

Merton College

Annual Report and Financial Statements

Year ended 31 July 2014

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MEMBERS OF THE GOVERNING BODY

The members of the Governing Body, who are Fellows of the College, are the College's charity trustees. The members of the Governing Body who served in office during the year or at the date of this Report are detailed below.

| | | 1 | 2 | 3 | 4 | 5 |
|--------------------------------|---|---|---|---|---|---|
| Dr Ian Abel | (resigned 1 September 2013) | | | | | |
| Dr Abigail Adams | (appointed 1 October 2013) | | | | | |
| Mr Charles Alexander | | • | • | • | • | • |
| Dr Julia Amos | | | | | | |
| Professor Judith Armitage | | | | | | • |
| Dr Rhiannon Ash | | | • | | | |
| Dr Ralf Bader | | | | | | |
| Dr Andrew Baldwin | (resigned 30 September 2013) | | • | | | |
| Mr Douglas Bamber | | • | • | • | | |
| Professor Alan Barr | | • | • | | | |
| Professor James Binney | | | | | | |
| Dr Kathryn Blackmon | | | • | | | |
| Dr Aisling Byrne | | | | | | |
| Dr Michele Ceriotti | (resigned 1 November 2013) | | | | | |
| Ms Mindy Chen-Wishart | | | • | • | | |
| Dr Janina Dill | (resigned 1 January 2014) | | | | | |
| Professor Artur Ekert | | | | | | |
| Professor Gail Fine | | | | | | |
| Professor Jonathan Flint | | | | | | |
| Dr Karl Gerth | (resigned 1 November 2013) | | • | | | |
| Mr John Gloag | | • | | | | |
| Professor Guy Goodwin | (retired 30 September 2014) | | | | | • |
| Professor Véronique Gouverneur | | • | • | • | | |
| Professor Daniel Grimley | | | • | | | |
| Dr Matthew Grimley | | | • | • | | |
| Dr Emily Guerry | | | | | | |
| Professor Timothy Guilford | | | • | | | |
| Dr Steven Gunn | | • | • | | | • |
| Professor Peter Holland | | | | | | |
| Professor Simon Hooker | | | • | | • | |
| Dr Luuk Huitink | (fellowship finished 30 September 2013) | | | | | |
| Dr Nicholas Jones | (resigned 31 August 2013) | | | | | |
| Revd Dr Simon Jones | | | • | • | • | |
| Professor Michael Keith | (fellowship finished 22 May 2014) | | | • | | |
| Professor Minhyong Kim | | | • | • | | |
| Dr Patrick Lantschner | (fellowship deferred) | | | | | |
| Professor Irene Lemos | | | | • | | |
| Dr Mathias Lenz | | | | | | |
| Dr Ian Maclachlan | | | • | • | | |

MERTON COLLEGE
Year ended 31 July 2014

| | | | | | | | |
|----------------------------------|---|---|---|---|---|---|---|
| Dr Craig MacLean | (appointed 12 February 2014) | | | | | | |
| Professor Richard McCabe | | | • | | | • | |
| Dr Thomas MacFaul | | | | | | | |
| Mr Andrew Mackie | | | | | | | |
| Professor Alan Morrison | | | | | | | |
| Professor Peter Neary | | | | | | | |
| Professor David Norbrook | (resigned 27 June 2014) | | | | | | • |
| Professor Béla Novák | | | | | • | | |
| Professor Luke Ong | | | | • | | | |
| Dr Martins Paparinskis | (resigned 31 August 2013) | | | | | | |
| Dr Sergi Pardos-Prado | (appointed 1 September 2013) | | | • | | | |
| Professor David Paterson | | | | • | | | |
| Dr Catherine Paxton | | | | • | • | | • |
| Professor Jennifer Payne | | • | • | | | | |
| Dr Bridget Penman | | | | | | | |
| Dr Sydney Penner | (fellowship finished 30 September 2013) | | | | | | |
| Dr Thomas Phillips | (appointed 1 October 2013) | | | | | | |
| Dr Jonathan Prag | | • | • | | | | |
| Professor Suzanne Romaine | | | | | | | |
| Dr Nicholas Ryder | (appointed 1 October 2013) | | | | | | |
| Professor Simon Saunders | (appointed 1 October 2013) | | | • | | | |
| Professor Alexander Schekochihin | | • | • | • | | | |
| Professor Alexander Scott | | | • | | | | |
| Professor Timothy Softley | | | • | | | • | • |
| Mr Bassel Tarbush | (appointed 1 September 2013) | | • | | | | |
| Ms Christine Taylor | | | | | | • | |
| Professor Sir Martin Taylor | | • | • | • | • | • | |
| Dr Jonathan Thacker | | | • | | | | |
| Dr Patricia Thornton | | | • | | | | |
| Professor Ulrike Tillmann | | • | | • | • | | |
| Dr Jesse Wall | (resigned 17 March 2014) | | | | | | |
| Dr Julia Walworth | | | • | • | • | | |
| Mr Guy Westwood | | | | | | | |
| Dr Michael Whitworth | | | • | | | | |
| Professor Sir Andrew Wiles | | | | | | | |
| Professor Katherine Willis | (resigned 1 November 2013) | | | | | | |
| Professor Simon Wren-Lewis | (retired 30 September 2014) | | • | | | | |
| Dr Yijie Zhuang | (resigned 20 August 2013) | | | | | | |
| Professor Boris Zilber | | | | | | | |
| Professor Nicole Zitzmann | | | | | | | |

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During the year, the major activities of the Governing Body were carried out through five main committees (further details on these committees are provided in the Report of the Governing Body below). The membership of these committees is shown above for each Fellow.

- 1 Finance Committee
- 2 Warden & Tutors Committee
- 3 Graduate Committee
- 4 Development Committee
- 5 Remuneration Committee

COLLEGE SENIOR STAFF

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

| | |
|-----------------------------|-------------------------------|
| Professor Sir Martin Taylor | Warden |
| Professor Ulrike Tillmann | Sub Warden |
| Mr Charles Alexander | Finance Bursar |
| Mr Douglas Bamber | Domestic Bursar |
| Mr John Gloag | Land Agent and Estates Bursar |
| Revd Dr Simon Jones | Chaplain |
| Dr Catherine Paxton | Senior Tutor |
| Ms Christine Taylor | Development Director |
| Dr Julia Walworth | Librarian |

COLLEGE ADVISERS

Investment managers

Legal & General, One Coleman Street, London EC2R 5AA

Schroder & Co. Limited, 100 Wood Street, London EC2V 7ER

Investment consultant

Cambridge Associates, 80 Victoria Street, London SW1E 5JL

Auditor

Critchleys LLP, Greyfriars Court, Paradise Square, Oxford OX1 1BE

Bankers

Barclays Bank plc, Oxford City, 54 Cornmarket Street OX1 3HB

Charities Aid Foundation, Kings Hill, West Malling, Kent ME19 4TA

MERTON COLLEGE
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Solicitors

Hewitsons, 7 Spencer Parade, Northampton NN1 5AB

Mills & Reeve, 112 Hills Road, Cambridge CB2 1PH

Penningtons Manches, 9400 Garsington Road, Oxford Business Park, Oxford, OX4 2HN

Surveyors

Savills, Wytham Court, 11 Westway, Oxford OX2 0QL

Other

Peninsula Business Services, 2 Cheetham Hill Road, Manchester M4 4FB

College address

Merton Street, Oxford OX1 4JD

Website

www.merton.ox.ac.uk

REPORT OF THE GOVERNING BODY

Under the Charities Act 2011, the Governing Body presents its Annual Report for the year ended 31 July 2014 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

Merton College is a charitable corporation founded as a self-governing community of scholars first in Malden, Surrey, and then in Oxford, by Walter of Merton, Lord Chancellor of England and Bishop of Rochester, with royal consent under statutes dated 1264 and 1274. The full legal name of the College is 'The Warden and Scholars of the House or College of Scholars of Merton in the University of Oxford'. The term 'Fellows' latterly replaced 'Scholars', and the Fellows together with the Warden, who is the head of the College, comprise the Governing Body of the College. The College registered with the Charities Commission on 15 November 2010 (registered number 1139022). Prior to that date the College was an exempt charity under section 3(5a) of the Charities Act 1993, as listed in Schedule 2(b) to that Act.

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 [3] to [6].

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Statutes approved by Privy Council and dated 30 April 1926 and subsequently amended.

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 Archbishop of Canterbury. The Governing Body is self-appointing, and membership is subject to review and renewal every seven years and lapses with retirement from office.

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 and is advised by five main committees and twenty nine ancillary or subsidiary committees.

Recruitment and training of members of the Governing Body

New Fellows are elected to the Governing Body on the basis of their knowledge of and contribution to education, learning and research within the College and the University of Oxford, or on the basis of their possession of professional and administrative qualifications and skills that will enable them to advise and assist other members of the Governing Body.

Recommendations concerning appointments to Fellowships are made to the Governing Body by committees convened specifically for the purpose and chaired by the Warden. Appointment committees include expert members recruited from outside the College, and academic appointments may be made by joint process with a faculty or department of the University of Oxford.

New members of the Governing Body are inducted into the workings of the College, including Governing Body policy and procedures, by the senior staff of the College, are provided written reference material explaining their roles and may attend external trustee training and information courses to keep them informed on current issues in the sector and on regulatory requirements.

Organisational management

The Governing Body meets at least nine times a year. The work of developing and monitoring the implementation of its policies is mostly carried out by five committees, described below.

As part of the College's Strategic Review, a working group has undertaken a wide ranging review of the College's committees in order to streamline and enhance the governance of the College. The College will implement the key recommendations of the working group, approved by Governing Body, at the start of 2014-2015. One recommendation – the creation of a new Graduate Committee – was implemented in 2013-2014.

Finance Committee

The Committee is responsible for advising the Governing Body on all matters concerning finance, financial administration, investment, accounting and risk management. The Committee is also responsible for the administration of the terms and conditions of employment of non-academic staff (the Remuneration Committee is responsible for academic staff, and employment issues may also be considered by the Equality Committee). The Committee is chaired by the Warden and has up to fourteen members, including up to three members with relevant skills who are not members of the Governing Body and include the College Accountant. It meets at least six times each year. There is also an investment sub-committee consisting of five members of the Governing Body, including the Warden and four members who have relevant professional skills and experience and who are not members of the Governing Body.

Academic Committees ('Warden & Tutors Committee' and 'Graduate Committee')

The Warden and Tutors' Committee has delegated authority to make and enforce regulations on all matters concerning undergraduates, including their academic work, welfare, recreational use of College facilities, and disciplinary matters. The Committee reports to the Governing Body its decisions on all matters of principle on these topics, and makes recommendations to the Governing Body on other relevant matters, including material changes to the range and focus of educational activities. The Committee is chaired by the Warden and its more than thirty members include the Senior Tutor, the subject Tutors, the Finance and Domestic Bursars, the Librarian, the Chaplain and the Academic Administrator. The Committee meets at least twelve times each year. Undergraduate representatives attend at least one meeting per term. Subsidiary committees are responsible for considering student discipline, teaching needs, access and schools liaison, and student support.

In 2013-4 the College set up an equivalent forum, the Graduate Committee, to consider all matters related to postgraduate members. This Committee now subsumes the work of the Committee for the Election of Graduate Scholars. It is chaired by the Warden and convened by the Senior Tutor, with academic membership representing all four divisions of the University, key College Officers including the Dean of Graduates and graduate student representatives. It meets six times per term.

There are also Committees for the Election Junior Research Fellows, and a Committee on Research, both reporting directly to the Governing Body.

Development Committee

The Committee is responsible for the oversight and co-ordination of fund-raising and alumni relations activities undertaken by the College, for the recommendation of policy on fund-raising and alumni relations, and for the consideration of matters concerning the external relations of the College. The Committee is chaired by the Warden and has fourteen members, including the Development Director, two student representatives and three other members with relevant skills and experience who are not members of the Governing Body. It meets at least three times each year.

Remuneration Committee ('Committee on Stipends and Allowances')

The Committee is responsible for making recommendations to the Governing Body concerning the remuneration and benefits of any member of the Governing Body who is employed by the College, or any College Officer who is not a member of the

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Governing Body. There are up to six members of the Committee, no member of the Committee may be an employee of the College, and the chair and up to two other members may not be members of the Governing Body. The Committee usually meets once annually or otherwise as required.

Other Committees

Apart from the main committees, there are committees devoted to specific areas of College life including Buildings, Chapel, IT Services, Library, and Sports. The Domestic Committee oversees all the domestic arrangements of the College. There are student representative members on most of these committees.

The day-to-day running of the College is delegated to the Warden, supported by the Sub Warden, Senior Tutor, Tutors, Bursars, Chaplain, Librarian and Development Director. The Warden attends meetings of nearly all the Governing Body's Committees.

Group structure and relationships

The College administers many special funds as detailed in the notes to the financial statements.

The College has a wholly owned non-charitable subsidiary, Merton Enterprises Limited, whose annual profits are donated to the College under the Gift Aid Scheme. The trading activities of Merton Enterprises comprise letting of the College facilities and merchandise sales.

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

Risk management

The College is engaged in risk assessment on an ongoing basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Warden or the relevant officer. Financial and investment risks are assessed by the Finance Committee. The Domestic Bursar and staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, where required or when requested, to members of staff to enhance their skills in risk-related areas.

The Governing Body, which has ultimate responsibility for managing risk, has given consideration to the major risks to which the College and its subsidiaries are exposed and has concluded that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable assurance that major risks have been managed. As part of its regular risk assessment, the College reviews its insurance policies on an annual basis and has recently, for example, added cyber risk cover.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's Objects for the public benefit are, to advance education, learning, research, and religion through the provision of a college in Oxford or elsewhere.

The College's Aims for the public benefit are to achieve the highest outcomes in education, learning and research at national and international level.

The Aims for the College's subsidiary are to help finance the achievement of the College's Objects.

Activities of the College

The College's principal activity is the advancement of education and learning, through provision of teaching and educational support, to approximately 650 resident undergraduate and graduate students who have been admitted as members of the College and who are engaged on a course of studies leading to the award of a degree in the University of Oxford, through the appointment or employment of Fellows and academic staff who are actively engaged in research, through the provision of accommodation and support facilities and through the provision of research grants to Fellows and students.

Public benefit

The Governing Body intends that the benefits of education and learning provided by the College should be available to the widest possible range of suitably qualified candidates, irrespective of background, and takes careful note of the guidance provided by the Charity Commission on public benefit, the advancement of education and fee-charging.

To this end, the College participates with the University of Oxford and other colleges and institutions in Oxford in an access bursary scheme to provide financial assistance to eligible home undergraduate students. See <http://www.ox.ac.uk/students/fees-funding/> for details of the Oxford Bursary Scheme.

In order to encourage applications from excellent students who might not otherwise consider applying for admission to the College, the College employs a schools liaison officer and operates an outreach programme, including schools visits, visits to the College, open days and provision of information, to establish and maintain contact with schools, school teachers and students.

The College retains a team of welfare and medical advisers, who provide support and confidential counselling to students and staff who are distressed or who have special needs, and who may authorise grants and funding for referrals for specialist professional treatment or advice.

Students are provided with opportunities to contribute to College policies and practices, through participation in College committees, through formal and informal interaction with College Officers and Fellows, and through voluntary surveys and assessment processes.

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The College operates a student support fund which may be used to make grants to any student in financial hardship, including grants to supplement funding shortfalls and grants for special academic needs.

The College provides scholarship funds to graduates and makes grants to all students for books and equipment and travel and other research related activities.

The College provides residential accommodation for approximately 300 undergraduates and 170 graduates.

The Equality Committee comprises seven members drawn from the Governing Body, four student members, four staff members and one external member. The Committee considers and makes recommendations concerning equality in all aspects of College life, including admission of students and student provision and progress, as well as employment issues. The Governing Body agreed in 2013-4 to appoint one of its members as Equality Adviser.

The College is open to the public throughout the year. There is a small admission charge. Chapel services are also open to the public as well as College members.

ACHIEVEMENTS AND PERFORMANCE

Undergraduate students

276 students were enrolled for undergraduate degree courses at the University of Oxford during the year. Of these, 254 were of UK/EU origin and 22 from overseas, 163 were studying humanities and social sciences and 112 were studying mathematics, medicine and physical sciences.

86 undergraduates held College scholarships during the year. 97 undergraduates were awarded College prizes for good work in examinations, and 15 undergraduates were awarded prizes for other academic work. 18 undergraduates were awarded prizes by the University of Oxford.

83 undergraduates were entered for final honour schools examinations at the University of Oxford, 34 of them (41%) obtaining class 1 degrees, 43 (52%) obtaining class 2.1 degrees, 5 (6%) obtaining class 2.2 degrees, and 1 (1%) obtaining a class 3 degree. This is a typical level of achievement for the College.

Further details of educational background, gender and course of study of candidates are contained in the following table:

| | Class of degree | | | | Total |
|----------------------------------|-----------------|----------|---------|--------|-------|
| | 1 | 2.1 | 2.2 | 3 | |
| Maintained schools | 16 (38%) | 22 (52%) | 4 (10%) | 0 (0%) | 42 |
| Independent schools | 9 (39%) | 12 (52%) | 1 (4%) | 1 (4%) | 23 |
| Overseas students | 9 (50%) | 9 (50%) | 0 (0%) | 0 (0%) | 18 |
| Male | 20 (42%) | 24 (50%) | 3 (6%) | 1 (2%) | 48 |
| Female | 14 (40%) | 19 (54%) | 2 (6%) | 0 (0%) | 35 |
| Humanities and social science | 21 (40%) | 28 (54%) | 3 (6%) | 0 (0%) | 52 |
| Mathematics and physical science | 13 (42%) | 15 (48%) | 2 (6%) | 1 (3%) | 31 |

**Percentages may not sum to 100 due to rounding*

Graduate students

278 graduate students were enrolled for research study leading to the DPhil degree at the University of Oxford during the year, of whom 60 were studying humanities, 108 were studying mathematics and physical sciences, 46 were studying social sciences and 65 were studying medical sciences.

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72 students were enrolled for other graduate degrees at the University of Oxford, including the EMBA/MBA, BCL/MJur, MSc, MSt, MPhil, BPhil and PGCE.

49 graduates were awarded DPhil degrees and 44 graduates were awarded other graduate degrees during the year.

21 graduates were elected to College scholarships and 3 graduates were awarded College prizes for good academic work during the year. Six graduates were awarded prizes by the University of Oxford. Two DPhil students received thesis commendations from the MPLS Divisional Board. 26 articles authored or part authored by graduates of the College were published or accepted for publication during the year.

Scholarships, bursaries, grants and prizes

Expenditure during the year was as follows:

| | |
|---------------------------------|----------|
| Undergraduates | |
| Oxford Bursaries | £81,104 |
| Prizes | £16,105 |
| Scholarships | £19,218 |
| Other grants | £34,347 |
| Graduates | |
| Scholarships | £461,493 |
| Research and other grants | £44,348 |
| All students | |
| Student support and book grants | £75,948 |

Welfare and special needs

The annual cost of staff time (Chaplain, Senior Tutor, Academic Administrator, Nurse, Doctor and Welfare Dean) and other cost of welfare provision (including a contribution to the University Counselling Services) is of the order of £60,000. As of March 2014, 7.4% of students had declared a disability to the University.

Schools liaison

The College engaged in 172 schools liaison activities during the year, either by itself or in conjunction with the University of Oxford, an increase of 24 on the preceding year. These activities included visits to schools, visits to the College by groups of teachers, visits to the College by groups of students from age 11 and study days at the College for sixth formers, with the aim of raising awareness of degree options and teaching at Oxford in all constituencies at an early stage.

By agreement with the University, the College is engaged particularly in strengthening links with schools in Dorset, the London Borough of Merton and Wiltshire. The annual cost of employing a Schools Liaison Officer, together with associated costs, is of the order of £40,000.

Library

Library costs for the year were £293,489, including £202,531 staff costs, £50,548 for book and journals purchases and £40,410 for general administration, conservation and archive work.

The Library provides support for research and teaching and contributes to the effective running of College administration through management of records and archives. In 2013-14 Library and Archive staff responded to 595 written/phone and 489 in-person enquiries and provided images from College collections for 17 publications. The special collections and archives are used in the teaching of both undergraduates and graduates at the college and by individual researchers (111 in the year under review, of whom 82 were from outside of Oxford). The Librarian, Archivist, and Assistant Librarian provide a number of seminar-type sessions with primary research materials for Merton students and for visiting groups including university, school, local history, and special interest groups.

The Librarian arranged guided tours of the College's buildings and collections for 102 academic groups and for the general public. The preliminary figure for total number visiting the Upper Library in 2013-14 was 2080.

The Library accessioned 995 books of which 91 were gifts. There were 6 donations of archival material during the year.

Special projects included the commencement of *Merton@750*, a multimedia digital archive and community collection initiative, on which a part-time project officer was engaged from December 2013. In addition, eleven parish registers relating to the Church of St John the Baptist (the college chapel) and dating from the 17th to the 19th centuries were digitized as part of a collaborative project organised by the Oxfordshire Family History Society.

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Fellows

Dr Karl Gerth resigned from a Tutorial Fellowship in History in October to take up a post as Professor of History and to hold the Endowed Hsiu Chair in Chinese Studies at the University of California, San Diego. Dr Michele Ceriotti resigned in November from a Junior Research Fellowship in Chemistry to take up a post as Assistant Professor at the Ecole Polytechnique Federale de Lausanne. In the same month Professor Kathy Willis resigned from the Tasso Leventis Chair of Biodiversity to undertake a secondment as Director of Science at the Royal Botanic Gardens, Kew. Dr Janina Dill resigned in January from a Research Fellowship to take up the post of Departmental Lecturer at the Department of Politics & International Relations and Somerville College, Oxford. Dr Jesse Wall resigned in March from a Junior Research Fellowship in Law to take up a post lecturing in Jurisprudence at the University of Otago. At the end of his fixed-term Research Fellowship, Professor Michael Keith was elected a Supernumerary Fellow of Merton. Three Fellows retired at the end of 2013-4, Professor David Norbrook, Merton Professor of English Literature; Professor Guy Goodwin, WA Handley Professor of Psychiatry; and Professor Simon Wren-Lewis, Tutorial Fellow in Economics.

Employment costs were, in respect of Teaching Fellows £945,958 for the year, in respect of other teaching staff £186,257 for the year and in respect of Research Fellows and other Fellows (including stipends paid to part-time College Officers) £191,036 for the year.

At least 80 notified books and articles authored or part authored by Fellows of the College were published or accepted for publication during the year.

Research grants of £99,864 were made to Fellows during the year.

The academic Fellows on the College's Governing Body included 23 Mathematical, Physical and Life Scientists, 20 scholars in the Humanities, 14 in the Social Sciences and 5 in the Medical Sciences. The research interests of Fellows are described further at http://www.merton.ox.ac.uk/fellows_and_research/fellows.shtml

Chapel

Daily public services are held in the College Chapel during term. The principal service of the week has attracted an average congregation of 100 to 140. Junior members participate in the running of the Chapel. The Chaplain is also assisted by two Junior Chaplains and three Pastoral Assistants (students in training for ordination in the Church of England). During the course of the year, the mother of a member of the choir was baptized and confirmed, the nephew of a Fellow was baptized, two students were confirmed, five couples were married, and one couple had their civil partnership blessed. Installation of a new organ by Dobson Pipe Organ Builders of Iowa was completed, and is now being used for services, teaching, concerts and recordings. A statue of 'Our Lady, Seat of Wisdom', by Peter Eugene Ball, was given to the College by an alumnus, and installed in the Ante-Chapel. Most Chapel collections are donated to charitable causes. In the year under review a total of £3,412 was donated to The John Suddards Memorial Fund, The Muze Trust, Christian Aid, The Oxford Parent Infant Project, the St Peter's Wolvercote Development Project, and The Philippines Typhoon Appeal.

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Choral Foundation

The Merton Choral Foundation was founded in 2008 under the directorship of Peter Phillips and Benjamin Nicholas, supported by a lead benefaction by the Reed Foundation and many other gifts, including on-going support from the Friends of the Choir. Benjamin Nicholas took up the full-time post of Reed Rubin Organist and Director of Music in September 2012. A complement of 18 choral scholars, twelve volunteer singers and two organ scholars have sung and played the services this year. During the course of the year, the choir gave two concerts with the Oxford Philomusica: Bach's *Christmas Oratorio* in December 2013 and Elgar's *The Dream of Gerontius* in March 2014 - the latter was the College's 750th anniversary concert. The choir broadcast Choral Evensong on BBC Radio 3 in November 2013, and the Advent Carol Services later that month were the first services when the new Dobson Organ was played. A year-long Organ Festival began in April 2014 celebrating the inauguration of the instrument by John Scott. The choir continued its involvement in 'Passiontide at Merton' and undertook a concert tour of the east coast of the USA in April 2014. The choir's CD 'The Merton Collection' was released in November 2013, and the choir recorded 'The Marian Collection' in July 2014. The final concert of the year was given in Gloucester Cathedral as part of the Cheltenham Music Festival. The programme included four premieres from the 'Merton Choirbook' (see below). The choir's core function remains the singing of three public services a week in the College chapel.

Capital projects

The College commissioned its new organ during the year. In addition the College refurbished one of the buildings (Rose Lane V), adding bathrooms, a new heating system and modern insulation.

Fundraising

The College launched its 750th Anniversary Campaign *Sustaining Excellence* on 24 May 2011. The campaign fundraising target of £30 million (of which approximately one half had been raised by the time of the launch) has three objectives: to endow academic posts that are threatened by withdrawal of public funding; to endow a student support fund to meet the costs of student bursaries, scholarships and grants in the new financial landscape; and to invest in College infrastructure including new technology and energy conservation.

During the year the College received £3,365,869 in new endowments and donations, including \$1million to endow a graduate scholarship in mathematics; unrestricted donations of £367,730 largely raised through the Annual Fund and telephone campaigns; and other donations towards the endowment of the Student Support Fund, graduate scholarships and Fellowships in Chemistry, Economics, English, History and Philosophy. Donations from the US via MC3 have continued to make an important contribution to many of the College's fundraising goals. The impact of fundraising by the College has been enhanced by the College's cooperation with various matched funding schemes operated by the University, including for graduate scholarships and fellowships.

FINANCIAL REVIEW

Total incoming resources for the year, £14,317,249, were £577,277 higher than the preceding year, on account of a decrease in legacies and donations of £72,712, an increase in trading income of £272,329, and an increase of £149,393 from charitable activities. Investment income was £234,314 higher. Total resources expended were £13,545,893. This figure includes £1,454,656 associated with the transfer of the Peter Moores fund to the University. Excluding this transfer, total resources expended grew by £389,652 or 3.3%. The majority of this increase was due to costs associated with events the College hosted in the year to celebrate its 750th anniversary.

The large inflow of legacies and donations made a major contribution to the surplus of £771,356, which, taken in conjunction with investment gains of £24,106,184, lifted total funds and assets from £208,054,526 to £232,932,066.

Reserves policy

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

Investment policy, objectives and performance

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

- achieving a nominal return on investment sufficient to maintain or increase the real value of the investments and meet the spending objectives of the College; and
- delivering this objective 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. The College does not use a fixed formal benchmark but compares performance with a wide range of investment indices and investor performance data. The College has made a number of direct and indirect investments that have explicit or implicit Socially Responsible objectives, but has not adopted a formal SRI policy. Investment strategy, policy and performance are monitored by the Finance Committee and its Investment sub-committee.

At the year end, the College's aggregate long term investments totalled £213,983,909, of which £192,940,277 was general endowment and the composition of which is shown in the notes to the financial statements.

The overall total investment return on general endowment net of all external expenses was as follows:

MERTON COLLEGE
Year ended 31 July 2014

Annualised total net return %

| | |
|---|-------|
| Merton College | 16.9% |
| MSCI World Index £ | 4.6% |
| FTSE British Government All Stock Index | 2.6% |

FUTURE PLANS

The Governing Body continues to consider how it can achieve the highest outcomes in education, learning and research at national and international level, and instigated a Strategic Review to consider the size and shape of the College and encompassing matters of academic policy, governance and administration. College staff and students continue to contribute to the plan.

The Strategic Review focused on five key areas: governance; size and shape; the student experience; administration and IT; and research. A sixth area – Development – was added in 2013-2014 to consider the College’s development activities once the Sustaining Excellence campaign concludes at the end of the calendar year 2014. A series of recommendations in each area have been implemented and work continues on several important initiatives.

The College commissioned the development of a new website and intranet during 2012-2013. The new website started operation on September 2nd 2013. The College has also created a new Facebook page and Twitter feed as part of its increased presence online and in social media. The Academic Office implemented a new members database in 2014.

The College has completed the drafting a new set of Statutes in accordance with current best practice. These will be submitted for formal approval by the University and Privy Council in 2014-2015. The College submitted changes to allow it to adopt total return accounting and to update its objects clause (in line with the version approved by the Charities Commission) during 2012-2013. These changes were approved by the Privy Council and the College has implemented total return accounting for the year 2013-2014.

The Benefactions Committee, comprising members who are not drawn from Governing Body, met during the year to review the use of all funds donated to the College.

Admissions

Undergraduate applicants to Oxford are selected by the individual colleges working within a common framework to ensure that the same standards apply consistently across subjects see further

http://www.admissions.ox.ac.uk/news/common_framework.shtml

MERTON COLLEGE

Year ended 31 July 2014

Merton's overall application numbers increased fractionally to 547 compared to 544 last year. Application numbers across the University increased slightly to 17,845 from 17,214 the previous year.

For information on admissions at Merton compared with other colleges see <http://www.ox.ac.uk/about/facts-and-figures/admissions-statistics/college-choice> and <http://www.ox.ac.uk/about/facts-and-figures/admissions-statistics/school-type>.

Data on ethnicity is not available to the College through the UCAS or Oxford application forms. Analysis is undertaken by the University Admissions Office retrospectively on behalf of all colleges and can be found at <http://www.ox.ac.uk/about/facts-and-figures/admissions-statistics/ethnic-origin>

Thirty nine applicants declared a disability and seven of these received an offer.

Postgraduate applicants are assessed by the relevant department or faculty and all those admitted are guaranteed a college place. Merton continues to attract substantially more applicants than it has places available.

The new financial framework for higher education shifts the burden from state financing to student fees. A key objective of the 750th Anniversary Campaign *Sustaining Excellence* has been to build an endowment for student support of at least £2 million and to attract more funding for graduate scholarships. Student support will remain a focus for our development activity post-Campaign.

Attracting the best students from the widest possible range of backgrounds requires more than financial support. Therefore, in the UK, the College continues to develop its schools liaison programme through a full-time officer, and aims to appeal to all constituencies by improving and enhancing web-based and electronic media and communications. The College continues to develop its recruitment of graduate scholars collaboratively with the academic faculties of the University of Oxford.

Fellows

For the new academic year 2014-5 the College has appointed Tutors in Mathematics and History; three Junior Research Fellows in History, Chemistry and Music; and a Special Fellow in Mathematics. The College has completed its collaborative fundraising with the Humanities Division of the University of Oxford to permanently endow Fellowships in Philosophy and English.

Choral Foundation

Funds are being raised to commission compositions for a Merton Choirbook in connection with the College's 750th anniversary in 2014. During the year a number of pieces were premiered, including *The Passion of our Lord* by Gabriel Jackson, and *Four Marian Antiphons* by Judith Weir, Hannah Kendall, Dobrinka Tabakova and Kerry Andrew.

Capital projects

Reduction of energy consumption is a serious challenge, given the antiquity and physically diffuse nature of College buildings. A number of projects including alternative energy supplies and improved thermal insulation have been considered or are under consideration. During the year the College completed the refurbishment of the Rose Lane 5 building. In addition to improving the environmental and aesthetic features the

MERTON COLLEGE
Year ended 31 July 2014

redevelopment includes the conversion of 13 bedrooms to en-suite and the provision of a kitchen. These are being used for the growing vacation conference business.

Trading income

The T S Eliot Lecture Theatre provides the College with first class facilities that are attractive to third party users. Merton Enterprises has been able to broaden its customer base through proactive marketing of these facilities. Conference income, including merchandising, was £887,894 in the year, including revenues from the sale of tickets to the events held to celebrate the College's 750th anniversary.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

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

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

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 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 5 November 2014 and signed on its behalf by:

Warden

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

We have audited the financial statements of Merton College for the year ended 31 July 2014 which comprise the Statement of Accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Governing Body and auditor

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. We read all the information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us during the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2014 and of the group's incoming resources and application of resources for the year then ended;

MERTON COLLEGE
Year ended 31 July 2014

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Critchleys LLP
Statutory Auditor
Oxford

Date

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

STATEMENT OF ACCOUNTING POLICIES

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement comprising the consolidation of the College with its wholly owned subsidiary Merton Enterprises Limited. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiary, as included the consolidated income, expenditure and results of the College, is disclosed in note 13.

2. Basis of accounting

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 ("the Charities SORP"), with the exception of the presentation of the transfer of Total return Applied to income, detailed below, and in accordance with applicable accounting standards. The financial statements are drawn up on the historical cost basis of accounting as modified by the revaluation of investment properties and other investments.

Under the Charities SORP, the transfer from Endowment under total return accounting is required to be shown under Net Incoming Resources before Transfers. The Trustees consider that, under total return accounting, this represents a form of income on which college budgets are based, and that it is preferable, in order to present a 'true and fair' picture of the financial affairs of the college, to include this transfer as Total Return Applied as Income' in the income section of the SOFA. This has no net effect on the total incoming resources, or on the net movement of funds. There are no disclosures required by the SORP that have not been provided.

This change in accounting policy has been introduced in these financial statements.

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

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

4. Incoming resources from donations and legacies

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

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

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

5. Investment income

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

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

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

6. Expenditure

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

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

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

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

7. Leases

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

8. Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £5,000 together with expenditure on equipment costing more than £5,000 is capitalised and carried in the balance sheet at historical cost.

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

9. Depreciation

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

| | |
|--|--|
| Freehold properties, inc. major extensions | 50 years |
| Leasehold properties | 50 years or period of lease if shorter |
| Building improvements | 20 years |
| Equipment | 5 to 10 years |

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

10. Investments

Investment properties are valued as individual investments at their market values as at the balance sheet date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are valued at their mid-market values as at the balance sheet date. Investments such as private equity funds which have no readily identifiable market value are included at the most recent valuations from their respective managers.

Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

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

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

13. Total Return investment accounting

The College statutes authorise the College to adopt a 'total return' basis for the investment of its endowment. During the year the College changed to a 'total return' basis for the investment of its general permanent endowment, which it invests without regard to the capital/income distinctions of 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 capital supplement to the preserved value of the permanent endowment.

Other endowments are invested with Schroder & Co Ltd which distributes on a total return basis.

For the carrying value of the preserved permanent capital, the Trustees have taken its open market value as at August 2002, together with the original gift value of all subsequent endowments received.

14. Fund accounting

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

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

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

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any income arising from the capital will be accounted for as 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 in accordance with the requirements of FRS 17. The College's contributions to these schemes are charged in the period in which the salaries to which the contributions relate are payable.

Merton College
Consolidated Statement of Financial Activities
For the year ended 31 July 2014

| | Notes | Unrestricted Funds £000's | Restricted Funds £000's | Endowment Funds £000's | 2014 Total £000's | 2013 Total £000's |
|--|-------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| INCOMING RESOURCES | | | | | | |
| Resources from charitable activities | 1 | | | | | |
| Teaching, research and residential | | 4,990 | 0 | 0 | 4,990 | 4,840 |
| Resources from generated funds | | | | | | |
| Legacies and donations | | 368 | 380 | 2,618 | 3,366 | 3,438 |
| Trading income | 2 | 888 | 0 | 0 | 888 | 616 |
| Investment income | 3 | 0 | 645 | 4,422 | 5,067 | 4,832 |
| Total Return Applied to Income | 14,18 | 5,363 | 0 | (5,363) | 0 | 0 |
| Bank and other interest | 4 | 7 | 0 | 0 | 7 | 13 |
| | | <u>6,626</u> | <u>1,025</u> | <u>1,677</u> | <u>9,328</u> | <u>8,899</u> |
| Total Incoming Resources | | <u>11,616</u> | <u>1,025</u> | <u>1,677</u> | <u>14,318</u> | <u>13,739</u> |
| RESOURCES EXPENDED | | | | | | |
| Cost of generating funds | 5 | | | | | |
| Fundraising | | 591 | 0 | 0 | 591 | 519 |
| Trading expenditure | | 825 | 0 | 0 | 825 | 475 |
| Investment management costs | | 0 | 0 | 821 | 821 | 689 |
| | | <u>1,416</u> | <u>0</u> | <u>821</u> | <u>2,237</u> | <u>1,683</u> |
| Charitable activities | 5 | | | | | |
| Teaching, research and residential | | 9,177 | 792 | 1,318 | 11,287 | 9,999 |
| Governance costs | 8 | 22 | 0 | 0 | 22 | 20 |
| Total Resources Expended | | <u>10,615</u> | <u>792</u> | <u>2,139</u> | <u>13,546</u> | <u>11,702</u> |
| Net incoming resources before transfers | | 1,001 | 233 | (462) | 772 | 2,037 |
| Transfers between funds | 18 | 330 | (330) | 0 | 0 | 0 |
| Net incoming/(outgoing) resources before other gains and losses | | <u>1,331</u> | <u>(97)</u> | <u>(462)</u> | <u>772</u> | <u>2,037</u> |
| Investment gains | | 0 | 5 | 24,101 | 24,106 | 11,535 |
| Net movement in funds for the year | | <u>1,331</u> | <u>(92)</u> | <u>23,639</u> | <u>24,878</u> | <u>13,572</u> |
| Fund balances brought forward | 18 | 17,617 | 1,288 | 189,149 | 208,054 | 194,482 |
| Funds carried forward at 31 July | 18 | <u>18,948</u> | <u>1,196</u> | <u>212,788</u> | <u>232,932</u> | <u>208,054</u> |

Merton College
Consolidated and College Balance Sheets
As at 31 July 2014

| | Notes | 2014 Group £000's | 2013 Group £000's | 2014 College £000's | 2013 College £000's |
|--|-------|-------------------------|-------------------------|---------------------------|---------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | 19,595 | 19,271 | 19,595 | 19,271 |
| Property investments | 11 | 105,952 | 89,760 | 105,952 | 89,760 |
| Securities and other investments | 12 | 108,032 | 100,677 | 108,108 | 100,753 |
| | | 233,579 | 209,708 | 233,655 | 209,784 |
| CURRENT ASSETS | | | | | |
| Stocks | | 256 | 227 | 226 | 219 |
| Debtors | 15 | 1,466 | 1,732 | 1,653 | 1,889 |
| Cash at bank and in hand | | 2,977 | 2,018 | 2,666 | 1,717 |
| | | 4,699 | 3,977 | 4,545 | 3,825 |
| CREDITORS: falling due within one year | 16 | 1,346 | 1,631 | 1,268 | 1,555 |
| NET CURRENT ASSETS | | 3,353 | 2,346 | 3,277 | 2,270 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 236,932 | 212,054 | 236,932 | 212,054 |
| CREDITORS: falling due after more than one year | 17 | 4,000 | 4,000 | 4,000 | 4,000 |
| NET ASSETS | | 232,932 | 208,054 | 232,932 | 208,054 |
| FUNDS OF THE COLLEGE | | | | | |
| | 18 | | | | |
| Endowment funds | | 212,788 | 189,149 | 212,788 | 189,149 |
| Restricted funds | | 1,196 | 1,288 | 1,196 | 1,288 |
| Unrestricted funds | | | | | |
| General funds | | 12,739 | 10,862 | 12,739 | 10,862 |
| Building project fund | | 5,765 | 6,311 | 5,765 | 6,311 |
| Graduate Scholarship Fund | | 444 | 444 | 444 | 444 |
| | | 232,932 | 208,054 | 232,932 | 208,054 |

The financial statements were approved and authorised for issue by the Governing Body of Merton College on 5 November 2014

Trustee:

Trustee:

Merton College
Consolidated Cash Flow Statement
For the year ended 31 July 2014

| | Notes | 2014 Group £000's | 2013 Group £000's |
|---|-------|-------------------------|-------------------------|
| Net cash outflow from operations | 24 | <u>(5,827)</u> | <u>(4,715)</u> |
| Returns on investments and servicing of finance | | | |
| Income from investments and bank interest | | 5,074 | 4,845 |
| Finance costs paid | | (145) | (237) |
| | | <u>4,929</u> | <u>4,608</u> |
| Capital expenditure and financial investment | | | |
| New endowment capital received | | 2,618 | 2,597 |
| Payments for tangible fixed assets | | (1,335) | (1,685) |
| Proceeds from sales of tangible fixed assets | | 15 | 10 |
| Payments for investments | | (5,656) | (9,172) |
| Proceeds from sales of investments | | 6,071 | 13,240 |
| | | <u>1,713</u> | <u>4,990</u> |
| Increase in cash in the year | | <u>815</u> | <u>4,883</u> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Increase in cash in the year | | 815 | 4,883 |
| Change in net funds | | <u>815</u> | <u>4,883</u> |
| Net funds at 1 August | | 15,755 | 10,872 |
| Net funds at 31 July | | <u>16,570</u> | <u>15,755</u> |

Merton College
Notes to the financial statements
For the year ended 31 July 2014

1 INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted Funds £000's | Restricted Funds £000's | Endowment Funds £000's | 2014 Total £000's | 2013 Total £000's |
|---|---------------------------------|-------------------------------|------------------------------|----------------------------------|-------------------------|
| Teaching, research and residential | | | | | |
| Tuition fees - UK and EU students | 1,372 | 0 | 0 | 1,372 | 1,259 |
| Tuition fees - Overseas students | 549 | 0 | 0 | 549 | 572 |
| Higher Education Funding Council support | 359 | 0 | 0 | 359 | 343 |
| Other academic income | 129 | 0 | 0 | 129 | 214 |
| College residential income | 2,581 | 0 | 0 | 2,581 | 2,452 |
| | <u>4,990</u> | <u>0</u> | <u>0</u> | <u>4,990</u> | <u>4,840</u> |

The above analysis includes £1,428,000 (2013 £1,349,000) received through Oxford University pooled funding arrangements, net of College fees received directly.

2 TRADING INCOME

| | 2014 £000's | 2013 £000's |
|-----------------------------------|------------------------|----------------|
| Subsidiary company trading income | 587 | 249 |
| Other trading income | 301 | 367 |
| | <u>888</u> | <u>616</u> |

3 INVESTMENT INCOME

| | Unrestricted Funds £000's | Restricted Funds £000's | Endowment Funds £000's | 2014 Total £000's | 2013 Total £000's |
|--|---------------------------------|-------------------------------|------------------------------|----------------------------------|-------------------------|
| Agricultural rent | 0 | 0 | 1,221 | 1,221 | 1,160 |
| Commercial rent | 0 | 0 | 1,553 | 1,553 | 1,493 |
| Other property income | 0 | 0 | 416 | 416 | 403 |
| Equity dividends | 0 | 643 | 975 | 1,618 | 1,463 |
| Income from fixed interest stocks | 0 | 2 | 212 | 214 | 278 |
| Interest on fixed term deposits and cash | 0 | 0 | 44 | 44 | 34 |
| Other investment income | 0 | 0 | 1 | 1 | 1 |
| | <u>0</u> | <u>645</u> | <u>4,422</u> | <u>5,067</u> | <u>4,832</u> |

4 BANK AND OTHER INTEREST INCOME

| | Unrestricted Funds £000's | Restricted Funds £000's | Endowment Funds £000's | 2014 Total £000's | 2013 Total £000's |
|----------------|---------------------------------|-------------------------------|------------------------------|----------------------------------|-------------------------|
| Bank interest | 2 | 0 | 0 | 2 | 4 |
| Other interest | 5 | 0 | 0 | 5 | 9 |
| | <u>7</u> | <u>0</u> | <u>0</u> | <u>7</u> | <u>13</u> |

Merton College
Notes to the financial statements
For the year ended 31 July 2014

5 ANALYSIS OF RESOURCES EXPENDED

| | Direct Staff Costs £000's | Other Direct Costs £000's | Support Costs £000's | 2014 Total £000's | 2013 Total £000's |
|--|------------------------------|------------------------------|-------------------------|-------------------------|-------------------------|
| Costs of generating funds | | | | | |
| Fundraising | 319 | 167 | 105 | 591 | 519 |
| Trading expenditure | 0 | 825 | 0 | 825 | 475 |
| Investment management costs | 283 | 501 | 37 | 821 | 689 |
| Total costs of generating funds | 602 | 1,493 | 142 | 2,237 | 1,683 |
| Charitable expenditure | | | | | |
| Teaching, research and residential | 4,788 | 4,679 | 1,820 | 11,287 | 9,999 |
| Total charitable expenditure | 4,788 | 4,679 | 1,820 | 11,287 | 9,999 |
| Governance costs | 0 | 22 | 0 | 22 | 20 |
| Total resources expended | 5,390 | 6,194 | 1,962 | 13,546 | 11,702 |

Teaching, research and residential expenditure includes a £1.455m transfer of funds to the University of Oxford (see note 19).

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. Contribution is calculated annually in accordance with regulations made by the Council of the University. The teaching and research costs include College Contribution payable of £174,000 (2013 £228,000).

6 SUPPORT COSTS

| | Generating Funds £000's | Teaching Research and Residential £000's | 2014 Total £000's | 2013 Total £000's |
|---------------------------------------|----------------------------|---|-------------------------|-------------------------|
| Financial and domestic administration | 28 | 363 | 391 | 382 |
| Human resources | 5 | 50 | 55 | 38 |
| IT | 27 | 348 | 375 | 313 |
| Depreciation | 72 | 932 | 1,004 | 919 |
| Profit/(Loss) on fixed assets | 0 | (8) | (8) | (7) |
| Bank interest payable | 9 | 122 | 131 | 220 |
| Other finance charges | 1 | 13 | 14 | 17 |
| | 142 | 1,820 | 1,962 | 1,882 |

Support costs are allocated based on the estimated staff time spent on each of the activities.

7 GRANTS AND AWARDS

| | Unrestricted Funds £000's | Restricted Funds £000's | 2014 Total £000's | 2013 Total £000's |
|---------------------------------|------------------------------|----------------------------|-------------------------|-------------------------|
| Scholarships, prizes and grants | 441 | 136 | 577 | 544 |
| Bursaries and hardship awards | 56 | 100 | 156 | 169 |
| | 497 | 236 | 733 | 713 |

The above costs are included within the charitable expenditure on teaching and research.

8 GOVERNANCE COSTS

| | 2014 £000's | 2013 £000's |
|--|----------------|----------------|
| Governance costs comprise: | | |
| Auditor's remuneration - audit services | 14 | 13 |
| Legal and other fees on constitutional matters | 2 | 0 |
| Other governance costs | 6 | 7 |
| | 22 | 20 |

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' participation in the College's charitable activities. Details of the remuneration of Fellows and their reimbursed expenses are included as a separate note within these financial statements.

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Notes to the financial statements
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9 STAFF COSTS

| | | |
|---|---------------|--------------|
| The aggregate payroll costs for the year were as follows. | 2014 | 2013 |
| | £000's | £000's |
| Salaries and wages | 4,772 | 4,721 |
| Social security costs | 331 | 334 |
| Pension costs | 694 | 666 |
| Other benefits | 76 | 118 |
| | 5,873 | 5,839 |

| | | |
|---|-------------|------------|
| The average number of permanent employees of the College, excluding Trustees, on a full time equivalent basis was as follows. | 2014 | 2013 |
| Tuition and research | 16 | 13 |
| College residential | 79 | 79 |
| Fundraising | 6 | 5 |
| Support | 11 | 9 |
| Total | 112 | 106 |

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

| | | |
|-------------------------------------|-----------|-----------|
| University Lecturers | 17 | 18 |
| CUF Lecturers | 8 | 8 |
| Other teaching and research Fellows | 16 | 18 |
| Other Fellows | 8 | 9 |
| Total | 49 | 53 |

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

Details of the remuneration and reimbursed expenses of the Trustees is included as a separate note in these financial statements. No employees (excluding the Trustees) received gross pay and benefits (excluding employer NI and pension contributions) exceeding £60,000 during the year.

10 TANGIBLE FIXED ASSETS

| Group & College | Freehold Land and Buildings £000's | Fixtures, Fittings and Equipment £000's | Total £000's |
|----------------------------|---|--|-------------------------|
| Cost | | | |
| At start of year | 27,575 | 1,712 | 29,287 |
| Additions | 1,190 | 145 | 1,335 |
| Disposals | 0 | (34) | (34) |
| At end of year | 28,765 | 1,823 | 30,588 |
| Depreciation | | | |
| At start of year | 8,863 | 1,153 | 10,016 |
| Charge for the year | 877 | 127 | 1,004 |
| On disposals | 0 | (27) | (27) |
| At end of year | 9,740 | 1,253 | 10,993 |
| Net book value | | | |
| At end of year | 19,025 | 570 | 19,595 |
| At start of year | 18,712 | 559 | 19,271 |

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.

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11 PROPERTY INVESTMENTS

| Group and College | Agricultural £000's | Commercial £000's | Other £000's | 2014 Total £000's | 2013 Total £000's |
|--|------------------------|----------------------|-----------------|----------------------------------|-------------------------|
| Valuation at start of year | 46,228 | 27,202 | 16,330 | 89,760 | 91,965 |
| Additions and improvements at cost | 163 | 34 | 99 | 296 | 197 |
| Disposals net proceeds | (5,479) | 0 | (229) | (5,708) | (4,334) |
| Transfers | (85) | 658 | (573) | 0 | 0 |
| Revaluation gains/(losses) in the year | 17,473 | 2,358 | 1,773 | 21,604 | 1,932 |
| Valuation at end of year | 58,300 | 30,252 | 17,400 | 105,952 | 89,760 |

Estates land and property valuations as at 31 July have been made by the College Land Agent, a Chartered Surveyor, in consultation with an independent firm of Chartered Surveyors, the basis of valuation being market valuation. In a small number of cases valuations have been made solely by the Land Agent, the basis of valuation being market valuation.

12 SECURITIES AND OTHER INVESTMENTS

| | 2014 £000's | 2013 £000's |
|---|------------------------|----------------|
| Group investments | | |
| Valuation at start of year | 100,677 | 84,748 |
| New money invested | 10,925 | 8,976 |
| Amounts withdrawn | (6,072) | (2,649) |
| Increase in value of investments | 2,502 | 9,602 |
| Group investments at end of year | 108,032 | 100,677 |
| Investment in subsidiaries | 76 | 76 |
| College investments at end of year | 108,108 | 100,753 |

| Group investments comprise: | Held outside the UK £000's | Held in the UK £000's | 2014 Total £000's | 2013 Total £000's |
|--|----------------------------------|-----------------------------|----------------------------------|-------------------------|
| Equity investments | 0 | 44,645 | 44,645 | 41,552 |
| Global multi-asset funds | 0 | 19,123 | 19,123 | 16,914 |
| Fixed interest stocks | 0 | 8,994 | 8,994 | 10,961 |
| Alternative and other investments | 8,305 | 3,807 | 12,112 | 13,513 |
| Fixed term deposits and cash | 11,101 | 6,492 | 17,593 | 17,737 |
| Proceeds due from disposal of property | 0 | 5,565 | 5,565 | 0 |
| Total group investments | 19,406 | 88,626 | 108,032 | 100,677 |

13 SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Merton Enterprises Limited, a company providing conference and other services on the College premises.

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

| | Merton Enterprises Limited £000's |
|-------------------------------------|--|
| Turnover | 587 |
| Expenditure | (528) |
| Donation to College under gift aid | (59) |
| Result for the year | 0 |
| Total assets | 409 |
| Total liabilities | (333) |
| Net funds at the end of year | 76 |

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14 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a policy of total return accounting for the College general endowment investment returns with effect from 1/8/13. The investment return to be applied as income is calculated as 3.5% of the average closing value of the investments in each of the last five years.

The amount applied as income for spending is included within the income section of the SOFA on the basis that this gives a clearer understanding of the financial position of the College.

The preserved value of the invested endowment capital represents its open market value in 2002 together with all subsequent endowments valued at the date of the gift.

| | Permanent General Endowment £000's |
|---|---|
| Investment total return | |
| Income distributions | 4,422 |
| Capital gains/losses | 23,905 |
| Investment management costs | (821) |
| Total return for the year | <u>27,506</u> |
| Amount applied as income for spending | <u>(5,363)</u> |
| Net increase in Unapplied Total Return in the year | 22,143 |
| Unapplied Total Return at start of year | 81,840 |
| Unapplied Total Return at end of year | <u>103,983</u> |
| Preserved value of original permanent endowments | <u>88,958</u> |

15 DEBTORS

| | 2014 Group £000's | 2013 Group £000's | 2014 College £000's | 2013 College £000's |
|--|----------------------------------|-------------------------|------------------------------------|---------------------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 406 | 549 | 342 | 477 |
| Amounts owed by College members | 24 | 43 | 24 | 43 |
| Amounts owed by Group undertakings | 0 | 0 | 251 | 229 |
| Loans repayable within one year | 19 | 21 | 19 | 21 |
| Prepayments and accrued income | 973 | 1,057 | 973 | 1,057 |
| Amounts falling due after more than one year: | | | | |
| Loans | 44 | 62 | 44 | 62 |
| | <u>1,466</u> | <u>1,732</u> | <u>1,653</u> | <u>1,889</u> |

16 CREDITORS: falling due within one year

| | 2014 Group £000's | 2013 Group £000's | 2014 College £000's | 2013 College £000's |
|------------------------------------|----------------------------------|-------------------------|------------------------------------|---------------------------|
| Trade creditors | 209 | 205 | 209 | 205 |
| Amounts owed to Group undertakings | 0 | 0 | 4 | 2 |
| Taxation and social security | 248 | 262 | 166 | 184 |
| College Contribution | 200 | 220 | 200 | 220 |
| Accruals and deferred income | 436 | 724 | 436 | 724 |
| Other creditors | 253 | 220 | 253 | 220 |
| | <u>1,346</u> | <u>1,631</u> | <u>1,268</u> | <u>1,555</u> |

17 CREDITORS: falling due after more than one year

| | 2014 Group £000's | 2013 Group £000's | 2014 College £000's | 2013 College £000's |
|------------|----------------------------------|-------------------------|------------------------------------|---------------------------|
| Bank loans | 4,000 | 4,000 | 4,000 | 4,000 |
| | <u>4,000</u> | <u>4,000</u> | <u>4,000</u> | <u>4,000</u> |

In June 2009 the College was granted a loan facility of up to £4,000,000 by Barclays Bank plc to be repaid in 2019 and secured on 50 Benmead Road, a College property in Oxford. The loan represents 1,146% of the value of the asset charged.

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18 FUNDS OF THE COLLEGE MOVEMENTS

| | At 1 August 2013 £000's | Incoming Resources £000's | Resources Expended £000's | Transfers £000's | Gains/ (Losses) £000's | At 31 July 2014 £000's |
|--|-------------------------------|---------------------------------|---------------------------------|---------------------|------------------------------|------------------------------|
| Endowment Funds - Permanent | | | | | | |
| General Endowment | 170,798 | 4,422 | (821) | (5,363) | 23,905 | 192,941 |
| Fellowship Funds: | | | | | | |
| Mark Reynolds History Fellow | 1,623 | 46 | 0 | 0 | 16 | 1,685 |
| Peter Braam Research Fellow | 1,245 | 0 | 0 | 0 | 13 | 1,258 |
| Jessica Rawson Modern Asian History Fellow | 722 | 157 | 0 | 0 | 8 | 887 |
| English Fellow | 792 | 144 | 0 | 0 | 9 | 945 |
| Chemistry Fellow | 495 | 204 | 0 | 0 | 5 | 704 |
| Philosophy Fellow | 289 | 503 | 0 | 0 | 4 | 796 |
| Law Fellow | 0 | 131 | 0 | 0 | 0 | 131 |
| Graduate Scholarship Funds: | | | | | | |
| Ripplewood Japanese Scholar | 558 | 0 | 0 | 0 | 6 | 564 |
| Peter Braam Scholar | 375 | 0 | 0 | 0 | 4 | 379 |
| John Barton BCL Scholar | 131 | 0 | 0 | 0 | 1 | 132 |
| Reed Directors of Music | 674 | 0 | 0 | 0 | 7 | 681 |
| Other | 15 | 0 | 0 | 0 | 0 | 15 |
| | 177,717 | 5,607 | (821) | (5,363) | 23,978 | 201,118 |
| Endowment Funds - Expendable | | | | | | |
| Fellowship Funds: | | | | | | |
| Peter Moores Research Fellow in Chinese Archaeology | 1,313 | 0 | (1,318) | 0 | 5 | 0 |
| Dominic Welsh Mathematics Fellow | 1,081 | 0 | 0 | 0 | 11 | 1,092 |
| Douglas Algar Humanities Fellow | 781 | 0 | 0 | 0 | 8 | 789 |
| Economics Fellow | 514 | 212 | 0 | 0 | 6 | 732 |
| David Hay Medical Fellow | 360 | 0 | 0 | 0 | 4 | 364 |
| Christine Blackwell Fellow | 1,196 | 122 | 0 | 0 | 16 | 1,334 |
| Graduate Scholarship and Student Prize Funds: | | | | | | |
| James Jackson Natural Sciences Scholar | 714 | 0 | 0 | 0 | 8 | 722 |
| David Stevens International Development Scholar | 400 | 0 | 0 | 0 | 10 | 410 |
| Merton Lawyers BCL/MJur Scholar | 328 | 8 | 0 | 0 | 3 | 339 |
| Monica Barnett Law Scholar | 146 | 0 | 0 | 0 | 2 | 148 |
| John Moussouris Mathematics Scholar | 0 | 588 | 0 | 0 | 0 | 588 |
| Other | 41 | 5 | 0 | 0 | 0 | 46 |
| Student Support Funds: | | | | | | |
| General Student Support | 1,599 | 109 | 0 | 0 | 16 | 1,724 |
| Howard Stringer Undergraduate Support | 1,089 | 0 | 0 | 0 | 11 | 1,100 |
| Undergraduate Student Support | 28 | 98 | 0 | 0 | 0 | 126 |
| John Roberts | 489 | 9 | 0 | 0 | 5 | 503 |
| Thomas Bowman | 281 | 0 | 0 | 0 | 3 | 284 |
| Choral Foundation | 628 | 32 | 0 | 0 | 6 | 666 |
| Compassionate Fund | 313 | 0 | 0 | 0 | 3 | 316 |
| Fitzhenry Biomedical Research Fund | 131 | 0 | 0 | 0 | 1 | 132 |
| Other Funds | 0 | 250 | 0 | 0 | 5 | 255 |
| | 11,432 | 1,433 | (1,318) | 0 | 123 | 11,670 |
| Total Endowment Funds | 189,149 | 7,040 | (2,139) | (5,363) | 24,101 | 212,788 |
| Restricted Funds | | | | | | |
| Building Projects | 168 | 173 | (6) | (330) | 0 | 5 |
| Fellowship Funds | 618 | 376 | (422) | 0 | 5 | 577 |
| Graduate Scholarships and Student Prize Funds | 242 | 221 | (111) | 0 | 0 | 352 |
| Student Support Funds | 159 | 110 | (109) | 0 | 0 | 160 |
| Choir | 10 | 58 | (68) | 0 | 0 | 0 |
| Other Funds | 91 | 87 | (76) | 0 | 0 | 102 |
| Total Restricted Funds | 1,288 | 1,025 | (792) | (330) | 5 | 1,196 |
| Unrestricted Funds | | | | | | |
| General Funds | 10,862 | 6,253 | (10,615) | 5,363 | 876 | 12,739 |
| Building Project Fund | 6,311 | 0 | 0 | 330 | (876) | 5,765 |
| Aidan Jenkins Graduate Scholarship Fund | 444 | 0 | 0 | 0 | 0 | 444 |
| Total Unrestricted Funds | 17,617 | 6,253 | (10,615) | 5,693 | 0 | 18,948 |
| Total College Funds | 208,054 | 14,318 | (13,546) | 0 | 24,106 | 232,932 |

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19 FUNDS OF THE COLLEGE DETAILS

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

Endowment Funds - Permanent:

| | |
|---|---|
| General Endowment Fund | Corporate capital, including founder's capital, whose income may be spent for general purposes. |
| Fellowship and Graduate Scholarship Funds | Donations made for perpetuity, whose income may be spent for the restricted purposes described. |

Endowment Funds - Expendable:

| | |
|---|---|
| Fellowship Funds | Donations made for the long term, whose income and capital may both be spent for the restricted purposes described. |
| Graduate Scholarship and Student Prize Funds: | |
| Student Support Funds | |
| Choral Foundation | |
| Compassionate Fund | |
| Fitzhenry Biomedical Research Fund | Resources expended during the year were transferred to the University of Oxford in order to administer the fund, which is consistent with the terms of the original deed. |
| Peter Moores Research Fellow in Chinese Archaeology | |

Restricted Funds:

| | |
|---|---|
| Building Projects | Donations made for specific College building projects before completion. Funds are transferred to the Building Project Fund within Unrestricted Funds once the building has been completed. |
| Fellowship Funds Graduate Scholarships and Student Prize Funds Student Support Funds Choir Other Funds | Unspent income generated from the permanent and expendable endowments above and donations made for restricted purposes which the trustees may spend at their discretion. |

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. The Building Project Fund represents donations received for completed buildings. Each year this fund is reduced by the building depreciation charge, which is transferred to General Unrestricted Funds. The Aidan Jenkins Graduate Scholarship Fund represents an unrestricted donation received and designated by the Trustees for a graduate scholarship.

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds £000's | Restricted Funds £000's | Endowment Funds £000's | Total £000's |
|--|---------------------------------|-------------------------------|------------------------------|-------------------------|
| Tangible fixed assets | 19,595 | 0 | 0 | 19,595 |
| Property investments | 0 | 0 | 105,952 | 105,952 |
| Securities and other investments | 0 | 1,196 | 106,836 | 108,032 |
| Creditors due after more than one year | (4,000) | 0 | 0 | (4,000) |
| Net current assets | 3,353 | 0 | 0 | 3,353 |
| | <u>18,948</u> | <u>1,196</u> | <u>212,788</u> | <u>232,932</u> |

21 TRUSTEES' REMUNERATION

The Trustees of the College are the members of the Governing Body, primarily those Fellows who are employed to undertake teaching and research and who sit on Governing Body by virtue of their employment.

No Fellow receives any remuneration for acting as a Trustee. However, those Fellows who are also employees of the College receive salaries in respect of their employment. In the case of teaching and research posts, salaries are set with reference to pay scales applying nationally within the higher education sector and within the University of Oxford. Salaries are determined in all cases by the Governing Body on the basis of recommendations made by the remuneration committee, whose composition is described in the Annual Report of the Governing Body.

Trustees of the College fall into the following categories:

- (i) The Warden, who is the Head of College and chairs meetings of the Governing Body and its committees;
- (ii) Official Fellows, who are elected to the office of Tutor, Bursar, Librarian, Chaplain, Development Director or other office of the College;
- (iii) Professorial Fellows, who are senior members of the University of Oxford;
- (iv) Fixed-term research Fellows, who may be either junior career-development employees of the College, or senior academics who are not employed by the College.

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College Officers and career-development research Fellows may be accommodated by the College. 38 Fellows were accommodated in houses, flats or rooms owned by the College during the year and a deduction was made from salary in these cases. Fellows who are eligible for accommodation but who are not accommodated are paid a housing allowance, which is included within the salary figures below.

Some Fellows receive allowances for work carried out as part-time College Officers, including the Sub Warden, student disciplinary officer and research supervisor. These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits included below is £1,678,000 (2013 £1,773,000). The total of pension contributions is £245,000 (2013 £246,000).

Remuneration paid to trustees

| Range | Number of trustees/fellows | 2014 | Number of trustees/fellows | 2013 |
|-------------------|----------------------------|---|----------------------------|--|
| | | Gross remuneration, taxable benefits and pension contributions £ | | Gross remuneration taxable benefits and pension contributions £ |
| £0-£999 | 2 | 1,224 | 4 | 1,934 |
| £2,000-£2,999 | 3 | 7,208 | 2 | 4,534 |
| £3,000-£3,999 | 1 | 3,441 | 2 | 7,371 |
| £4,000-£4,999 | 4 | 17,229 | - | - |
| £5,000-£5,999 | 2 | 10,510 | 2 | 11,726 |
| £6,000-£6,999 | 1 | 6,179 | 2 | 13,462 |
| £8,000-£8,999 | - | - | 1 | 8,775 |
| £9,000-£9,999 | 1 | 9,641 | - | - |
| £13,000-£13,999 | 2 | 27,535 | - | - |
| £14,000-£14,999 | 3 | 44,101 | 4 | 58,696 |
| £15,000-£15,999 | 5 | 76,712 | 5 | 77,359 |
| £16,000-£16,999 | 1 | 16,948 | - | - |
| £17,000-£17,999 | 1 | 17,441 | 2 | 35,133 |
| £18,000-£18,999 | - | - | 2 | 36,364 |
| £19,000-£19,999 | 1 | 19,201 | 1 | 19,753 |
| £20,000-£20,999 | 1 | 20,877 | 3 | 61,970 |
| £21,000-£21,999 | 2 | 42,368 | 1 | 21,753 |
| £22,000-£22,999 | 1 | 22,504 | 2 | 45,395 |
| £23,000-£23,999 | 4 | 94,637 | 4 | 94,192 |
| £25,000-£25,999 | 1 | 25,384 | 1 | 25,511 |
| £27,000-£27,999 | - | - | 2 | 55,286 |
| £28,000-£28,999 | 1 | 28,358 | 1 | 28,335 |
| £30,000-£30,999 | - | - | 1 | 30,804 |
| £31,000-£31,999 | 2 | 63,567 | - | - |
| £32,000-£32,999 | - | - | 2 | 64,913 |
| £33,000-£33,999 | - | - | 1 | 33,620 |
| £34,000-£34,999 | 1 | 34,261 | 2 | 68,414 |
| £35,000-£35,999 | 1 | 35,870 | - | - |
| £36,000-£36,999 | - | - | 1 | 36,442 |
| £43,000-£43,999 | 1 | 43,447 | 1 | 43,241 |
| £44,000-£44,999 | 2 | 89,344 | 3 | 133,842 |
| £45,000-£45,999 | 1 | 45,086 | - | - |
| £46,000-£46,999 | 1 | 46,947 | 1 | 46,509 |
| £48,000-£48,999 | - | - | 1 | 48,547 |
| £54,000-£54,999 | 3 | 162,846 | - | - |
| £56,000-£56,999 | 1 | 56,827 | 1 | 56,015 |
| £59,000-£59,999 | 1 | 59,584 | - | - |
| £68,000-£68,999 | - | - | 1 | 68,872 |
| £73,000-£73,999 | 1 | 73,390 | 1 | 73,116 |
| £80,000-£80,999 | 1 | 80,957 | 2 | 160,943 |
| £81,000-£81,999 | - | - | 1 | 81,079 |
| £83,000-£83,999 | 1 | 83,876 | - | - |
| £84,000-£84,999 | 1 | 84,207 | - | - |
| £91,000-£91,999 | - | - | 1 | 91,819 |
| £92,000-£92,999 | 1 | 92,303 | - | - |
| £104,000-£104,999 | - | - | 1 | 104,410 |
| £115,000-£115,999 | 1 | 115,550 | 1 | 115,452 |
| £117,000-£117,999 | 1 | 117,375 | - | - |
| £146,000-£146,999 | 1 | 146,149 | - | - |
| £153,000-£153,999 | - | - | 1 | 153,211 |

20 Fellows were not employed by the College during the year and did not receive any remuneration. All Fellows, and all permanent employees of the College, are eligible for private health insurance. All Fellows may take meals in College, together with all employees, who are entitled to take meals while working.

Trustee expenses

No Fellow claimed any expenses for work as a trustee.

Other transactions with Trustees

There were no other transactions between the College and Fellows or related parties.

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22 PENSION SCHEMES

1. The 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'). Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS17 "Retirement Benefits", the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

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

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

The College is also contributing to the NEST Scheme for certain staff who were ineligible to join USS or OSPS.

2. Actuarial valuations

Qualified actuaries periodically value the Schemes. Both USS and OSPS were valued 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 shown in the following table.

| | USS | OSPS |
|---|-----------------|--------------------------------------|
| Date of valuation | 31/03/2011 | 31/03/2013 |
| Date valuation results published | 15/06/2012 | 23/06/2014 |
| Value of liabilities | £35,344m | £597m |
| Value of assets | £32,434m | £424m |
| Funding deficit | £2,910m (a)&(b) | £173m (c) |
| Principal assumptions: | | |
| Rate of interest (past service liabilities) | 6.1% pa | - |
| Rate of interest (future service liabilities) | 6.1% pa | - |
| Rate of interest (periods up to retirement) | - | 4.4% pa |
| Rate of interest (periods after retirement) | - | 4.4% pa |
| Rate of increase in salaries | 4.4% pa | 4.5% pa |
| Rate of increase in pensions | 3.4% pa (d) | 4.4% pa |
| Mortality assumptions: | | |
| Assumed life expectancy at age 65 (males) | 23.7 yrs | 22.5 yrs |
| Assumed life expectancy at age 65 (females) | 25.6 yrs | 25.2 yrs |
| Funding Ratios: | | |
| Technical Provisions basis | 92% | 71% |
| Statutory Pension Protection Fund basis | 93% | 69% |
| "Buy-out" basis | 57% | 44% |
| Estimated FRS17 basis | 82% (e) | 75% |
| Recommended Employer's contribution rate (as % of pensionable salaries) | 16% (e) | 21.5%, increasing to 23.5% (f) |
| Effective date of next valuation | 31/03/2014 | 31/03/2016 |

Notes

(a) USS' actuarial valuation as at 31st March 2011 identified a funding deficit of £2,910m. USS implemented with effect from 1st October 2011 a package of changes, including the admission of new members into a Career Revalued Benefits section. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. After allowing for those changes, the actuary established a long term employer contribution rate of 12.6% of total pensionable salaries for the 2011/12 year, reducing over time. USS agreed with Universities UK, on behalf of all the employers participating in the scheme, to address the deficit by continuing the employer contribution rate at the previously agreed rate of 16% of total pensionable salaries (this being the rate paid by the employers since 1st October 2009) until 31st March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future service cost of accruals. The actuary has certified that the additional contribution should eliminate the deficit by 31st March 2021.

(b) As the work on the 2014 valuation for USS is not yet complete the trustee cannot provide the final figure for funding as at 31 March 2014. However, an estimate has been provided using the assumptions to deliver the 2011 actuarial valuation. On that basis the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

(c) OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries, and a funding deficit of £173m. The University of Oxford, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by raising the employer contribution rate in increments of 0.5% of pensionable salary to 23.5%, with this increase being implemented over the next three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.

(d) USS' actuary has assumed that pension increases will be 3.4% a year for the three years to 31st March 2014, then 2.6% a year thereafter.

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(e) As noted above (note a), the USS employer contribution rate required for future service benefits alone at the date of the valuation was 12.6% of total pensionable salaries. It was agreed that employers should continue to contribute at the previously agreed rate of 16% of total pensionable salaries (this being the rate paid by the employers since 1st October 2009) until 31st March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future service cost of accruals.

(f) As noted above (note c), the OSPS employer contribution rate required for future service benefits alone at the date of the valuation was 20.1% of total pensionable salaries. It was agreed that employers increase their contribution rate by 0.5% each year to 1 August 2017 to 23.5%.

3. Sensitivity of actuarial valuation assumptions

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

| Assumption | Change in assumption | Impact on scheme liabilities | |
|----------------------------|--|-------------------------------|-----------------------------|
| | | USS | OSPS |
| Valuation rate of interest | increase/decrease by 0.5% | decrease / increase by £3.2bn | decrease / increase by £63m |
| Rate of pension increases | increase/decrease by 0.5% | increase / decrease by £2.0bn | increase / decrease by £41m |
| Rate of salary growth | increase/decrease by 0.5% | increase / decrease by £1.2bn | increase / decrease by £13m |
| Rate of mortality | more prudent assumption (mortality used at last valuation, rated down by a further year) | increase by £0.8bn | increase by £20m |

4. Pension charge for the year

The pension charge recorded by the College during the accounting period was equal to the contributions payable as follows:

| Scheme | 2014 £000's | 2013 £000's |
|---|----------------|----------------|
| Universities Superannuation Scheme | 253 | 254 |
| University of Oxford Staff Pension Scheme | 433 | 404 |
| Other Schemes - contributions | 8 | 8 |
| Total: | <u>694</u> | <u>666</u> |

23 TAXATION

The College is able to take advantage of the tax exemptions available to charities in respect of income and capital gains received to the extent that such income and gains are applied to exclusively charitable purposes. No liability to corporation tax arises in the College's subsidiary company because the directors of this company have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

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

| | 2014 | 2013 |
|--|-----------------------|-----------------------|
| | £000's | £000's |
| Net incoming resources for the year | 772 | 2,037 |
| Elimination of non-operating cash flows: | | |
| - Investment income | (5,074) | (4,845) |
| - Endowment donations | (2,618) | (2,597) |
| - Financing costs | 145 | 237 |
| Depreciation | 1,004 | 919 |
| Profit on sale of fixed assets | (8) | (7) |
| Increase in stock | (29) | (19) |
| Decrease in debtors | 266 | 579 |
| Decrease in creditors | (285) | (1,019) |
| Net cash outflow from operations | <u>(5,827)</u> | <u>(4,715)</u> |

25 ANALYSIS OF CHANGES IN NET FUNDS

| | 2013 | Cash flow | 2014 |
|-------------------------------|---------------|------------|----------------------|
| | £000's | £000's | £000's |
| Cash at bank and in hand | 2,018 | 959 | 2,977 |
| Endowment assets cash | 17,737 | (144) | 17,593 |
| | <u>19,755</u> | <u>815</u> | <u>20,570</u> |
| Bank loans due after one year | (4,000) | 0 | (4,000) |
| | <u>15,755</u> | <u>815</u> | <u>16,570</u> |

26 FINANCIAL COMMITMENTS

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

27 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for current capital projects totalling £80,000 (2013 £1,051,000).

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28 RELATED PARTY TRANSACTIONS

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

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 8, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

The following trustees had mortgage loans outstanding from the College at the start and/or end of the year.

| | 2014 | 2013 |
|----------------------|---------------|--------|
| Professor J Armitage | 17,753 | 21,517 |
| Professor D Norbrook | 0 | 15,664 |
| Dr J Walworth | 28,509 | 31,353 |

Interest is charged on the above loans at 75% of the Santander mortgage rate for existing borrowers. All loans are repayable within 20 years or immediately in full when the Fellow demits from office, if earlier. The College has ceased to make loans on these terms.

The College has made equity housing loans to the following Fellows who are employees on the basis the capital sums repayable are linked to the value of the property on which the loan is secured. These loans are repayable in full when the Fellow demits from office and are classified as property investments in the balance sheet.

| | 2014 | 2013 |
|-----------------------|----------------|---------|
| Mr J Gloag | 69,800 | 61,220 |
| Dr P Thornton | 366,300 | 321,385 |
| Dr M Whitworth | 135,300 | 118,731 |
| Professor Sir A Wiles | 0 | 203,778 |

29 CONTINGENT LIABILITIES

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

30 POST BALANCE SHEET EVENTS

There are no material events occurring after the date of the balance sheet where disclosure is deemed to contribute to a proper understanding of the financial position.