

# Merton College

**Annual Report and Financial Statements**

**Year ended 31 July 2015**

**TABLE OF CONTENTS**

Governing Body, Officers and Advisers	Page 3
Report of the Governing Body	Page 6
Auditor's Report	Page 23
Statement of Accounting Policies	Page 25
Consolidated Statement of Financial Activities	Page 30
Consolidated and College Balance Sheets	Page 31
Consolidated Cash Flow Statement	Page 32
Notes to the Financial Statements	Page 33

**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 Abigail Adams	Resigned 1 Sept 2015					
Mr Charles Alexander		•	•	•	•	
Dr Julia Amos	Fellowship ends 30 Sept 2015					
Professor Judith Armitage						•
Dr Rhiannon Ash			•			
Dr Ralf Bader			•			
Mr Douglas Bamber		•	•	•		
Professor Alan Barr		•	•			
Professor James Binney						
Dr Kathryn Blackmon			•			
Dr Richard Blakemore	Appointed 1 Oct 2014					
Dr Michael Booth	Appointed 1 Oct 2014					
Dr Rachel Buxton	Appointed 27 Apr 2015		•	•		
Dr Aisling Byrne	Resigned 1 Sept 2015					
Ms Mindy Chen-Wishart			•	•		
Professor Artur Ekert						
Professor Radek Erban	Appointed 1 Oct 2014		•			
Professor Gail Fine						
Professor Jonathan Flint						
Mr John Gloag		•				
Professor Guy Goodwin	Retired 30 Sep 2014					•
Professor Véronique Gouverneur			•			
Professor Daniel Grimley			•			
Dr Matthew Grimley			•	•		
Dr Emily Guerry	Fellowship ends 30 Sept 2015					
Professor Timothy Guilford			•			
Dr Steven Gunn			•			
Professor Peter Holland						•
Professor Simon Hooker			•			
The Revd Canon Dr Simon Jones			•	•	•	
Professor Minhyong Kim			•	•		
Dr Patrick Lantschner	Resigned 1 Sept 2015					
Professor Irene Lemos				•		
Dr Mathias Lenz						
Mr Andrew Mackie		•				
Dr Ian Maclachlan			•	•		
Dr Craig MacLean		•				
Professor Richard McCabe			•		•	
Dr Thomas MacFaul	Fellowship ended 30 Sep 2014					

**MERTON COLLEGE**  
**Year ended 31 July 2015**

Professor Alan Morrison						
Dr Micah Muscolino	Appointed 1 Oct 2014		•			
Professor Peter Neary						
Professor Béla Novák				•		
Professor Luke Ong			•			
Dr Sergi Pardos-Prado			•		•	
Professor David Paterson		•	•			
Dr Catherine Paxton	Resigned 31 Dec 2014		•	•		
Professor Jennifer Payne		•	•			
Dr Bridget Penman	Fellowship ended 30 Sep 2014					
Dr Thomas Phillips						
Dr Jonathan Prag			•			
Professor Suzanne Romaine	Resigned 31 Dec 2014					
Dr Nicholas Ryder						
Professor Simon Saunders			•	•		
Professor Alexander Schekochihin		•	•	•		
Professor Alexander Scott			•			
Professor Timothy Softley	Resigned 31 Aug 2015		•		•	•
Dr Bassel Tarbush			•			
Ms Christine Taylor		•			•	
Sir Martin Taylor		•	•	•	•	
Professor Jonathan Thacker			•			
Professor Patricia Thornton			•			
Professor Ulrike Tillmann						
Ms Carina Venter	Appointed 1 Oct 2014					
Dr Miguel Walsh	Appointed 1 Sep 2014					
Dr Julia Walworth			•	•	•	
Dr Trudy Watt	Hilary Term 2015 only		•	•		
Dr Guy Westwood						
Dr Michael Whitworth			•			
Professor Sir Andrew Wiles						
Professor Simon Wren-Lewis	Retired 30 Sept 2014		•			
Professor Boris Zilber						
Professor Nicole Zitzmann						

**MERTON COLLEGE**  
Year ended 31 July 2015

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 & Alumni Committee
- 5 Remuneration Committee

**COLLEGE SENIOR STAFF**

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

Sir Martin Taylor	Warden
Professor David Paterson	Sub Warden
Mr Charles Alexander	Finance Bursar
Mr Douglas Bamber	Domestic Bursar
Mr John Gloag	Land Agent and Estates Bursar
Revd Canon Dr Simon Jones	Chaplain
Dr Catherine Paxton to end MT14 Dr Trudy Watt HT15 only Dr Rachel Buxton from TT15	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, 12 Moorgate, London EC2R 6DA

**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**  
Year ended 31 July 2015

**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](http://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 2015 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 15 July, 2015.

### **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 thirty one ancillary or subsidiary committees, forums and panels.

### **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 undertook a wide ranging review of the College's committees in order to streamline and enhance the governance of the College. The College implemented the key recommendations of the working group, approved by Governing Body, at the start of 2014-2015, having implemented the recommendation to create a new Graduate Committee 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 Forum). 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 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. There is also a benefactions sub-committee tasked with ensuring the appropriate use of restricted donations made up of five life members of the College.

### **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 Registrar. 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. 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 year.

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

### **Development and Alumni Relations 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 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

**MERTON COLLEGE**  
Year ended 31 July 2015

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.

**MERTON COLLEGE**  
**Year ended 31 July 2015**

The College operates student support funds 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 Forum comprises seven members drawn from the Governing Body, four student members, four staff members and one external member. The Forum 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**

289 students were enrolled for undergraduate degree courses at the University of Oxford during the year. Of these, 264 were of UK/EU origin and 25 from overseas, 179 were studying humanities and social sciences and 110 were studying mathematics, medicine and physical sciences.

87 undergraduates held College scholarships during the year. 107 undergraduates were awarded College prizes for good work in examinations, and 12 undergraduates were awarded prizes for other academic work. 12 undergraduates were awarded prizes by the University of Oxford.

87 undergraduates were entered for final honour schools examinations at the University of Oxford, 26 of them (30%) obtaining class 1 degrees, 51 (59%) obtaining class 2.1 degrees, 9 (10%) obtaining class 2.2 degrees, and 1 (1%) obtaining a class 3 degree.

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

	<b>Class of degree</b>				<b>Total</b>
	<b>1</b>	<b>2.1</b>	<b>2.2</b>	<b>3</b>	
Maintained schools	14 (28%)	30 (60%)	5 (10%)	1 (2%)	50
Independent schools	8 (28%)	19 (66%)	2 (7%)	0 (0%)	29
Overseas students	4 (50%)	2 (25%)	2 (25%)	0 (0%)	8
Male	21 (47%)	20 (44%)	4 (9%)	0 (0%)	45
Female	5 (12%)	31 (74%)	5 (12%)	1 (2%)	42
Humanities and social science	8 (14%)	44 (77%)	5 (9%)	0 (0%)	57
Mathematics and physical science	18 (60%)	7 (23%)	4 (13%)	1 (3%)	30

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

### **Graduate students**

266 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, 106 were studying mathematics and physical sciences, 38 were studying social sciences and 62 were studying medical sciences.

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

**MERTON COLLEGE**  
Year ended 31 July 2015

46 graduates were awarded DPhil degrees and 47 graduates were awarded other graduate degrees during the year.

21 graduates were elected to College scholarships, 20 of whom took up their award, and 3 graduates were awarded College prizes for good academic work during the year. Four graduates were awarded prizes by the University of Oxford. Two DPhil students received thesis commendations from the MPLS Divisional Board.

**Scholarships, bursaries, grants and prizes**

Expenditure during the year was as follows:

<b>Undergraduates</b>	
Oxford Bursaries	£82,949
Prizes	£14,835
Scholarships	£19,432
Other grants	£47,868
<b>Graduates</b>	
Scholarships	£506,166
Research and other grants	£49,193
<b>All students</b>	
Student support and book grants	£86,944

**Welfare and special needs**

The annual cost of staff time (Chaplain, Senior Tutor, Academic Registrar, Nurse, Doctor and Junior Deans for Welfare) and other cost of welfare provision (including a contribution to the University Counselling Services) is of the order of £60,000. As of May 2015, 7.5% of students had declared a disability to the University.

**Schools liaison**

The College engaged in 164 schools liaison activities during the year, either by itself or in conjunction with the University of Oxford. These activities included visits to schools, visits to the College by groups of teachers, visits to the College by groups of students from age 10 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 £50,000.

## MERTON COLLEGE

Year ended 31 July 2015

### Library

Library costs for the year were £320,061, including £218,395 staff costs, £50,571 for book and journals purchases and £51,095 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 2014-15 Library and Archive staff responded to 569 written/phone and 519 in-person enquiries and provided images from College collections for 10 publications. The special collections and archives are used in the teaching of both undergraduates and graduates at the college and by individual researchers (121 in the year under review, of whom 81 were from outside of Oxford). The Librarian, Archivist, and Assistant Librarian regularly provide 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 178 groups and for the general public. The preliminary figure for total number visiting the Upper Library in 2014-15 was 2869.

The Library accessioned 998 books of which 96 were gifts. There were 25 donations of archival material during the year.

Special projects in the past year included the development of *Merton@750*, a multimedia digital archive and community collection initiative begun in December 2013. By the end of the anniversary year of 2014 284 'items' had been added, including interviews, artefacts, and digital images. The Librarian curated an exhibition in the Bodleian Library Proscholium, *Uncommon interests: Mertonian Treasures in the Bodleian* (9 September – 2 November 2014). Library and Archive staff prepared four exhibitions in college: *Merton Treasures*, *Merton at War 1914-1918*, *Basil Blackwell's Donations to Merton College*, and *Bookselling in Georgian Oxford*. The Librarian organised a symposium in November 2014 on 'Tolkien in Oxford' attended by over 90 from the University and the wider community. The College loaned three large preparatory cartoons for the Norrington Room murals by Edward Bawden to the Morley College Gallery exhibition, 'Edward Bawden—Storyteller'. The Merton Blackwell Collection was one of the two collections explored in *Scholars, Poets, and Radicals: Discovering Forgotten Lives in the Blackwell Collections*, by Rita Ricketts (Oxford, 2015).

### Fellows

In December 2014, Dr Catherine Paxton resigned as Senior Tutor to take up the post of Director of Student Welfare and Support Services for the University of Oxford, and Professor Suzanne Romaine resigned as Merton Professor of English Language. Professor Tim Softley resigned as Tutor in Physical Chemistry in August 2015 to take up the post of Pro-Vice Chancellor, Research and Knowledge Transfer, at the University of Birmingham. Dr Abigail Adams resigned her Junior Research Fellowship in Economics in September 2015 to take up a one-year Cowles Foundation Postdoctoral Fellowship at Yale University, after which she will commence as Associate Professor in Economics at the University of Oxford in association with New College.

## **MERTON COLLEGE**

**Year ended 31 July 2015**

Employment costs were, in respect of Teaching Fellows £952,477 for the year, in respect of other teaching staff £211,544 for the year and in respect of Research Fellows and other Fellows (including stipends paid to part-time College Officers) £340,491 for the year.

Research grants of £124,666 were made to Fellows during the year.

The academic Fellows on the College's Governing Body included 22 Mathematical, Physical and Life Scientists, 19 scholars in the Humanities, 11 in the Social Sciences and 4 in the Medical Sciences. The research interests of Fellows are described further at [http://www.merton.ox.ac.uk/fellows\\_and\\_research/fellows.shtml](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 a Junior Chaplain and three Pastoral Assistants (students in training for ordination in the Church of England). During the course of the year, two students were baptized and confirmed, another student was confirmed, the granddaughter of a Fellow, the granddaughter of a member of staff, and the daughter of a graduate student were baptized, eight couples were married, two couples had their civil marriages convalidated, and the funeral of an alumnus took place in the Chapel. Most Chapel collections are donated to charitable causes. In the year under review a total of £7,801 was donated to the Oxford Food Bank, the Oxford Kidney Unit Trust Fund, the Merton College Student Support Fund, the Oxford Gatehouse, Help for Heroes, the Parish of Holy Trinity, Embleton, the Oxford Parent Infant Project, Oxfam, Root and Branch, Christian Aid and the Marfan Trust.

### **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 19 choral scholars, eleven volunteer singers and two organ scholars have sung and played the services. The choir's core function remains the singing of three public services a week in the College chapel. During the course of the year, the choir recorded two CDs, the first of which was a disc of carols recorded especially for the BBC Music Magazine. Sunday Worship was broadcast from the Chapel live on BBC Radio 4 in October 2014, and the choir played a full part in the 750<sup>th</sup> Birthday Weekend in September 2014. A musical highlight of the year was the first performance of a rare choral piece from Sir Harrison Birtwistle, given in the presence of the composer. 'Passiontide at Merton' in March 2015 included collaborations with Oxford Baroque, The Marian Consort and the Oxford Youth Choir, and a number of school choirs joined with the College Choir for Evensong on various dates throughout the academic year. The choir toured in France, singing a concert at Notre-Dame Cathedral, Paris, and Mass at St Eustache, Paris. The second Merton Organ Festival continued to attract large audiences, and Daniel Hyde played the

**MERTON COLLEGE**  
Year ended 31 July 2015

complete organ works of J.S. Bach on Thursday lunchtimes during full term throughout the year.

**Capital projects**

There were no major capital projects undertaken during the year. The College set up a review group to consider all the capital projects that have been suggested to the College and to organise them into a prioritised list for consideration by the Governing Body. In light of this review no new projects were started in 2014-2015.

**Fundraising**

The College reached the £30 million target of its 750<sup>th</sup> Anniversary Campaign *Sustaining Excellence*, (launched on 24 May 2011), on 14<sup>th</sup> September, three months ahead of schedule. Eight tutorial fellowships have been re-endowed during the campaign (Chemistry, Classics, Economics, English, Music and Philosophy, as well as two Fellowships in History). In addition a new JRF in Global Wellbeing has been endowed. £8.74 million has been raised towards student support, to include general student support, undergraduate bursaries and graduate scholarships. In addition the T.S.Eliot Theatre, the new extended College Lodge, new Upper Library Lighting and a new lighting and sound system in the Chapel were enabled. £1.9 million has been raised for the College's Choral Foundation, to include help with funding of the new Dobson Organ.

During the last academic year the College received £2,845,026 cash in new endowments and donations, including unrestricted donations of £465,827. A total of £1,171,407 was received towards student support (both undergraduate, general and graduate). This includes both a payment of £350,000 from the Taylor Family Foundation for undergraduate student support and a generous legacy, of which £450,000 is being used for a Humanities graduate scholarship. The final £250,000 gift to endow the Christine Blackwell Classics Fellowship was also received. 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, £14,118,793, were £198,456 lower than the preceding year, on account of a decrease in legacies and donations of £520,843, a decrease in trading income of £164,348, and an increase of £52,067 from charitable activities. Investment income was £434,668 higher. Total resources expended were £12,552,013. Total resources expended grew by £460,776 or just under 4%, after adjusting for the impact of the transfer of the Peter Moores fund in 2013-2014. The majority of this increase was due to higher staff costs, partly due to the adoption of the Living Wage.

The inflow of legacies and donations made a major contribution to the surplus of £1,566,780, which, taken in conjunction with investment gains of £15,950,053, lifted total funds and net assets from £232,932,066 to £250,448,899.

### **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. The College's free reserves at the year end amounted to £5,006,353 representing retained unrestricted, undesignated funds not represented by fixed assets.

### **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 £230,458,210, of which £207,074,625 was general endowment and the composition of which is shown in the notes to the financial statements.

**MERTON COLLEGE**  
Year ended 31 July 2015

The overall total investment return on general endowment before external expenses was as follows:

Annualised total net return %

Merton College	10.7%
MSCI World Index £	11.8%
FTSE British Government All Stock Index	9.5%

## **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. During the course of 2014-2015, the College began a review of the implications of the Strategic Review for its physical environment. This review identified several possible projects which are being considered further by the College.

The College's new set of Statutes, drafted in accordance with current best practice, were given formal approval by the University and Privy Council in July 2015.

## **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](http://www.admissions.ox.ac.uk/news/common_framework.shtml)

Merton's overall application numbers in 2014-5 remained virtually unchanged at 552, compared to 547 last year. Application numbers across the University increased slightly to 18,323 from 17,845 the previous year.

For information on admissions at Merton compared with other colleges, see [http://public.tableau.com/views/UoO\\_UG\\_Admissions/SchoolType?%3AshowVizHome=no#2](http://public.tableau.com/views/UoO_UG_Admissions/SchoolType?%3AshowVizHome=no#2).

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://public.tableau.com/views/UoO\\_UG\\_Admissions2/EthnicityandDisability?%3AshowVizHome=no#2](http://public.tableau.com/views/UoO_UG_Admissions2/EthnicityandDisability?%3AshowVizHome=no#2)

Merton knows of twenty five applicants who declared a disability. Six 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 750<sup>th</sup> Anniversary Campaign *Sustaining Excellence* has been to build an endowment for student support of at least

## **MERTON COLLEGE**

**Year ended 31 July 2015**

£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 2015-6 the College has appointed four Junior Research Fellows in Psychology, English, Mathematics, and Global Wellbeing, and a Fitzjames Research Fellow in English. The College has also, with the University, made an appointment to the Tasso Leventis Chair in Biodiversity.

### **Choral Foundation**

In the forthcoming year, another organ festival will be promoted, as will *Passiontide at Merton*. It is hoped that the choir will tour in France and the USA as well as giving a number of concerts in the UK. The Chapel Committee will continue to discuss and develop a proposal for a Merton College Girls' Choir

### **Capital projects**

During the year the College set up a review group to consider all the capital projects that have been suggested to the College and to organise them into a prioritised list for consideration by the Governing Body. In light of this review no new projects were started. 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.

### **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 £723,546 in the year, including revenues from the sale of tickets to the events held to celebrate the College's 750<sup>th</sup> 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 4 November 2015 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 2015 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 2015 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 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.

### **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 Trustees have adopted a duly authorised policy of total return accounting for the investment of its endowment with effect from 1 August 2013. The investment return to be applied as income is calculated as 3.5% of the average of the year end values of the relevant investments in each of the preceding five years.

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 2015**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2015 Total £'000	2014 Total £'000
<b>INCOMING RESOURCES</b>						
<b>Resources from charitable activities</b>	1					
Teaching, research and residential		5,041	0	0	5,041	4,990
<b>Resources from generated funds</b>						
Legacies and donations		466	291	2,088	2,845	3,366
Trading income	2	724	0	0	724	888
Investment income	3	0	747	4,759	5,506	5,067
Total Return Applied to Income	14,18	5,800	0	(5,800)	0	0
Bank and other interest	4	2	0	0	2	7
		<u>6,992</u>	<u>1,038</u>	<u>1,047</u>	<u>9,077</u>	<u>9,328</u>
<b>Total Incoming Resources</b>		<u>12,033</u>	<u>1,038</u>	<u>1,047</u>	<u>14,118</u>	<u>14,318</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>	5					
Fundraising		555	0	0	555	591
Trading expenditure		709	0	0	709	825
Investment management costs		0	0	718	718	821
		<u>1,264</u>	<u>0</u>	<u>718</u>	<u>1,982</u>	<u>2,237</u>
<b>Charitable activities</b>	5					
Teaching, research and residential		9,757	791	0	10,548	11,287
<b>Governance costs</b>	8	22	0	0	22	22
<b>Total Resources Expended</b>		<u>11,043</u>	<u>791</u>	<u>718</u>	<u>12,552</u>	<u>13,546</u>
<b>Net incoming resources before transfers</b>		990	247	329	1,566	772
Transfers between funds	18	52	(482)	430	0	0
<b>Net incoming/(outgoing) resources before other gains and losses</b>		<u>1,042</u>	<u>(235)</u>	<u>759</u>	<u>1,566</u>	<u>772</u>
Investment gains		0	1	15,949	15,950	24,106
<b>Net movement in funds for the year</b>		<u>1,042</u>	<u>(234)</u>	<u>16,708</u>	<u>17,516</u>	<u>24,878</u>
Fund balances brought forward	18	18,948	1,196	212,788	232,932	208,054
<b>Funds carried forward at 31 July</b>	18	<u>19,990</u>	<u>962</u>	<u>229,496</u>	<u>250,448</u>	<u>232,932</u>

**Merton College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2015**

	Notes	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	18,984	19,595	18,984	19,595
Property investments	11	116,790	105,952	116,790	105,952
Securities and other investments	12	113,668	108,032	113,744	108,108
		<b>249,442</b>	<b>233,579</b>	<b>249,518</b>	<b>233,655</b>
<b>CURRENT ASSETS</b>					
Stocks		254	256	218	226
Debtors	15	1,629	1,466	1,582	1,653
Cash at bank and in hand		4,403	2,977	4,356	2,666
		<b>6,286</b>	<b>4,699</b>	<b>6,156</b>	<b>4,545</b>
<b>CREDITORS: falling due within one year</b>	16	<b>1,280</b>	<b>1,346</b>	<b>1,226</b>	<b>1,268</b>
<b>NET CURRENT ASSETS</b>		<b>5,006</b>	<b>3,353</b>	<b>4,930</b>	<b>3,277</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>254,448</b>	<b>236,932</b>	<b>254,448</b>	<b>236,932</b>
<b>CREDITORS: falling due after more than one year</b>	17	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>NET ASSETS</b>		<b>250,448</b>	<b>232,932</b>	<b>250,448</b>	<b>232,932</b>
<b>FUNDS OF THE COLLEGE</b>					
	18				
<b>Endowment funds</b>		<b>229,496</b>	<b>212,788</b>	<b>229,496</b>	<b>212,788</b>
<b>Restricted funds</b>		<b>962</b>	<b>1,196</b>	<b>962</b>	<b>1,196</b>
<b>Unrestricted funds</b>					
General funds		14,602	12,739	14,602	12,739
Building project fund		4,944	5,765	4,944	5,765
Graduate Scholarship Fund		444	444	444	444
		<b>250,448</b>	<b>232,932</b>	<b>250,448</b>	<b>232,932</b>

The financial statements were approved and authorised for issue by the Governing Body of Merton College on 4 November 2015

Trustee:

Trustee:

**Merton College**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 July 2015**

	Notes	2015 Group £'000	2014 Group £'000
<b>Net cash outflow from operations</b>	24	<u>(5,147)</u>	<u>(5,827)</u>
<b>Returns on investments and servicing of finance</b>			
Income from investments and bank interest		5,508	5,074
Finance costs paid		(93)	(145)
		<u>5,415</u>	<u>4,929</u>
<b>Capital expenditure and financial investment</b>			
New endowment capital received		2,088	2,618
Payments for tangible fixed assets		(407)	(1,335)
Proceeds from sales of tangible fixed assets		1	15
Payments for investments		(4,196)	(5,656)
Proceeds from sales of investments		7,767	6,071
		<u>5,253</u>	<u>1,713</u>
<b>Increase in cash in the year</b>		<u>5,521</u>	<u>815</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		5,521	815
<b>Change in net funds</b>		<u>5,521</u>	<u>815</u>
<b>Net funds at 1 August</b>		16,570	15,755
<b>Net funds at 31 July</b>		<u>22,091</u>	<u>16,570</u>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
<b>Teaching, research and residential</b>					
Tuition fees - UK and EU students	1,393	0	0	<b>1,393</b>	1,372
Tuition fees - Overseas students	533	0	0	<b>533</b>	549
Higher Education Funding Council support	376	0	0	<b>376</b>	359
Other academic income	166	0	0	<b>166</b>	129
College residential income	2,573	0	0	<b>2,573</b>	2,581
	<u>5,041</u>	<u>0</u>	<u>0</u>	<u><b>5,041</b></u>	<u>4,990</u>

The above analysis includes £1,439,000 (2014 £1,428,000) received through Oxford University pooled funding arrangements, net of College fees received directly.

**2 TRADING INCOME**

	<b>2015 £'000</b>	2014 £'000
Subsidiary company trading income	<b>351</b>	587
Other trading income	<b>373</b>	301
	<u><b>724</b></u>	<u>888</u>

**3 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
Agricultural rent	0	0	1,247	<b>1,247</b>	1,221
Commercial rent	0	0	1,700	<b>1,700</b>	1,553
Other property income	0	0	442	<b>442</b>	416
Equity dividends	0	745	1,108	<b>1,853</b>	1,618
Income from fixed interest stocks	0	2	193	<b>195</b>	214
Interest on fixed term deposits and cash	0	0	61	<b>61</b>	44
Other investment income	0	0	8	<b>8</b>	1
	<u>0</u>	<u>747</u>	<u>4,759</u>	<u><b>5,506</b></u>	<u>5,067</u>

**4 BANK AND OTHER INTEREST INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
Bank interest	0	0	0	<b>0</b>	2
Other interest	2	0	0	<b>2</b>	5
	<u>2</u>	<u>0</u>	<u>0</u>	<u><b>2</b></u>	<u>7</u>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**5 ANALYSIS OF RESOURCES EXPENDED**

	Direct Staff Costs £'000	Other Direct Costs £'000	Support Costs £'000	<b>2015 Total £'000</b>	2014 Total £'000
<b>Costs of generating funds</b>					
Fundraising	325	156	74	555	591
Trading expenditure	0	709	0	709	825
Investment management costs	285	393	40	718	821
<b>Total costs of generating funds</b>	<b>610</b>	<b>1,258</b>	<b>114</b>	<b>1,982</b>	<b>2,237</b>
<b>Charitable expenditure</b>					
Teaching, research and residential	5,190	3,522	1,836	10,548	11,287
<b>Total charitable expenditure</b>	<b>5,190</b>	<b>3,522</b>	<b>1,836</b>	<b>10,548</b>	<b>11,287</b>
<b>Governance costs</b>	<b>0</b>	<b>22</b>	<b>0</b>	<b>22</b>	<b>22</b>
<b>Total resources expended</b>	<b>5,800</b>	<b>4,802</b>	<b>1,950</b>	<b>12,552</b>	<b>13,546</b>

Teaching, research and residential expenditure for 2014 includes the £1.455m transfer of funds to the University of Oxford.

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 £219,000 (2014 £174,000).

**6 SUPPORT COSTS**

	Generating Funds £'000	Teaching Research and Residential £'000	<b>2015 Total £'000</b>	2014 Total £'000
Financial and domestic administration	23	363	386	391
Human resources	5	68	73	55
IT	22	359	381	375
Depreciation	59	956	1,015	1,004
Loss/(Profit) on fixed assets	0	2	2	(8)
Bank interest payable	5	78	83	131
Other finance charges	0	10	10	14
	<b>114</b>	<b>1,836</b>	<b>1,950</b>	<b>1,962</b>

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

**7 GRANTS AND AWARDS**

	Unrestricted Funds £'000	Restricted Funds £'000	<b>2015 Total £'000</b>	2014 Total £'000
Scholarships, prizes and grants	482	156	638	577
Bursaries and hardship awards	42	128	170	156
	<b>524</b>	<b>284</b>	<b>808</b>	<b>733</b>

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

**8 GOVERNANCE COSTS**

	<b>2015 £'000</b>	2014 £'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	16	14
Legal and other fees on constitutional matters	0	2
Other governance costs	6	6
	<b>22</b>	<b>22</b>

No amount has been included in governance costs for the direct employment costs or reimbursed expenses of the College Fellows on the basis that these payments relate to the Fellows' 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.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**9 STAFF COSTS**

The aggregate payroll costs for the year were as follows.	<b>2015</b>	2014
	<b>£'000</b>	£'000
Salaries and wages	<b>5,003</b>	4,772
Social security costs	<b>341</b>	331
Pension costs	<b>772</b>	694
Other benefits	<b>182</b>	76
	<b>6,298</b>	5,873

The average number of permanent employees of the College, excluding Trustees, on a full time equivalent basis was as follows.	<b>2015</b>	2014
Tuition and research	<b>17</b>	16
College residential	<b>77</b>	79
Fundraising	<b>6</b>	6
Support	<b>11</b>	11
Total	<b>111</b>	112

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

University Lecturers	<b>18</b>	17
CUF Lecturers	<b>8</b>	8
Other teaching and research Fellows	<b>15</b>	16
Other Fellows	<b>8</b>	8
Total	<b>49</b>	49

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**

<b>Group &amp; College</b>	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	<b>Total £'000</b>
<b>Cost</b>			
At start of year	28,765	1,823	<b>30,588</b>
Additions	221	186	<b>407</b>
Disposals	0	(6)	<b>(6)</b>
<b>At end of year</b>	<b>28,986</b>	<b>2,003</b>	<b>30,989</b>
<b>Depreciation</b>			
At start of year	9,740	1,253	<b>10,993</b>
Charge for the year	872	143	<b>1,015</b>
On disposals	0	(3)	<b>(3)</b>
<b>At end of year</b>	<b>10,612</b>	<b>1,393</b>	<b>12,005</b>
<b>Net book value</b>			
<b>At end of year</b>	<b>18,374</b>	<b>610</b>	<b>18,984</b>
At start of year	19,025	570	<b>19,595</b>

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.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**11 PROPERTY INVESTMENTS**

<b>Group and College</b>	Agricultural £'000	Commercial £'000	Other £'000	<b>2015 Total £'000</b>	2014 Total £'000
Valuation at start of year	58,300	30,252	17,400	<b>105,952</b>	89,760
Additions and improvements at cost	170	10	182	<b>362</b>	296
Disposals net proceeds	46	40	0	<b>86</b>	(5,708)
Revaluation gains/(losses) in the year	6,895	3,463	32	<b>10,390</b>	21,604
<b>Valuation at end of year</b>	<b>65,411</b>	<b>33,765</b>	<b>17,614</b>	<b>116,790</b>	105,952

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**

	<b>2015 £'000</b>	2014 £'000
<b>Group investments</b>		
Valuation at start of year	<b>108,032</b>	100,677
New money invested	<b>3,942</b>	10,925
Amounts withdrawn	<b>(3,866)</b>	(6,072)
Increase in value of investments	<b>5,560</b>	2,502
<b>Group investments at end of year</b>	<b>113,668</b>	108,032
Investment in subsidiaries	<b>76</b>	76
<b>College investments at end of year</b>	<b>113,744</b>	108,108

<b>Group investments comprise:</b>	Held outside the UK £'000	Held in the UK £'000	<b>2015 Total £'000</b>	2014 Total £'000
Equity investments	0	47,202	<b>47,202</b>	44,645
Global multi-asset funds	0	21,904	<b>21,904</b>	19,123
Fixed interest stocks	0	9,867	<b>9,867</b>	8,994
Alternative and other investments	7,854	4,553	<b>12,407</b>	12,112
Fixed term deposits and cash	11,150	10,538	<b>21,688</b>	17,593
Proceeds due from legacy	0	600	<b>600</b>	0
Proceeds due from disposal of property	0	0	<b>0</b>	5,565
<b>Total group investments</b>	<b>19,004</b>	<b>94,664</b>	<b>113,668</b>	108,032

**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
Turnover	351
Expenditure	(342)
Donation to College under gift aid	(9)
<b>Result for the year</b>	<b>0</b>
Total assets	141
Total liabilities	(65)
<b>Net funds at the end of year</b>	<b>76</b>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**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 August 2013. 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.

	<b>Permanent General Endowment £'000</b>
<b>Investment total return</b>	
Income distributions	4,759
Capital gains/losses	15,893
Investment management costs	(718)
Total return for the year	<u>19,934</u>
Amount applied as income for spending	<u>(5,800)</u>
Net increase in Unapplied Total Return in the year	14,134
Unapplied Total Return at start of year	103,983
<b>Unapplied Total Return at end of year</b>	<u><b>118,117</b></u>
<b>Preserved value of original permanent endowments</b>	<u><b>88,958</b></u>

**15 DEBTORS**

	<b>2015 Group £'000</b>	2014 Group £'000	<b>2015 College £'000</b>	2014 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	380	406	324	342
Amounts owed by College members	57	24	57	24
Amounts owed by Group undertakings	0	0	9	251
Loans repayable within one year	19	19	19	19
Prepayments and accrued income	1,138	973	1,138	973
<b>Amounts falling due after more than one year:</b>				
Loans	35	44	35	44
	<u>1,629</u>	<u>1,466</u>	<u>1,582</u>	<u>1,653</u>

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

	<b>2015 Group £'000</b>	2014 Group £'000	<b>2015 College £'000</b>	2014 College £'000
Trade creditors	212	209	212	209
Amounts owed to Group undertakings	0	0	2	4
Taxation and social security	239	248	183	166
College Contribution	210	200	210	200
Accruals and deferred income	430	436	430	436
Other creditors	189	253	189	253
	<u>1,280</u>	<u>1,346</u>	<u>1,226</u>	<u>1,268</u>

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

	<b>2015 Group £'000</b>	2014 Group £'000	<b>2015 College £'000</b>	2014 College £'000
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 1,067% of the value of the asset charged.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**18 FUNDS OF THE COLLEGE MOVEMENTS**

	At 1 August 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ (Losses) £'000	At 31 July 2015 £'000
<b>Endowment Funds - Permanent</b>						
<b>General Endowment</b>	192,941	4,759	(718)	(5,800)	15,893	<b>207,075</b>
<b>Fellowship Funds:</b>						
Mark Reynolds History Fellow	1,685	10	0	0	4	<b>1,699</b>
Peter Braam Research Fellow	1,258	0	0	0	3	<b>1,261</b>
Jessica Rawson Modern Asian History Fellow	887	11	0	0	2	<b>900</b>
English Fellow	945	75	0	0	1	<b>1,021</b>
Chemistry Fellow	704	59	0	0	2	<b>765</b>
Philosophy Fellow	796	258	0	0	(3)	<b>1,051</b>
Law Fellow	131	121	0	0	(1)	<b>251</b>
<b>Graduate Scholarship Funds:</b>						
Ripplewood Japanese Scholar	564	0	0	0	1	<b>565</b>
Peter Braam Scholar	379	0	0	0	1	<b>380</b>
John Barton BCL Scholar	132	0	0	0	0	<b>132</b>
Charles Manby Scholar	0	0	0	430	0	<b>430</b>
<b>Student Support Funds:</b>						
Taylor Family Foundation	0	350	0	0	(1)	<b>349</b>
<b>Reed Directors of Music</b>	681	0	0	0	2	<b>683</b>
<b>Other</b>	15	0	0	0	0	<b>15</b>
	<b>201,118</b>	<b>5,643</b>	<b>(718)</b>	<b>(5,370)</b>	<b>15,904</b>	<b>216,577</b>
<b>Endowment Funds - Expendable</b>						
<b>Fellowship Funds:</b>						
Dominic Welsh Mathematics Fellow	1,092	0	0	0	3	<b>1,095</b>
Douglas Algar Humanities Fellow	789	0	0	0	2	<b>791</b>
Economics Fellow	732	63	0	0	1	<b>796</b>
David Hay Medical Fellow	364	0	0	0	1	<b>365</b>
Christine Blackwell Fellow	1,334	298	0	0	2	<b>1,634</b>
<b>Graduate Scholarship and Student Prize Funds:</b>						
James Jackson Natural Sciences Scholar	722	0	0	0	2	<b>724</b>
David Stevens International Development Scholar	410	0	0	0	1	<b>411</b>
Merton Lawyers BCL/MJur Scholar	339	8	0	0	1	<b>348</b>
Monica Barnett Law Scholar	148	0	0	0	0	<b>148</b>
John Moussouris Mathematics Scholar	588	0	0	0	5	<b>593</b>
Other	46	5	0	0	0	<b>51</b>
<b>Student Support Funds:</b>						
General Student Support	1,724	106	0	0	3	<b>1,833</b>
Howard Stringer Undergraduate Support	1,100	0	0	0	3	<b>1,103</b>
Undergraduate Student Support	126	111	0	0	(1)	<b>236</b>
John Roberts	503	4	0	0	1	<b>508</b>
Thomas Bowman	284	0	0	0	1	<b>285</b>
Gerald David Clayton	0	600	0	0	0	<b>600</b>
<b>Choral Foundation</b>	666	9	0	0	1	<b>676</b>
<b>Compassionate Fund</b>	316	0	0	0	1	<b>317</b>
<b>Fitzhenry Biomedical Research Fund</b>	132	0	0	0	0	<b>132</b>
<b>Other Funds</b>	255	0	0	0	18	<b>273</b>
	<b>11,670</b>	<b>1,204</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>12,919</b>
<b>Total Endowment Funds</b>	<b>212,788</b>	<b>6,847</b>	<b>(718)</b>	<b>(5,370)</b>	<b>15,949</b>	<b>229,496</b>
<b>Restricted Funds</b>						
<b>Building Projects</b>	5	83	(2)	(52)	0	<b>34</b>
<b>Fellowship Funds</b>	577	405	(368)	(430)	1	<b>185</b>
<b>Graduate Scholarships and Student Prize Funds</b>	352	228	(133)	0	0	<b>447</b>
<b>Student Support Funds</b>	160	141	(130)	0	0	<b>171</b>
<b>Choir</b>	0	61	(61)	0	0	<b>0</b>
<b>Other Funds</b>	102	120	(97)	0	0	<b>125</b>
<b>Total Restricted Funds</b>	<b>1,196</b>	<b>1,038</b>	<b>(791)</b>	<b>(482)</b>	<b>1</b>	<b>962</b>
<b>Unrestricted Funds</b>						
General Funds	12,739	6,233	(11,043)	5,800	873	<b>14,602</b>
Building Project Fund	5,765	0	0	52	(873)	<b>4,944</b>
Aidan Jenkins Graduate Scholarship Fund	444	0	0	0	0	<b>444</b>
<b>Total Unrestricted Funds</b>	<b>18,948</b>	<b>6,233</b>	<b>(11,043)</b>	<b>5,852</b>	<b>0</b>	<b>19,990</b>
<b>Total College Funds</b>	<b>232,932</b>	<b>14,118</b>	<b>(12,552)</b>	<b>0</b>	<b>15,950</b>	<b>250,448</b>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**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, Graduate Scholarship and Student Support Funds	Donations made for perpetuity, whose income may be spent for the restricted purposes described.

**Endowment Funds - Expendable:**

Fellowship Funds Graduate Scholarship and Student Prize Funds: Student Support Funds Choral Foundation Compassionate Fund Fitzhenry Biomedical Research Fund	Donations made for the long term, whose income and capital may both be spent for the restricted purposes described.
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------

**Restricted Funds:**

<b>Building Projects</b>	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.
--------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>Fellowship Funds Graduate Scholarships and Student Prize Funds Student Support Funds Choir Other Funds</b>	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 transfer of £430,000 from restricted fellowship funds to permanent endowment graduate scholarship funds resulted from the donor's decision to change the purpose of a donation made in a previous year.

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	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	18,984	0	0	<b>18,984</b>
Property investments	0	0	116,790	<b>116,790</b>
Securities and other investments	0	962	112,706	<b>113,668</b>
Creditors due after more than one year	(4,000)	0	0	<b>(4,000)</b>
Net current assets	5,006	0	0	<b>5,006</b>
	<b>19,990</b>	<b>962</b>	<b>229,496</b>	<b>250,448</b>

**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.

College Officers and career-development research Fellows may be accommodated by the College. 33 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.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

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 £1,766,000 (2014 £1,678,000). The total of pension contributions is £259,000 (2014 £245,000).

**Remuneration paid to trustees**

Range	Number of trustees/fellows	2015	Number of trustees/fellows	2014
		Gross remuneration, taxable benefits and pension contributions £		Gross remuneration taxable benefits and pension contributions £
£0-£999	1	75	2	1,224
£2,000-£2,999	-	-	3	7,208
£3,000-£3,999	-	-	1	3,441
£4,000-£4,999	1	4,701	4	17,229
£5,000-£5,999	1	5,317	2	10,510
£6,000-£6,999	1	6,935	1	6,179
£9,000-£9,999	-	-	1	9,641
£10,000-£10,999	1	10,630	-	-
£13,000-£13,999	-	-	2	27,535
£14,000-£14,999	4	58,395	3	44,101
£15,000-£15,999	4	62,420	5	76,712
£16,000-£16,999	2	32,986	1	16,948
£17,000-£17,999	-	-	1	17,441
£18,000-£18,999	1	18,240	-	-
£19,000-£19,999	-	-	1	19,201
£20,000-£20,999	1	20,179	1	20,877
£21,000-£21,999	4	85,714	2	42,368
£22,000-£22,999	2	44,509	1	22,504
£23,000-£23,999	1	23,260	4	94,637
£24,000-£24,999	3	72,607	-	-
£25,000-£25,999	3	77,485	1	25,384
£26,000-£26,999	1	26,154	-	-
£28,000-£28,999	1	28,353	1	28,358
£29,000-£29,999	1	29,579	-	-
£31,000-£31,999	-	-	2	63,567
£33,000-£33,999	1	33,215	-	-
£34,000-£34,999	2	68,967	1	34,261
£35,000-£35,999	2	70,888	1	35,870
£43,000-£43,999	-	-	1	43,447
£44,000-£44,999	2	89,073	2	89,344
£45,000-£45,999	2	91,107	1	45,086
£46,000-£46,999	1	46,069	1	46,947
£53,000-£53,999	1	53,860	-	-
£54,000-£54,999	-	-	3	162,846
£55,000-£55,999	1	55,364	-	-
£56,000-£56,999	-	-	1	56,827
£57,000-£57,999	1	57,806	-	-
£59,000-£59,999	-	-	1	59,584
£60,000-£60,999	2	121,250	-	-
£72,000-£72,999	1	72,103	-	-
£73,000-£73,999	-	-	1	73,390
£80,000-£80,999	-	-	1	80,957
£83,000-£83,999	-	-	1	83,876
£84,000-£84,999	-	-	1	84,207
£86,000-£86,999	1	86,887	-	-
£91,000-£91,999	1	91,876	-	-
£92,000-£92,999	-	-	1	92,303
£94,000-£94,999	1	94,065	-	-
£115,000-£115,999	-	-	1	115,550
£116,000-£116,999	1	116,227	-	-
£117,000-£117,999	-	-	1	117,375
£119,000-£119,999	1	119,565	-	-
£146,000-£146,999	-	-	1	146,149
£148,000-£148,999	1	148,731	-	-

18 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.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**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.

	<b>USS</b>	<b>OSPS</b>
Date of valuation	31/03/2014	31/03/2013
Date valuation results published	24/07/2015	23/06/2014
Value of liabilities	£46.9bn	£597m
Value of assets	£41.6bn	£424m
Funding deficit	£5.3bn (a)	£173m (b)
Principal assumptions:		
Investment return	5.2% pa (c)	-
Rate of interest (periods up to retirement)	-	4.4% pa
Rate of interest (periods after retirement)	-	4.4% pa
Rate of increase in salaries	RPI + 1% pa (d)	4.5% pa
Rate of increase in pensions	CPI pa (d)	4.4% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	24.2 yrs	22.5 yrs
Assumed life expectancy at age 65 (females)	26.3 yrs	25.2 yrs
Funding Ratios:		
Technical Provisions basis	89%	71%
Statutory Pension Protection Fund basis	82%	69%
"Buy-out" basis	54% (e)	44%
Estimated FRS17 basis	72% (e)	75%
Recommended Employer's contribution rate (as % of pensionable salaries)	18% (e)	21.5%, increasing to 23.5% (f)
Effective date of next valuation	31/03/2017	31/03/2016

**Notes**

(a) USS's actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members will accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a.; member contributions will be 8% of salary; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section of which the first 1% of salary is to be matched by the employer. Further details about the changes may be reviewed on USS' website, [www.uss.co.uk](http://www.uss.co.uk). For the period up to 1 April 2016 the employer deficit contribution will be 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and once the salary threshold and defined contribution section are introduced this gives rise to deficit contributions of at least 2.1% pa of salaries.

(b) OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries, but also 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 three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.

(c) USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

(d) USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% pa less an inflation risk premium) less RPI/CPI gap of 0.8% pa.

(e) As noted above (note a), the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards DC benefits including employer matching contributions and certain investment management costs relating to the DC section.

(f) As noted above (note b), 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:

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

  

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on OSPS liabilities</b>
Valuation rate of interest	Increase/decrease by 0.5%	Decrease / increase by £63m
Rate of pension increases	Increase/decrease by 0.5%	Decrease / increase by £41m
Rate of salary growth	Increase/decrease by 0.5%	Decrease / increase by £13m
Rate of mortality	More prudent assumption (mortality used at last valuation, rated down by a further year)	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:

<b>Scheme</b>	<b>2015</b> <b>£000's</b>	<b>2014</b> <b>£000's</b>
Universities Superannuation Scheme	274	253
University of Oxford Staff Pension Scheme	489	433
Other Schemes - contributions	9	8
<b>Total:</b>	<b>772</b>	<b>694</b>

**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.

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

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Net incoming resources for the year</b>	<b>1,566</b>	<b>772</b>
Elimination of non-operating cash flows:		
- Investment income	(5,508)	(5,074)
- Endowment donations	(2,088)	(2,618)
- Financing costs	93	145
Depreciation	1,015	1,004
Loss/(Profit) on sale of fixed assets	2	(8)
Decrease/(Increase) in stock	2	(29)
Decrease/(Increase) in debtors	(163)	266
Decrease in creditors	(66)	(285)
<b>Net cash outflow from operations</b>	<b>(5,147)</b>	<b>(5,827)</b>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2015**

**25 ANALYSIS OF CHANGES IN NET FUNDS**

	2014 £'000	Cash flow £'000	2015 £'000
Cash at bank and in hand	2,977	1,426	4,403
Endowment assets cash	17,593	4,095	21,688
	<u>20,570</u>	<u>5,521</u>	<u>26,091</u>
Bank loans due after one year	(4,000)	0	(4,000)
	<u>16,570</u>	<u>5,521</u>	<u>22,091</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 £138,000 (2014 £80,000).

**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.

	2015	2014
Professor J Armitage	13,738	17,753
Dr J Walworth	25,522	28,509
	<u>39,260</u>	<u>46,262</u>

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.

	2015	2014
Mr J Gloag	76,780	69,800
Dr P Thornton	402,930	366,300
Dr M Whitworth	148,830	135,300
	<u>628,540</u>	<u>571,400</u>

**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.