



Nuffield  
College  
UNIVERSITY OF OXFORD

# ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 July 2017

Registered Charity Number 1137506

**Nuffield College**  
**Annual Report and Financial Statements**  
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**Nuffield College**  
**Governing Body, Officers and Advisers**  
**Year ended 31 July 2017**

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**MEMBERS OF THE GOVERNING BODY**

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

	<b>Elected/Resigned/Retired</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
<b>Warden</b>						
Sir A W Dilnot		•	•	•	•	
<b>Official Fellows</b>						
N D de Graaf						
R Duch				•		
G Evans				•		
D Gambetta	On unpaid leave of absence for the entire year. Retired 31/07/2017					
I Jewitt		•	•			
J O Jonsson						
M A Meyer						
D L Miller	Retired 30/09/2016					
<b>Professorial Fellows</b>						
B Ansell						•
N Bermeo	Retired 30/09/2017					
F Billari	On unpaid leave of absence for 1 year from 01/02/2017					
R Breen						
S Broadberry						
M Browning	Retired 30/09/2017					
E Bukodi						
I Crawford						
J G Darwin	Retired 30/09/2017				•	
J Dill	Elected 01/10/2017					
A Eggers			•			
M Ellison						
R M Fitzpatrick				•		
E Gonzalez Ocantos				•	•	
R Kashyap	Elected 01/09/2017					

**Nuffield College**  
**Governing Body, Officers and Advisers**  
**Year ended 31 July 2017**

	Elected/Resigned/Retired	(1)	(2)	(3)	(4)	(5)
M P Keane	Resigned 31/08/2017					
D S King		•				
D Kirk						
P Klemperer						•
C Laborde	Elected 01/01/2017					
C Mills					•	
M Mills						
C W S Monden		•				
B Nielsen						
K W S Roberts				•		
Bo Rothstein						
D Rueda						
G Sasse	On leave of absence for 3 years from 01/10/2016					
D J Snidal				•		
C Wilson	Retired 30/09/16					•
<b>Supernumerary Fellows</b>						
E Kechagia-Ovseiko		•		•		•
T Moore		•	•	•		•
<b>Research Fellows</b>						
S Bond		•	•			
Sir D Hendry					•	

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

- (1) Strategy and Resources Committee
- (2) Investment Committee
- (3) Personnel & Domestic Committee
- (4) Library Committee
- (5) Information Systems Committee

Two additional committees, chaired by external non-trustees, advise the Governing Body. These are the Audit Committee and the Fellows' Remuneration Review Committee.

## **Nuffield College**

### **Governing Body, Officers and Advisers**

**Year ended 31 July 2017**

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#### **COLLEGE SENIOR STAFF**

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

Andrew Dilnot	<i>Warden</i>
Eleni Kechagia-Ovseiko	<i>Senior Tutor</i>
Gwilym Hughes	<i>Head of the Endowment Office</i>
Tom Moore	<i>Bursar</i>
Yanislava Moyse	<i>College Accountant</i>

#### **COLLEGE ADVISERS**

##### **Investment managers**

OLIM Ltd, 15 Berkeley Street, London W1J 8DY

Majedie Asset Management, 10 Old Bailey, London EC4M 7NG

##### **Investment property managers**

Savills Plc, 33 Margaret Street, London W1G 0JD

meterhoch2! Hausverwaltungen. GmbH, Schwarzbacher Str. 3, 10711 Berlin, Germany

##### **Auditor**

Critchleys Audit LLP, Beaver House, 23-38 Hythe Bridge Street, Oxford OX1 2EP

##### **Bankers**

Royal Bank of Scotland Group Plc, 36 St Andrew Square, Edinburgh EH2 2YB

J P Morgan, 1 Knightsbridge, London SW1X 7LX.

##### **Solicitors**

Knights Professional Services Limited, Midland House, West Way, Botley, Oxford OX2 0PH

Brookstreet des Roches LLP, 25A Western Avenue, Milton Park, Abingdon OX14 4SH

Roever Broenner Susat Mazars GmbH & Co. KG, Alt-Moabit 2, 10557 Berlin, Germany

##### **Surveyors**

Savills Plc, 33 Margaret Street, London W1G 0JD

Adkin, Orpwood House, School Road, Ardington, Wantage, Oxfordshire, OX12 8PQ

##### **College address**

New Road

Oxford OX1 1NF

##### **Registered Charity Number**

1137506

##### **Website**

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

**Nuffield College**  
**Report of the Governing Body**  
**Year ended 31 July 2017**

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2017 under the Charities Act 2011, together with the audited financial statements for the year.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

The Warden and Fellows of Nuffield College in the University of Oxford, which is known as Nuffield College, (“the College”) is an eleemosynary chartered charitable corporation aggregate. It was founded by Viscount Nuffield under a Deed of Covenant and Trust dated 16 November 1937 and was granted the Royal Charter of Queen Elizabeth the Second on 18 April 1958. The corporation comprises the Warden and Fellows.

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

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing documents**

The College is governed by its Charter and Statutes dated 18 April 1958.

**Governing Body**

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

New members of the Governing Body are elected on the basis of academic distinction, or their ability to serve the College in other ways.

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 Warden.

**Recruitment and training of Members of the Governing Body**

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

Members of the Governing Body are made aware of Charity Commission guidance to trustees and may attend external trustee training and information courses to keep them informed on current issues in the sector and on regulatory requirements.

**Remuneration of Members of the Governing Body and Senior College Staff**

Members of the Governing Body, who are primarily Fellows engaged in teaching and research, receive no remuneration or benefits from their trusteeship of the College. Those trustees who are also employees of the College receive remuneration for their work as employees of the College which is set in accordance with the advice of the College’s Fellows’ Remuneration Review Committee (FRRC). Where possible, remuneration is set in line with that awarded to the University’s academic staff. FRRC consists of a Chair plus three members, normally including at least two current Visiting Fellows; none of the Committee’s members are trustees and none are in receipt of remuneration from the College. The Committee provides independent scrutiny of proposals concerning any changes to pay or conditions that would benefit Fellows, by testing them against three key principles: legitimacy, affordability, and reasonableness.

**Nuffield College**  
**Report of the Governing Body**  
**Year ended 31 July 2017**

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**Organisational management**

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

- The Strategy and Resources Committee. Academic policies and the utilisation of College resources and functional assets.
- The Investment Committee. Supervision of the College investments and income policies, which includes at least two and up to four suitably qualified external members.
- The Personnel and Domestic Committee. Personnel and health & safety policies. Domestic arrangements including catering and maintenance.
- The Library Committee. Supervision of the College Library.
- The Information Systems Committee. Information systems policies and maintenance. Provision of IT equipment and support.

The day-to-day running of the College is delegated to the senior staff listed on page 4 (viz., the Warden, Senior Tutor, Head of the Endowment Office, Bursar, and College Accountant), and is supported by heads of the College's administrative departments. The Governing Body is chaired by the Warden, who also chairs the College's Investment Committee, Strategy and Resources Committee, and Personnel and Domestic Committee. The Library Committee is chaired by a Library Fellow (drawn from amongst the College's Governing Body) and the Information Systems Committee is chaired by the Information Systems Fellow (ditto); both the Library Fellow and the Information Systems Fellow have some responsibility for overseeing the relevant areas of the College's activities.

In addition, there are two committees that assist the College to control risks related to governance and conflicts of interest: a Fellows' Remuneration Review Committee (as described above) and an Audit Committee, which has an external (not a trustee or employee) chair and two further external members, and which advises Governing Body on the effectiveness of the financial and other internal control systems of the College.

**Group structure and relationships**

The College also has one wholly owned non-charitable subsidiary: Nuffield Properties Ltd, which was dormant throughout the relevant period and also the previous period.

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

**OBJECTIVES AND ACTIVITIES**

**Charitable Objects and Aims**

The College's Objects are to advance postgraduate education and research in the social sciences. The Governing Body has considered the Charity Commission's guidance on public benefit and - in keeping with its objects - the College's aims for the public benefit are:

- to undertake world-class research and to facilitate the study of social science problems by co-operation between academic and non-academic persons;
- to disseminate the results of this research and contribute to public policy making;
- to recruit and admit postgraduate students in the social sciences, and present them for matriculation in the University of Oxford (election is open to all and is subject only to academic merit);
- to supervise students who are studying for postgraduate degrees and prepare them for careers, in the academic world or beyond; and
- to contribute to the cultural, social, and economic life of the city of Oxford.

**Nuffield College**  
**Report of the Governing Body**  
**Year ended 31 July 2017**

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To achieve these aims, the College will:

- collaborate with the University of Oxford to attract, recruit, and retain outstanding academic staff and postgraduate students;
- establish, in particular through its scheme of Visiting Fellowships, strong on-going relationships with figures in the public and private sectors;
- employ rigorous admissions procedures to select the best graduate students in the social sciences, providing innovative funding packages to ensure that admission is based on academic merit alone, regardless of financial means; and
- work closely and creatively with, *inter alia*, the University of Oxford and local authorities to identify and develop opportunities to contribute to the life of the city of Oxford.

The College will use the following criteria to measure the success of these strategies:

- the volume and quality of research published by academic members of the College (as assessed, *inter alia*, through exercises such as the Research Excellence Framework);
- the impact of this research outside of academia, and in particular on public policy;
- other indicators of academic esteem (including, for example, prizes awarded and research grants won);
- acceptance rates for the admission of graduate students, and their academic results; and
- student placement records (in respect of both academic and non-academic careers).

### **Activities and objectives of the College**

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

In 2016/17, the College:

- elected three new Governing Body Fellows (Cécile Laborde, Ridhi Kashyap, and Janina Dill, all Professorial Fellows); 18 new Research Fellows; three Senior Research Fellow; and three non-academic persons to Visiting Fellowships;
- admitted 10 students to study for postgraduate taught courses in the Social Sciences, 19 postgraduate research students, and 12 visiting students;
- hosted more than 70 academic conferences or workshops;
- began to take forward plans for the redevelopment of the Oxpens site in the West End of Oxford, through a Joint Venture Company in conjunction with the City Council; and
- collaborated with the University of Oxford in the aim of establishing a Social Sciences Quarter in the West End of Oxford.

### **Policy on and provision of bursary support**

The College only admits graduate students. It awards scholarships to cover or partially cover fees and maintenance costs. In 2016/17, College funds provided £611k towards such costs, which was 29% higher than the previous year (2016: £475k).



## **ACHIEVEMENTS AND PERFORMANCE**

Some highlights from 2016/17 are set out below. A full record of the College's academic activities for the year can be found in the Annual Report.

The College elected three new Professorial Fellows: Cécile Laborde FBA, in conjunction with the Nuffield Chair of Political Theory; Ridhi Kashyap in conjunction with an Associate Professorship in Social Demography; and Janina Dill, in conjunction with the John G. Winant Associate Professorship of U.S. Foreign Policy. Carolyn Fairburn (Director General of the CBI), Tim Gardam (Chief Executive of the Nuffield Trust), and Andrew Thompson (Chief Executive of the AHRC) were each elected to Visiting Fellowships.

Sir David Cox (Honorary Fellow) was the first recipient of the International Prize in Statistics established jointly by the International Biometric Society, the American Statistical Association, the Institute of Mathematical Statistics, the Royal Statistical Society and the International Statistical Institute. Desmond King (Professorial Fellow) was elected a Foreign Honorary Member of the American Academy of Art and Sciences. Melinda Mills (Professorial Fellow) was appointed to the ESRC's Executive Council, and Richard Breen (Professorial Fellow) was appointed to its Research Committee. Ezequiel Gonzalez-Octantos is a Professorial Fellow whose book, *Shifting Legal Visions: Judicial Change and Human Rights Trials in Latin America*, won awards from two professional associations: the Donna Lee Van Cott Award for Best Book on Political Institutions (Latin American Studies Association) and the Herman Pritchett Award for Best Book on Law and Courts (American Political Science Association). Ben Ansell (Professorial Fellow) won a major ERC Consolidator Award for the project "The Politics of Wealth Inequality and Mobility in the Twenty-First Century", while Christiaan Monden and Erzsebet Bukodi (both Professorial Fellows) were awarded a NORFACE grant, in collaboration with researchers based in Amsterdam, Lausanne and Stockholm. Anthony Heath and Lindsay Richards in the Centre for Social Investigation were awarded a new ESRC grant to study Brexit-related attitudes, and following a review of CSI's activities (which involved external experts) the College's funding of the Centre was renewed for a further two years.

The College also established a new research centre in 2017, the Nuffield Centre for Applied Macro Policy (NuCamp). Under the direction of Martin Ellison (Professorial Fellow), NuCamp aims to create a space in which academics and policymakers can freely and openly discuss current trends, insights, and policies that influence how economies function. Meanwhile, the Centre for Experimental Social Sciences, led by Ray Duch (Official Fellow), has been actively working with the Financial Conduct Authority and the Financial Services Compensation Scheme on understanding how to promote better financial decision making by members of the general public. Ray Fitzpatrick (Professorial Fellow) is Assistant Director of a Department of Health-funded Policy Research Unit, one key aim of which is to develop methods to evaluate the integration of health and social care.

In respect of student admissions, the College received and reviewed 182 applications from prospective students and made 49 offers. 29 students started their course in September 2016: 7 students in Economics (3 DPhil students and 4 MPhil), 11 in Politics (8 DPhil students and 3 MPhil), 8 in Sociology (7 DPhil students and one on the MSc course), and 3 in interdisciplinary subjects (History). 22 students in taught masters courses took exams at the end of the academic year, and seven of them achieved distinctions. 11 students completed their doctoral thesis, nine of whom have subsequently been appointed to academic posts.

As part of the 2016/17 graduate admissions exercise, the College undertook to underwrite funding for all new students admitted at Nuffield for one of the courses offered by the College. What this means is that, in the event that a new student does not secure scholarship funding from other sources to meet the full costs of their study (fees and living expenses), the College will provide the full funding required or partial funding in conjunction with another scholarship. By removing the funding uncertainty at an early stage in the admissions process, the College aims to attract and, crucially, retain applicants of the highest academic merit. (An increased acceptance rate in the latest admissions exercise suggests that this approach is already working.)

The College's recently established Development Office has continued to reach out, through events and other activities, to alumni and other friends of the College, and has been successful in generating new donations and pledges, and notably has completed fundraising to endow a scholarship in memory of former fellow Terence Gorman.

## **FINANCIAL REVIEW**

### **Income**

The College's income rose by 11% to £11,733k in 2016/17. Investment income continued to be the largest source of income to the College and increased by 12% to £9,608k.

Income from charitable activities of £1,768k was 7% higher than the previous year, and consisted of student fee income of £219k (an increase of 15%), other HEFCE support of £169k, other academic and research income of £767k (an increase of 19%), and college residential income of £613k (a decrease of 7%).

Income from donations amounted to £357k (2016: £367k) and was composed mainly of endowment donations (£341k) to the Graduate Scholarship funds.

### **Expenditure**

The College's total expenditure of £10,355k was 6% higher than the previous year.

Expenditure on charitable activities increased by 4% to £8,258k.

The cost of generating funds grew by 14% to £2,097k, which was mainly due to the increase in investment management costs by 15% to £1,918k. Fundraising costs of £179k were 10% higher than the previous year (2016: £163k), reflecting the increased activity of the recently established Development Office.

### **Result for the year**

The College's total consolidated funds increased by £32,090k in the year to £240,783k as at 31 July 2017 (2016: £208,693k), which represents an increase of 15%. The increase is mostly attributable to investment gains.

### **Investments**

At the year end, the total group investments, combining the securities, property investments and the investment in JV, amounted to £257,106k. The total net investment return was 16.7% (2016: 10.4%), mainly attributable to securities appreciation, including unrealised gains on foreign exchange.

The value of the bank loan, measured at amortised cost, was £31,844k and the interest payable for the year was 1.45% (LIBOR plus 1%). After taking into account the bank loan and the net investment current assets of £1,651k, the total consolidated net investment assets stood at £226,913k at 31 July 2017 (2016: £195,455k).

### **Reserves policy**

The College's reserves policy is to maintain sufficient free reserves to meet short-term financial obligations in the event of an unexpected revenue shortfall.

The College's general unrestricted funds at the year end amounted to £2,241k (2016: £1,632k), excluding an amount of £11,106k (2016: £11,289k) for the book value of fixed assets. In accordance with FRS 102, a pension reserve of £1,059k is included within unrestricted funds representing the defined benefit pension scheme liability.

Designated reserves at the year end amounted to £1,582k (2016: £1,397k), which included funds of £67k (2016: £71k) for specific research projects to be spent within ten years of the initial award and an academic fund of £1,515k (2016: £1,326k), set up in March 2014, for the purpose of advancing postgraduate education and research.

## **Risk management**

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, and each key Committee maintains its own Risk Register. Financial risks are assessed by the Strategy and Resources and Audit Committees, and investment risks are monitored by the Investment Committee. In addition, the Bursar and heads of the College departments meet regularly to review health and safety issues. Training courses and other forms of career development are promoted to members of staff to enhance their skills in risk-related areas.

## **Governance & Compliance**

<i>Risk</i>	<i>Managing strategies</i>
Lack of strategy / skills	Strategy and Resources Committee; budget-setting and quarterly forecasting; recruitment and induction processes.
Conflict of interest / non-charitable activities	Fellows Remuneration Review Committee; Conflict of Interest policy; recruitment and induction processes.
Regulatory reporting requirements	Allocate roles and responsibilities; training and induction; regular departmental reviews.

## **Academic**

<i>Risk</i>	<i>Managing strategies</i>
Failure to recruit and retain world class academic staff	Strategic planning; competitive salaries and benefits; appointment procedures; collaboration with University.
Failure to attract and admit top quality graduate students	Admissions planning and processes; scholarships; quality of student experience; collaboration with University; low overall intake.

## **Financial**

<i>Risk</i>	<i>Managing strategies</i>
Fraud; budgetary control	Audit Committee; internal controls; segregation of duties; regular reporting.
Investment policy	Investment Committee; regular reporting; diversification of holdings; external fund managers.

## **Operational**

<i>Risk</i>	<i>Managing strategies</i>
Loss of key staff	Systems, policies, and processes; succession planning; regular departmental reviews.
Information security; data loss	Information Systems Committee; back-up arrangements; regular reviews; collaboration with University; business continuity planning.
Health and safety; employment issues	Recruitment, induction, and training; management processes; monitoring and reporting; external controls.

### **Investment policy, objectives and performance**

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

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

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

The investment strategy, policy and performance are monitored by the Investment Committee.

Under the total return accounting basis, it is the Governing Body's policy to use a long-term spending rate combined with a smoothing rule, which adjusts spending gradually in accordance with changes in the endowment's market value (after costs). The amount released under this policy is currently based on an income component, determined by a weighted average of allowable prior spending adjusted for inflation (80% weight) and a market component, the amount which would have been spent using 4.3% of the current endowment value (20% weight). This smoothing results in a lag in reaching the long-term rate. The sum of the income and market components is the total endowment income available for spending.

The equivalent of 3.72% of the opening balances of the relevant funds, plus costs, was extracted as income on the total return basis in the year (2016: 3.88%). The Governing Body will keep the level of income withdrawn under review to balance the needs and interests of current and future beneficiaries of the College's activities.

### **FUTURE PLANS**

The core elements of the College's future plans are:

- to continue to recruit and retain outstanding academic staff and students in the social sciences;
- to take steps to improve student experience and outcomes and prepare students for the academic and non-academic job markets;
- to produce and disseminate high quality and innovative research in the social sciences and to pursue collaborations with the non-academic world;
- to form strong ongoing relationships with alumni and with significant figures in the public and private sectors;
- to work with the University of Oxford to establish a Social Sciences Quarter in the west end of Oxford.

## **STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

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

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

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

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

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

Approved by the Governing Body on 1 November 2017 and signed on its behalf by:

Sir Andrew Dilnot

Warden

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOVERNING BODY OF NUFFIELD COLLEGE**

**Opinion**

We have audited the financial statements of Nuffield College (the "Charity") for the year ended 31 July 2017 which comprise the Statement of Accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements. 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).

This report is made solely to the College's Governing Body, as a 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 Members of 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's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 July 2017 and of the group's 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 Members of the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members of 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 Members of 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

## **Nuffield College**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOVERNING BODY OF NUFFIELD COLLEGE**

material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters 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 Members of the Governing Body**

As explained more fully in the Statement of Accounting and Reporting Responsibilities [set out on page 12], the Members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 Members of the Governing Body are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of 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/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm). This description forms part of our auditor's report.

#### **Critchleys Audit LLP**

Statutory Auditor  
Oxford

Date: 7 November 2017

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

#### **1. Scope of the financial statements**

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Statement of Cash Flows for the College and its interest in the OxWED joint venture, under the equity method of accounting. No separate SOFA has been presented for the College alone as currently permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements.

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

The College 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. 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 rate of 1.90% for USS and 1.55% for OSPS (2016: 3.25%). A sensitivity analysis to changes in salary and discount rate changes is shown in note 23.

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

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

#### **4. Income recognition**

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



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

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

**b. Income from donations, grants and legacies**

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

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

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

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

Research grants income is usually conditional on delivery of specified research and incurring pre-determined expenditure, therefore performance condition is delivery of particular level of service, measured by proportion of costs incurred.

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

## **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 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 £25,000 together with expenditure on equipment costing more than £5,000 is capitalised.

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

Other expenditure on equipment incurred in the normal day-to-day running of the College and 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	25 years
Equipment	3 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.

Other unquoted investments are valued using primary valuation techniques such as earnings multiples, recent transactions and net assets where reliable estimates can be made – otherwise at cost less any impairment.

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' fund holding or disposing of the relevant investment.

## **10. Other financial instruments**

### **a. Derivatives**

Derivative financial instruments are initially measured at fair value on the date the contract is entered into and are subsequently measured at fair value. Changes in fair value are credited or charged to the income or expenditure section of the SOFA. Hedge accounting is not currently applied to derivatives.

### **b. 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.

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

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

### **15. Pension costs**

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

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

**Nuffield College**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2017**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2017 Total £'000	2016 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Charitable activities:</b>	1					
Teaching, research and residential		1,768	0	0	1,768	1,657
<b>Other Trading Income</b>	3	0	0	0	0	0
<b>Donations and legacies</b>	2	14	2	341	357	367
<b>Investments</b>						
Investment income	4	75	297	9,236	9,608	8,560
Total return allocated to income	14	6,455	0	(6,455)	0	0
Other income		0	0	0	0	0
<b>Total income</b>		8,312	299	3,122	11,733	10,584
<b>EXPENDITURE ON:</b>						
	5					
<b>Charitable activities:</b>						
Teaching, research and residential		7,484	774	0	8,258	7,907
<b>Generating funds:</b>						
Fundraising		179	0	0	179	163
Trading expenditure		0	0	0	0	0
Investment management costs (incl. Loan interest)		17	55	1,846	1,918	1,674
<b>Total Expenditure</b>		7,680	829	1,846	10,355	9,744
<b>Net Income/(Expenditure) before gains</b>		632	(530)	1,276	1,378	840
Net gains/(losses) on investments	10, 11	0	693	30,179	30,872	15,213
<b>Net Income/(Expenditure)</b>		632	163	31,455	32,250	16,053
Group share of joint venture's profit/(loss)	12	0	0	(160)	(160)	(439)
<b>Transfers between funds</b>	19	0	293	(293)	0	0
<b>Other recognised gains/losses</b>						
Gains/(losses) on revaluation of fixed assets		0	0	0	0	0
Actuarial gains/(losses) on defined benefit pension schemes		0	0	0	0	0
<b>Net movement in funds for the year</b>		632	456	31,002	32,090	15,614
Fund balances brought forward	19	13,238	6,957	188,498	208,693	193,079
<b>Funds carried forward at 31 July</b>		13,870	7,413	219,500	240,783	208,693

**Nuffield College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2017**

	Notes	2017 Group £'000	2016 Group £'000	2017 College £'000	2016 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	11,106	11,289	11,106	11,289
Heritage assets		0	0	0	0
Property investments	10	111,940	102,589	111,940	102,589
Other Investments	11	139,165	118,130	145,765	124,680
Investment in joint venture	12	6,001	6,111		
<b>Total Fixed Assets</b>		<b>268,212</b>	<b>238,119</b>	<b>268,811</b>	<b>238,558</b>
<b>CURRENT ASSETS</b>					
Stocks		80	67	80	67
Debtors	15	2,675	1,610	2,675	1,610
Investments		0	0	0	0
Cash at bank and in hand		4,629	3,787	4,629	3,787
<b>Total Current Assets</b>		<b>7,384</b>	<b>5,464</b>	<b>7,384</b>	<b>5,464</b>
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	16	1,910	1,985	1,910	1,985
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>5,474</b>	<b>3,479</b>	<b>5,474</b>	<b>3,479</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>273,686</b>	<b>241,598</b>	<b>274,285</b>	<b>242,037</b>
<b>CREDITORS: falling due after more than one year</b>	17	<b>31,844</b>	<b>31,825</b>	<b>31,844</b>	<b>31,825</b>
<b>Provisions for liabilities and charges</b>	18	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY</b>		<b>241,842</b>	<b>209,773</b>	<b>242,441</b>	<b>210,212</b>
<b>Defined benefit pension scheme liability</b>	23	<b>1,059</b>	<b>1,080</b>	<b>1,059</b>	<b>1,080</b>
<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<b>240,783</b>	<b>208,693</b>	<b>241,382</b>	<b>209,132</b>
<b>FUNDS OF THE COLLEGE</b>					
	19				
<b>Endowment funds</b>		<b>219,500</b>	<b>188,498</b>	<b>220,099</b>	<b>188,937</b>
<b>Restricted funds</b>		<b>7,413</b>	<b>6,957</b>	<b>7,413</b>	<b>6,957</b>
<b>Unrestricted funds</b>					
Designated funds		12,688	12,686	12,688	12,686
General funds		2,241	1,632	2,241	1,632
Revaluation reserve		0	0	0	0
Pension reserve	23	(1,059)	(1,080)	(1,059)	(1,080)
		<b>240,783</b>	<b>208,693</b>	<b>241,382</b>	<b>209,132</b>

The financial statements were approved and authorised for issue by the Governing Body of Nuffield College on 1 November 2017

Warden: Sir A W Dilnot

Bursar: Mr T Moore

**Nuffield College**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 July 2017**

	Notes	2017 £'000	2016 £'000
<b>Net cash provided by (used in) operating activities</b>	26	<b>(8,241)</b>	<b>(8,023)</b>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		8,653	8,192
Proceeds from the sale of property, plant and equipment		195	359
Purchase of property, plant and equipment		(99)	(2,841)
Proceeds from sale of investments		8,568	10,603
Purchase of investments		(6,152)	(12,289)
<b>Net cash provided by (used in) investing activities</b>		<b>11,165</b>	<b>4,024</b>
<b>Cash flows from financing activities</b>			
Interest paid		(453)	(509)
Receipt of endowment		341	360
<b>Net cash provided by (used in) financing activities</b>		<b>(112)</b>	<b>(149)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>2,812</b>	<b>(4,148)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>9,368</b>	<b>12,436</b>
<b>Change in cash and cash equivalents due to exchange rate movements</b>		<b>72</b>	<b>1,080</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	27	<b>12,252</b>	<b>9,368</b>

**1 INCOME FROM CHARITABLE ACTIVITIES**

	2017 £'000	2016 £'000
<b>Teaching, Research and Residential</b>		
Unrestricted funds		
Tuition fees - UK and EU students	103	93
Tuition fees - Overseas students	102	84
Other fees	14	14
Other HEFCE support	169	164
Other academic income	767	643
College residential income	613	659
	<b>1,768</b>	<b>1,657</b>
<b>Total Teaching, Research and Residential</b>	<b>1,768</b>	<b>1,657</b>
<b>Total income from charitable activities</b>	<b>1,768</b>	<b>1,657</b>

The above analysis includes £170k received from Oxford University from publicly accountable funds under the CFF Scheme (2016: £158k).

**2 DONATIONS AND LEGACIES**

	2017 £'000	2016 £'000
<b>Donations and Legacies</b>		
Unrestricted funds	14	5
Restricted funds	2	2
Endowed funds	341	360
	<b>357</b>	<b>367</b>

**3 INCOME FROM OTHER TRADING ACTIVITIES**

	2017 £'000	2016 £'000
Subsidiary company trading income	0	0
Other trading income	0	0
	<b>0</b>	<b>0</b>

**4 INVESTMENT INCOME**

	2017 £'000	2016 £'000
<i>Unrestricted funds</i>		
Other investment income	75	64
Bank interest	0	1
	<b>75</b>	<b>65</b>
<i>Restricted funds</i>		
Other property income	0	0
Equity dividends	296	267
Interest on fixed term deposits and cash	1	0
Other interest	0	0
	<b>297</b>	<b>267</b>
<i>Endowed funds</i>		
Agricultural rent	47	48
Commercial rent	6,699	6,378
Other property income	153	19
Equity dividends	1,888	1,560
Interest on fixed term deposits and cash	449	223
Other investment income	0	0
	<b>9,236</b>	<b>8,228</b>
<b>Total Investment income</b>	<b>9,608</b>	<b>8,560</b>



5 ANALYSIS OF EXPENDITURE

	2017 £'000	2016 £'000
<b>Charitable expenditure</b>		
Direct staff costs allocated to:		
Teaching, research and residential	4,004	4,034
Other direct costs allocated to:		
Teaching, research and residential	3,194	2,853
Support and governance costs allocated to:		
Teaching, research and residential	1,060	1,020
<b>Total charitable expenditure</b>	<b>8,258</b>	<b>7,907</b>
<b>Expenditure on raising funds</b>		
Direct staff costs allocated to:		
Fundraising	116	107
Investment management costs	90	103
Other direct costs allocated to:		
Fundraising	53	51
Investment management costs	1,823	1,559
Support and governance costs allocated to:		
Fundraising	10	5
Investment management costs	5	12
<b>Total expenditure on raising funds</b>	<b>2,097</b>	<b>1,837</b>
<b>Total expenditure</b>	<b>10,355</b>	<b>9,744</b>

The comparative year's (2016) resources expended of £9,744k represented £7,222k from unrestricted funds, £919k from restricted funds and £1,603k 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 £154k (2016 - £154k).

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2017 Total £'000
Financial administration	3	264	0	0	267
Domestic administration	2	182	0	0	184
Human resources	1	82	0	0	83
IT	4	381	0	0	385
Depreciation	0	282	0	0	282
Loss/(profit) on fixed assets	0	(195)	0	0	(195)
Other finance charges	5	45	0	0	50
Governance costs	0	19	0	0	19
	<b>15</b>	<b>1,060</b>	<b>0</b>	<b>0</b>	<b>1,075</b>
	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2016 Total £'000
Financial administration	2	249	0	0	251
Domestic administration	2	150	0	0	152
Human resources	0	61	0	0	61
IT	1	262	0	0	263
Depreciation	0	247	0	0	247
Loss/(profit) on fixed assets	0	(13)	0	0	(13)
Other finance charges	12	45	0	0	57
Governance costs	0	19	0	0	19
	<b>17</b>	<b>1,020</b>	<b>0</b>	<b>0</b>	<b>1,037</b>

**Nuffield College**  
**Notes to the financial statements**  
**For the year ended 31 July 2017**

The following costs are attributed on a per capita basis:  
 Finance and administration and human resources costs  
 Depreciation costs  
 IT costs

	2017 £'000	2016 £'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	15	15
Other governance costs	4	4
	<b>19</b>	<b>19</b>

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

## 7 GRANTS AND AWARDS

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

	2017 £'000	2016 £'000
<b>Unrestricted funds</b>		
Grants to individuals:		
Scholarships, prizes and grants	575	454
Bursaries and hardship awards	0	9
Grants to other institutions	3	3
<b>Total unrestricted</b>	<b>578</b>	<b>466</b>
<b>Restricted funds</b>		
Grants to individuals:		
Scholarships, prizes and grants	36	21
<b>Total restricted</b>	<b>36</b>	<b>21</b>
<b>Total grants and awards</b>	<b>614</b>	<b>487</b>

The above costs are included within the charitable expenditure on Teaching, research and residential. Grants to other institutions comprise donations to other charitable organisations.

## 8 STAFF COSTS

	2017 £'000	2016 £'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	3,939	3,959
Social security costs	372	330
Pension costs:		
Pension contributions	568	558
Staff costs related to pension liability	(56)	(81)
	<b>4,823</b>	<b>4,766</b>

### Key management remuneration

The total remuneration paid to key management was £523k (2016: £476k).

Key management are considered to be the Warden, Senior Tutor, Head of Endowment Office, Bursar and College Accountant.

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

	2017	2016
Tuition and research	39	31
College residential	35	33
Fundraising	2	2
Support	15	11
<b>Total</b>	<b>91</b>	<b>77</b>

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

	2017	2016
University Lecturers	10	10
Other teaching and research	28	27
Other	3	3
<b>Total</b>	<b>41</b>	<b>40</b>

The College also engages temporary staff and agency workers who are not on the College payroll. The following information relates to the employees of the College excluding the College Trustees. Details of the remuneration and reimbursed expenses of the College Trustees are 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:

	2017	2016
£60,001-£70,000	3	2
The number of the above employees with retirement benefits accruing was as follows:		
In defined benefits schemes	2	2

## 9 TANGIBLE FIXED ASSETS

Group and College	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>					
At start of year	2,970	12,249	0	100	15,319
Additions	0	31	0	68	99
Disposals	0	0	0	0	0
<b>At end of year</b>	<b>2,970</b>	<b>12,280</b>	<b>0</b>	<b>168</b>	<b>15,418</b>
<b>Depreciation and impairment</b>					
At start of year	675	3,285	0	70	4,030
Depreciation charge for the year	37	208	0	37	282
Depreciation on disposals	0	0	0	0	0
Impairment	0	0	0	0	0
<b>At end of year</b>	<b>712</b>	<b>3,493</b>	<b>0</b>	<b>107</b>	<b>4,312</b>
<b>Net book value</b>					
<b>At end of year</b>	<b>2,258</b>	<b>8,787</b>	<b>0</b>	<b>61</b>	<b>11,106</b>
At start of year	2,295	8,964	0	30	11,289

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

## 10 PROPERTY INVESTMENTS

Group and College	Agricultural £'000	Commercial £'000	Other £'000	2017 Total £'000	2016 Total £'000
Valuation at start of year	2,850	99,739	0	102,589	97,019
Additions and improvements at cost	0	1,711	0	1,711	409
Disposals	0	(1,862)	0	(1,862)	(5)
Revaluation gains/(losses) in the year	1,050	8,452	0	9,502	5,166
<b>Valuation at end of year</b>	<b>3,900</b>	<b>108,040</b>	<b>0</b>	<b>111,940</b>	<b>102,589</b>

The College directly invests in a substantial portfolio of commercial property and one agricultural holding. All the property is held in the United Kingdom except for three assets in Berlin, Germany.

A formal valuation of the agricultural property in Liverpool was prepared by Simon P Alden MRICS FAAV of Adkin as at 31 July 2017.

Formal valuations for the majority of the commercial properties were prepared as at 31 July 2017 by their respective managing agents: by Nicholas F Rees MRICS of Savills for UK property (including Worcester Street car park) and Volker Zwing of Meterhoch2! for Berlin.

The remaining commercial properties are valued five yearly and were valued as at 31 July 2015, as follows: Nuffield Estate by Emily Ham MRICS of Adkin and 10a New Road by Marriotts.

## 11 OTHER INVESTMENTS

All investments are held at fair value.

	2017 £'000	2016 £'000
<b>Group investments</b>		
Valuation at start of year	118,130	114,766
New money invested	4,401	5,739
Amounts withdrawn	(4,736)	(12,422)
(Decrease)/increase in value of investments	21,370	10,047
<b>Group investments at end of year</b>	<b>139,165</b>	<b>118,130</b>
Loan to Joint Venture (note 12)	6,600	6,550
<b>College investments at end of year</b>	<b>145,765</b>	<b>124,680</b>

Group investments comprise:	Held outside the UK £'000	Held in the UK £'000	2017 Total £'000	Held outside the UK £'000	Held in the UK £'000	2016 Total £'000
Equity investments	2,671	49,161	51,832	0	43,517	43,517
Global multi-asset funds	30,951	39,396	70,347	27,606	29,789	57,395
Property funds	112	696	808	117	590	707
Alternative and other investments	7,523	1,032	8,555	10,268	662	10,930
Fixed term deposits and cash	4,797	2,826	7,623	3,566	2,015	5,581
<b>Total group investments</b>	<b>46,054</b>	<b>93,111</b>	<b>139,165</b>	<b>41,557</b>	<b>76,573</b>	<b>118,130</b>

## 12 INVESTMENT IN JOINT VENTURE

Oxford West End Development Limited (OxWED) was incorporated in January 2016 as a joint venture between Nuffield College and Oxford City Council. Nuffield College holds a 50% share of the company. The purpose of the company is to develop and regenerate the West End area of Oxford. The objectives of the Joint Venture are aligned with Nuffield College's broader aim of promoting social science in the West End.

Nuffield College provided a loan to the joint venture of £6,600k for land purchase and working capital. Interest is charged at 6.5%. Interest income of £639k was outstanding at 31 July 2017 (note 15).

Nuffield's interest in the joint venture is measured using the equity method of accounting in the consolidated financial statements.

The first statutory accounts of the joint venture were prepared as at 31 March 2017. The main asset of the company was classified as trading stock. The devaluation reserve, which was previously reported in the College's financial statements to 31 July 2016 and which was based on the JV's management accounts available at the time, was therefore removed.

The comparative figures for the Members' interest, OxWED's Profit and Loss account and Balance Sheet are restated below.

Nuffield's share of the net assets of OxWED is included in the consolidated balance sheet and the net share of profit/(loss) is shown in the consolidated SoFA, and calculated as follows:

### Members' interest

#### As at 31 July 2017

	OxWED Total	Nuffield College share 50%	Oxford City Council share 50%
	£000	£000	£000
Capital classified as liability	13,200	6,600	6,600
Other reserves classified as equity	(1,198)	(599)	(599)
<b>Members' interest as at 31 July 2017</b>	<b>12,002</b>	<b>6,001</b>	<b>6,001</b>

#### As restated at 31 July 2016

	OxWED Total	Nuffield College share 50%	Oxford City Council share 50%
	£000	£000	£000
Capital classified as liability	13,100	6,550	6,550
Other reserves classified as equity	(357)	(179)	(179)
<b>Members' interest as at 31 July 2016 (restated)</b>	<b>12,743</b>	<b>6,371</b>	<b>6,371</b>

#### As at 31 July 2016

	OxWED Total	Nuffield College share 50%	Oxford City Council share 50%
	£000	£000	£000
Capital classified as liability	13,100	6,550	6,550
Other reserves classified as equity	(878)	(439)	(439)
<b>Members' interest as at 31 July 2016</b>	<b>12,222</b>	<b>6,111</b>	<b>6,111</b>

**Nuffield College**  
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OxWED	2017	2016	2016
<b>Profit and Loss account</b>	(as restated)		
	£000	£'000	£'000
Income	231	105	105
Expenditure	(208)	(48)	(48)
Operating Surplus/(Loss)	<u>23</u>	<u>57</u>	<u>57</u>
Interest charge	(864)	(414)	(414)
<b>Loss from Continuing operations</b>	<b><u>(841)</u></b>	<b><u>(357)</u></b>	<b><u>(357)</u></b>
Devaluation of Investment Property	0	0	(521)
<b>Total Comprehensive Income &amp; Expenditure Loss</b>	<b><u>(841)</u></b>	<b><u>(357)</u></b>	<b><u>(878)</u></b>
<b>Balance Sheet</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	(as restated)		
	£000	£'000	£'000
Fixed assets	0	0	12,500
Stocks	13,021	13,021	0
Other Current assets	316	155	155
Current Liabilities	(1,335)	(433)	(433)
<b>Net assets attributable to members</b>	<b><u>12,002</u></b>	<b><u>12,743</u></b>	<b><u>12,222</u></b>

	<b>OxWED</b>	<b>Nuffield</b>
	<b>Total</b>	<b>College</b>
<b>OXWED</b>		<b>share 50%</b>
	£000	£000
Loss to 31 July 2016	(878)	(439)
Adjustment: removed devaluation of property	521	260
Adjusted loss to 31 July 16	<u>(357)</u>	<u>(179)</u>
Loss for year to 31 July 2017	(841)	(420)
Less: adjustment re previous year		260
Net loss for the year (Nuffield's consolidated FS)		<u><b>(160)</b></u>
Accumulated loss as at 31 July 2017	<u>(1,198)</u>	<u><b>(599)</b></u>

The College had a contracted commitment at 31 July 2017 to provide a further loan to OxWED for the sum of £4,000k for the purchase of additional land in Oxpens (included in note 29).

### 13 PARENT AND SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Nuffield Properties Limited, which has been dormant in the current and previous reporting periods.

### 14 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 31 July 2013. The investment return to be applied as income is calculated as a weighted average of the prior year expenditure adjusted for inflation (80%) and the amount which would have been spent using 4.30% of the current endowment value (20%). The application of the above rule equates to a drawdown rate of 3.72% (2016 - 3.88%) of the opening balances of the relevant funds. The preserved (frozen) value of the invested endowment capital represents its open market value in 2003 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
<b>At the beginning of the year:</b>					
Gift component of the permanent endowment	70,604		70,604		70,604
Unapplied total return		62,212	62,212		62,212
Expendable endowment				55,682	55,682
<b>Total Endowments</b>	<b>70,604</b>	<b>62,212</b>	<b>132,816</b>	<b>55,682</b>	<b>188,498</b>
<b>Movements in the reporting period:</b>					
Gift of endowment funds	341		341		341
Investment return: total investment income		6,453	6,453	2,783	9,236
Investment return: realised and unrealised gains and losses		20,820	20,820	9,359	30,179
Less: Investment management costs		(958)	(958)	(423)	(1,381)
Less: Loan interest payable		(327)	(327)	(138)	(465)
Other transfers		(293)	(293)		(293)
Net profit/(loss) in relation to joint venture				(160)	(160)
<b>Total</b>	<b>341</b>	<b>25,695</b>	<b>26,036</b>	<b>11,421</b>	<b>37,457</b>
Unapplied total return allocated to income in the reporting period		(4,722)	(4,722)	0	(4,722)
Expendable endowments transferred to income			0	(1,733)	(1,733)
	<b>0</b>	<b>(4,722)</b>	<b>(4,722)</b>	<b>(1,733)</b>	<b>(6,455)</b>
<b>Net movements in reporting period</b>	<b>341</b>	<b>20,973</b>	<b>21,314</b>	<b>9,688</b>	<b>31,002</b>
<b>At end of the reporting period:</b>					
Gift component of the permanent endowment	70,945	0	70,945		70,945
Unapplied total return		83,185	83,185		83,185
Expendable endowment				65,370	65,370
<b>Total Endowments</b>	<b>70,945</b>	<b>83,185</b>	<b>154,130</b>	<b>65,370</b>	<b>219,500</b>

**15 DEBTORS**

	<b>2017 Group £'000</b>	<b>2016 Group £'000</b>	<b>2017 College £'000</b>	<b>2016 College £'000</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	1,381	1,274	1,381	1,274
Amounts owed by College members	11	7	11	7
Amounts owed by joint venture	639	207	639	207
Loans repayable within one year	3	2	3	2
Prepayments and accrued income	616	84	616	84
<b>Amounts falling due after more than one year:</b>				
Loans	25	36	25	36
	<b>2,675</b>	<b>1,610</b>	<b>2,675</b>	<b>1,610</b>

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

	<b>2017 Group £'000</b>	<b>2016 Group £'000</b>	<b>2017 College £'000</b>	<b>2016 College £'000</b>
Trade creditors	673	686	673	686
Amounts owed to College Members	1	1	1	1
Holiday pay accrual	36	36	36	36
Taxation and social security	245	280	245	280
College contribution	154	154	154	154
Accruals and deferred income	673	687	673	687
Other creditors	128	141	128	141
	<b>1,910</b>	<b>1,985</b>	<b>1,910</b>	<b>1,985</b>

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

	<b>2017 Group £'000</b>	<b>2016 Group £'000</b>	<b>2017 College £'000</b>	<b>2016 College £'000</b>
Bank loans	31,844	31,825	31,844	31,825
	<b>31,844</b>	<b>31,825</b>	<b>31,844</b>	<b>31,825</b>

A loan of £32 million was arranged in 2014/15 with Royal Bank of Scotland to (i) fund the acquisition of Investment Properties in Oxford and (ii) refinance the existing bank loans. The loan is repayable at the end of 10 years (2025) and may be repaid earlier.

The interest rate is 1% above LIBOR.

The loan is measured at amortised cost using the effective interest method.

The loan arrangement fee of £193k has been treated as a deduction from the amount of the principal advanced and the effective interest rate on the loan has been calculated to reflect the arrangement fee being amortised over the loan period.

**18 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2017 Group £'000</b>	<b>2016 Group £'000</b>	<b>2017 College £'000</b>	<b>2016 College £'000</b>
At start of year	0	0	0	0
Charged in the Statement of Financial Activities	0	0	0	0
Settled in the year	0	0	0	0
<b>At end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Nuffield College**  
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**19 ANALYSIS OF MOVEMENTS ON FUNDS**

	At 1 August 2016 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2017 £'000
<b>Endowment Funds - Permanent</b>						
General	111,834	5,548	(1,118)	(4,159)	18,650	<b>130,755</b>
Guardian Fellowship Fund	1,853	79	(15)	(79)	185	<b>2,023</b>
GS Pollard Memorial Bursary	171	8	(1)	(6)	16	<b>188</b>
Ford Foundation Endowment	10,014	424	(78)	(424)	989	<b>10,925</b>
Gwilym Gibbon Bequest	4,890	207	(38)	(182)	483	<b>5,360</b>
Arthur Goodhart Fund	411	19	(3)	(18)	42	<b>451</b>
Andrew Mellon	1,363	61	(11)	(53)	142	<b>1,502</b>
PM Williams Memorial Appeal	104	4	(1)	(4)	10	<b>113</b>
Jemolo Research Fellowship	1,000	42	(8)	(42)	98	<b>1,090</b>
Oxford Graduate Scholarship Funds	1,176	401	(12)	(48)	205	<b>1,722</b>
<b>Subtotal (Permanent endowment)</b>	<b>132,816</b>	<b>6,793</b>	<b>(1,285)</b>	<b>(5,015)</b>	<b>20,820</b>	<b>154,129</b>
<b>Endowment Funds - Expendable</b>						
General	49,571	2,784	(561)	(1,783)	9,359	<b>59,370</b>
Endowment funds invested in joint venture	6,550			50		<b>6,600</b>
<b>Total Endowment Funds - College</b>	<b>188,937</b>	<b>9,577</b>	<b>(1,846)</b>	<b>(6,748)</b>	<b>30,179</b>	<b>220,099</b>
Movement of endowment funds invested in JV	(439)				(160)	(599)
<b>Total Endowment Funds - Group</b>	<b>188,498</b>	<b>9,577</b>	<b>(1,846)</b>	<b>(6,748)</b>	<b>30,019</b>	<b>219,500</b>
<b>Restricted Funds</b>						
Guardian Fellowship Fund	232	10	(3)	71	23	<b>333</b>
GS Pollard Memorial Bursary	209	9	(23)	0	21	<b>216</b>
Ford Foundation Endowment	1,932	83	(74)	117	193	<b>2,251</b>
Gwilym Gibbon Bequest	2,806	119	(653)	0	276	<b>2,548</b>
Arthur Goodhart Fund	977	42	(11)	16	99	<b>1,123</b>
Andrew Mellon	224	10	(20)	2	24	<b>240</b>
PM Williams Memorial Appeal	74	3	(1)	4	7	<b>87</b>
Jemolo Research Fellowship	465	20	(8)	35	46	<b>558</b>
Studentship Appeal and Studentship Support	11	2	0	0	0	<b>13</b>
Oxford Graduate Scholarship Funds	27	1	(36)	48	4	<b>44</b>
<b>Total Restricted Funds - College</b>	<b>6,957</b>	<b>299</b>	<b>(829)</b>	<b>293</b>	<b>693</b>	<b>7,413</b>
Restricted funds held by subsidiaries	0	0	0	0	0	<b>0</b>
<b>Total Restricted Funds - Group</b>	<b>6,957</b>	<b>299</b>	<b>(829)</b>	<b>293</b>	<b>693</b>	<b>7,413</b>
<b>Unrestricted Funds</b>						
General funds	1,632	1,843	(7,529)	6,295		<b>2,241</b>
Fixed asset designated fund	11,289			(183)		<b>11,106</b>
Other designated funds	1,397	14	(151)	322		<b>1,582</b>
Pension reserve	(1,080)			21		<b>(1,059)</b>
<b>Total Unrestricted Funds - College</b>	<b>13,238</b>	<b>1,857</b>	<b>(7,680)</b>	<b>6,455</b>	<b>0</b>	<b>13,870</b>
Unrestricted funds held by subsidiaries	0	0	0	0	0	<b>0</b>
<b>Total Unrestricted Funds - Group</b>	<b>13,238</b>	<b>1,857</b>	<b>(7,680)</b>	<b>6,455</b>	<b>0</b>	<b>13,870</b>
<b>Total Funds</b>	<b>208,693</b>	<b>11,733</b>	<b>(10,355)</b>	<b>0</b>	<b>30,712</b>	<b>240,783</b>

## 20 FUNDS OF THE COLLEGE DETAILS

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

### Endowment Funds - Permanent:

	<u>Sources/Origins</u>	<u>Purposes</u>
General endowment	Lord Nuffield's Benefaction Nuffield Foundation	To provide a College for postgraduate work especially in the study of social (including economic and political) problems.
Guardian Research Fellowship	The Scott Trust	Research by persons with experience in the print and broadcast media.
GS Pollard Memorial Bursary	CIPFA	To provide for studentship or research funding into modern developments in public finance.
Ford Foundation Endowment	The Ford Foundation	Supports Fellows of the College in the field of politics, with particular reference to European politics
Gwilym Gibbon Bequest	Sir I. Gwilym Gibbon	For the study of the problems of Government.
Arthur Goodhart Fund	Professor Goodhart, (organised by the Association of American Rhodes Scholars)	Provides for travel grants to and from North America.
Andrew Mellon Fund	The Andrew W. Mellon Foundation	Supports scholarly activities in conjunction with the Andrew Mellon Professorship, and the field of American Government.
PM Williams Memorial Appeal	Appeal issued in 1984, administered by Nuffield College	Student support, and Library expenditure.
Jemolo Research Fellowship	The Bank of Italy, the Banca Commerciale Italiana, the Banco di Santo Spirito, The Istituto S. Paolo di Torino and the Assicurazioni Generali	A visiting Fellowship by persons whose field of research is Italy.
Oxford Graduate Scholarship Funds	J.Hausman, Swire Educational Trust and others	Four Trust Funds, the purpose of which is to pay some or all of the University and College fees together with a maintenance grant. The original capital cannot be spent.

### Endowment Funds - Expendable:

Lord Nuffield's Bequest	To provide additional funds to support the College for postgraduate work especially in the study of social (including economic and political) problems.
Sir Norman Chester's Bequest	
P.M. Williams' Bequest	
Endowment funds invested in joint venture	
	Note 12

### Restricted Funds:

The following funds represent unspent income from the respective endowment fund:

Guardian Research Fellowship	Annual appeal organised by Nuffield College	For student financial support
GS Pollard Memorial Bursary		
Ford Foundation Endowment		
Gwilym Gibbon Bequest		
Arthur Goodhart Fund		
Andrew Mellon Fund		
PM Williams Memorial Appeal		
Jemolo Research Fellowship		
Oxford Graduate Scholarship Funds		
Studentship Appeal and Studentship Support		

### Designated Funds

Fixed asset designated fund	Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes
Other designated funds	Unrestricted Funds allocated by the Fellows for future costs of specific research
Pension reserve	Unrestricted Funds, in accordance with FRS 102, representing the defined benefit pension scheme liability

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.

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
Tangible fixed assets	11,106	0	0	11,106
Property investments	0	0	111,940	111,940
Other investments	0	7,413	131,752	139,165
Investment in joint venture	0	0	6,001	6,001
Net current assets	3,823	0	1,651	5,474
Long term liabilities	0	0	(31,844)	(31,844)
Pension scheme liability	(1,059)	0	0	(1,059)
	<u>13,870</u>	<u>7,413</u>	<u>219,500</u>	<u>240,783</u>

  

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000
Tangible fixed assets	11,289	0	0	11,289
Property investments	0	0	102,589	102,589
Other investments	0	6,957	111,173	118,130
Investment in joint venture	0	0	6,111	6,111
Net current assets	3,029	0	450	3,479
Long term liabilities	0	0	(31,825)	(31,825)
Pension scheme liability	(1,080)	0	0	(1,080)
	<u>13,238</u>	<u>6,957</u>	<u>188,498</u>	<u>208,693</u>

## 22 TRUSTEES' REMUNERATION

The trustees of the College comprise the permanent Governing Body Fellows who sit on governing body by virtue of their employment.

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.

Proposed changes in remuneration are scrutinised by the Fellows' Remuneration Review Committee.

Trustees of the College fall into the following categories:

Professorial Fellow

Official Fellow

Research Fellow

There are also three trustees, the Warden, the Bursar and the Senior Tutor, who work full time on management.

Trustees are eligible for participation in the College housing scheme and 22 trustees live in houses owned jointly by the College.

Some trustees receive additional allowances for additional work carried out as part time College officers eg Dean. These amounts are included within the remuneration figures below.

### Remuneration paid to trustees

	2017		2016	
Range	Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions £	Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions £
£Nil	1	0	1	0
£1,000-£4,999	2	9,032	0	0
£10,000-£14,999	1	12,930	1	14,853
£15,000-£19,999	2	31,391	0	0
£20,000-£24,999	3	64,896	6	135,534
£25,000-£29,999	17	457,455	16	420,491
£30,000-£34,999	3	95,523	5	163,360
£35,000-£39,999	2	71,044	0	0
£40,000-£45,999	0	0	0	0
£65,000-£69,999	0	0	1	69,699
£70,000-£74,999	1	73,380	1	71,762
£75,000-£79,999	0	0	0	0
£80,000-£84,999	1	84,347	2	163,324
£85,000-£89,999	1	88,698	0	0
£90,000-£94,999	1	90,173	0	0
£95,000-£99,999	0	0	1	98,681
£100,000-£104,999	0	0	3	309,839
£105,000-£109,999	3	317,808	0	0
£110,000-£114,999	0	0	1	111,783
£115,000-£119,999	1	117,568	1	117,573
£135,000-£139,999	1	138,188	0	0
£160,000-£164,999	1	164,226	1	164,326
Total	41	1,816,659	40	1,841,225

The amounts disclosed above include only payments made by the College; some trustees are paid jointly by the College and the University of Oxford.

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 30 Related Party Transactions.

## 23 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 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.

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.

### Actuarial valuations

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

	<b>USS</b>	<b>OSPS</b>
Date of valuation:	31/03/14	31/03/16
Date valuation results published:	24/07/15	28/04/17
Value of liabilities:	£46.9bn	£661m
Value of assets:	£41.6bn	£528m
Funding surplus / (deficit):	(£5.3bn) <sup>a</sup>	(£133m) <sup>b</sup>
Principal assumptions:		
• Investment return	5.2%pa <sup>c</sup>	-
• 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 <sup>d</sup>	RPI + 1%pa
• Rate of increase in pensions	CPI pa <sup>d</sup>	Average RPI/CPI pa
Mortality assumptions:		
• Assumed life expectancy at age 65 (males)	24.2 yrs	22.4 yrs
• Assumed life expectancy at age 65	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% <sup>e</sup>	23% decreasing to 19% from 01/08/2017 <sup>f</sup>
Effective date of next valuation:	31/03/17	31/03/19

a. USS's actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 were calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going 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](http://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. Prior to that date it was 16% of salaries. 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.

f. As noted above (note b), the OSPA 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:

<b>Assumption</b>	<b>USS Change in assumption</b>	<b>Impact on USS liabilities</b>
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

<b>Assumption</b>	<b>OSPS Change in assumption</b>	<b>Impact on OSPS technical provisions (from 80% funded at 31/03/2016)</b>
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	30/06/27	31/03/31
Average staff number increase	0.50%	0.50%
Average staff salary increase	2.00%	2.00%
Average discount rate over period	1.55%	1.90%
Effect of 0.5% change in discount rate:		
+ 0.5%	(£11k)	(£25k)
- 0.5%	£11k	£26k
Effect of 1% change in staff growth:		
+ 1%	£39k	£54k
- 1%	(£36k)	(£50k)

A provision of £1,059k has been made at 31 July 2017 (2016: £1,080k) 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 (2016: £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](http://www.uss.co.uk), [www.nhsbsa.nhs.uk/Pensions](http://www.nhsbsa.nhs.uk/Pensions), [www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps](http://www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps), [www.saul.org.uk](http://www.saul.org.uk).

## 24 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.

## 25 FINANCIAL INSTRUMENTS

The carrying values of the College's financial assets and liabilities are summarised by the following categories:

	Note	2017 £'000	2016 £'000
<b>Financial Assets</b>			
<b><i>Measured at fair value through profit or loss</i></b>			
Investments	11	139,165	118,130
<b><i>Measured at undiscounted amount receivable</i></b>			
Trade and other debtors	15	2,675	1,610
<b><i>Measured at amortised cost</i></b>			
Loan	30	25	36
<b>Financial Liabilities</b>			
<b><i>Measured at undiscounted amount payable</i></b>			
Trade and other creditors	16	1,910	1,985
<b><i>Measured at amortised cost</i></b>			
Bank loan	17	31,844	31,825

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

	<b>2017 Group £'000</b>	2016 Group £'000
<b>Net income/(expenditure)</b>	32,250	16,053
Elimination of non-operating cash flows:		
Investment income	(9,608)	(8,560)
(Gains)/losses in investments	(30,872)	(15,213)
Endowment donations	(341)	(360)
Depreciation	282	247
Financing costs	465	527
(Surplus)/loss on sale of fixed assets	(195)	(13)
Decrease/(Increase) in stock	(13)	(3)
Decrease/(Increase) in debtors	(110)	(534)
(Decrease)/Increase in creditors	(78)	(122)
(Decrease)/Increase in provisions	0	0
(Decrease)/Increase in pension scheme liability	(21)	(45)
<b>Net cash provided by (used in) operating activities</b>	<b><u>(8,241)</u></b>	<b><u>(8,023)</u></b>

**27 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2017 £'000</b>	2016 £'000
Cash at bank and in hand	<b>4,629</b>	3,787
Investment asset cash	<b>7,623</b>	5,581
Bank overdrafts	<b>0</b>	0
<b>Total cash and cash equivalents</b>	<b><u>12,252</u></b>	<b><u>9,368</u></b>

**28 FINANCIAL COMMITMENTS**

At 31 July the College had no annual commitments under non-cancellable operating leases.

**29 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July for future capital projects totalling £9,019k (2016 - £9,579k).



### 30 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 following trustees had loans outstanding from the College at the end of the year.

	2017 £'000	2016 £'000
M Mills	25	36

Interest is charged on the above loans at 1% above base rate of the Royal Bank of Scotland plc.

As at 31 July 2017, the College had properties with the followings net book values owned jointly with fellows under joint equity ownership agreements between the fellows and the College. Those fellows who are currently trustees are marked with an asterisk in the list below.

	2017 £'000	2016 £'000
B Ansell*	124	124
F Billari*	411	411
S Bond*	159	159
M Browning*	266	266
J Darwin*	289	289
M Ellison*	374	374
G Evans*	608	608
D Gambetta*	176	176
P Klemperer* and M Meyer*	222	222
M Mills*	414	414
C Monden*	210	210
B Nielsen*	208	208
D Rueda*	179	179
R Allen	156	156
D Gallie	111	111
K MacDonald	173	173
D Snidal*	313	313
S Broadberry*	101	101
E Gonzalez Ocantos*	227	227
A Eggers*	415	415
T Moore*	300	300
G Hughes	302	302
R Breen*	293	293
E Kechagia-Ovseiko*	327	327
<b>Total net book value of properties owned jointly with trustees</b>	<b>6,358</b>	<b>6,358</b>

All joint equity properties are subject to sale if the Fellow ceases to be a member of the College (or of an equivalent institution with Oxford University) other than at retirement.

The Fellows pay compensation to the College on the College owned share of the properties, at a rate of 1% of the original College equity, indexed by CPIH.

### 31 CONTINGENT LIABILITIES

There were no contingent liabilities which require disclosure.

### 32 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.

