,275)
	<u>29,556</u>	<u>2,420</u>	<u>33,298</u>	<u>65,274</u>

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20 TRUSTEES' REMUNERATION

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

Trustees of the college fall into the following categories:

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

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

All Official and Research Fellows are eligible for a Housing Allowance, which is disclosed within the salary figures below. Five trustees live in houses owned by the college and pay market rent on a monthly basis.

The College has a Remuneration Committee which makes recommendations to Governing Body on pay and benefits which are outside of external scales. The composition of the Remuneration Committee is set out in pages 2-4 of the section, Governing Body, Officers and Advisers.

Remuneration paid to trustees

Range	Number of Trustees/Fellows	2018	Number of Trustees/Fellows	2017
		Gross remuneration, taxable benefits and pension contributions £		Gross remuneration, taxable benefits and pension contributions £
£1,000-£1,999			1	1,792
£3,000-£3,999	2	8,046		
£8,000-£8,999			2	17,899
£9,000-£9,999	2	20,339	1	9,709
£10,000-£10,999	1	10,856		
£11,000-£11,999	1	12,273		
£13,000-£13,999	1	13,664		
£20,000-£20,999	2	41,915	1	19,804
£21,000-£21,999	1	22,369	1	20,651
£22,000-£22,999	15	342,261	1	21,575
£23,000-£23,999	1	24,277	17	379,509
£24,000-£24,999			1	23,209
£25,000-£25,999	2	51,350	2	50,351
£26,000-£26,999			1	26,838
£27,000-£27,999	1	27,787		
£42,000-£42,999			1	42,032
£43,000-£43,999	1	43,894		
£44,000-£44,999	1	44,832	1	43,502
£46,000-£46,999			2	93,492
£47,000-£47,999	1	47,635		
£54,000-£54,999	5	275,785	5	271,705
£55,000-£55,999	1	55,921		
£56,000-£56,999			1	56,513
£59,000-£59,999	1	60,031		
£61,000-£61,999	1	61,930	1	61,152
£82,000-£82,999			1	82,842
£105,000-£105,999			1	105,893
£114,000-£114,999	1	115,457		
£116,000-£116,999			1	116,851
£135,000-£135,999	1	135,984		

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

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

Other transactions with trustees

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

See also note 27 Related Party Transactions

Key management remuneration

The total remuneration paid to key management was £466k (2017: £435k).

21 PENSION SCHEMES

Pension Scheme Provisions

The college is a member of the Universities Superannuation Scheme (USS) and University of Oxford Staff Pension Scheme (OSPS), these are multi-employer pension schemes both of which are in deficit. St Hugh's College has recognised a provision for its commitments under the agreed deficit reduction plans for each scheme, in calculating these provisions St Hugh's College has estimated that salary expense will increase at 2.0% p.a. and the liability is discounted at a 15 year corporate bond rate of 2.50% (2017: 1.55%). A sensitivity analysis to changes in salary and discount rate changes is shown below.

Pension Schemes

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

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

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

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

Actuarial valuations

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

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

21 PENSION SCHEMES (continued)

- a. USS's actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 were calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a., with the threshold applying from 1 October 2016; member contributions are 8% of salary; a defined contribution benefit for salary above the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is matched by the employer. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. For the period up to 1 April 2016 the employer deficit contribution was 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 2.1% p.a. of salaries. At 31 March 2016 USS reported that the funding deficit was £10.0 bn (83% funded). The valuation as at 31 March 2017 is underway.
- b. OSPS' actuarial valuation as at 31 March 2016 identified a required long-term employer contribution rate of 17.3% of total pensionable salaries, with a funding deficit of £133 m. The valuation results reflect a number of changes to benefits that were agreed following an Employers' consultation in early 2017, including from 1 April 2017 a change in indexation based on the average of RPI and CPI, from 1 October 2017 a defined contribution section for new entrants and from 1 April 2018 breaking the final salary link for certain members and increased employee contributions. The actuary has certified that the recovery plan should eliminate the deficit by 30 June 2027. The next triennial valuation is due with an effective date of 31 March 2019.
- c. USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years.
- d. USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% pa thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% p.a less an inflation risk premium) less RPI/CPI gap of 0.8% p.a.
- e. As noted above (note a) the USS employer contribution rate is 18% of salaries from 1 April 2016. The total employer contributions include provisions for the cost of future accrual of defined benefits (DB) (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards defined contribution benefits including employer matching contributions and certain investment management costs relating to the DC section. The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges. In the judgement of the college, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation. However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The college expects to have greater clarity in this respect during the next financial year.
- f. As noted above (note b), the OSPS employer contribution rate required for future service benefits in the defined benefit section alone is 17.3% of total pensionable salaries from 1 April 2018. The employer contribution rate was 23% from 1 August 2016 to 31 July 2017. It was agreed that employer contribution rate would be 19% for both defined benefits members and defined contributions members who join on or after 1 October 2017. Part of contribution for defined contribution members would be paid to the defined benefit section to cover the deficit recovery plan, the provision of ill-health and death-in service benefits and the expenses of administering the defined contribution section.

Sensitivity of actuarial valuation assumptions

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

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

21 **PENSION SCHEMES (continued)**

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

Deficit Recovery Plans

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

	OSPS	USS
Finish Date for Deficit Recovery Plan	30/06/2027	31/03/2031
Average staff number increase	0%	0%
Average staff salary increase	2.00%	2.00%
Average discount rate over period	1.40%	1.75%
Effect of 0.5% change in discount rate	£1.4m	£5.8m
Effect of 1% change in staff growth	£2.9m	£12.5m

A provision of £1.098m has been made at 31 July 2017 (2017: £1.275m) for the present value of the estimated future deficit funding element of the contributions payable under these agreements, using the assumptions shown.

Pension charge for the year

The pension charge recorded by the college during the accounting period (excluding pension finance costs) was equal to the contributions payable after allowance for the deficit recovery plan as follows:

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

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

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21 PENSION SCHEMES (continued)

Pension charge for the year

The pension charge recorded by the College during the accounting period was equal to the contributions payable after allowance for the deficit recovery plan as follows:

Scheme	2018 £000's	2017 £000's
Universities Superannuation Scheme	378	384
University of Oxford Staff Pension Scheme	272	226
Other schemes – contributions	10	3
Total	660	613

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 companies because the directors of these companies 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

	2018 Group £'000	2017 Group £'000
Net income/(expenditure)	5,454	6,427
Elimination of non-operating cash flows:		
Investment income	(2,143)	(872)
(Gains)/losses in investments	(2,329)	(4,358)
Endowment donations	(1,619)	(134)
Depreciation	1,171	1,201
(Surplus)/loss on sale of fixed assets	-	-
Decrease/(Increase) in stock	11	(16)
Decrease/(Increase) in debtors	(459)	(635)
(Decrease)/Increase in creditors	660	(973)
(Decrease)/Increase in provisions	-	-
(Decrease)/Increase in pension scheme liability	(177)	(29)
Net cash provided by (used in) operating activities	569	611

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £'000	2017 £'000
Cash at bank and in hand	9,079	3,101
Total cash and cash equivalents	9,079	3,101

25 FINANCIAL COMMITMENTS

Minimum lease payments under non-cancellable operating lease commitments in respect of equipment for the 2018 and 2017 financial year on leases expiring:

	2018 £'000	2017 £'000
Within one year	6	21
Between two and five years	8	15
Over five years	-	-
	14	36

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26 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £0k (2017 - £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.

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

	2018	2017
	£'000	£'000
Total College's share of current net book value of properties owned jointly with trustees		
Dr G.S. Garnett	51	51
Professor K.R. Plunkett	216	216
Dr J. Martin	200	200
Dr N.E.R. Perkins	241	241
Dr S.J. Conway	-	230
Dr C. Capelli	220	220
Dr C.J. Stevens	219	219
Dr J. Parkin	207	207
Professor R Perera - Salazar	170	170
Dr D Doyle	166	166
Dr T Sanders	153	153
	<u>1,843</u>	<u>2,073</u>

All joint equity properties are subject to sale on the departure of the trustee from the College.

28 CONTINGENT LIABILITIES

There are no contingent liabilities requiring disclosure (2017: £Nil)