



MERTON
COLLEGE
OXFORD

**Annual Report and Financial Statements
Year ended 31 July 2022**

TABLE OF CONTENTS

Governing Body, Officers and Advisers	Page	3
Report of the Governing Body	Page	8
Auditor's Report	Page	28
Statement of Accounting Policies	Page	33
Consolidated Statement of Financial Activities	Page	40
Consolidated and College Balance Sheets	Page	41
Consolidated Statement of Cash Flows	Page	42
Notes to the Financial Statements	Page	43

MEMBERS OF THE GOVERNING BODY 1 August 2021 to 31 July 2022

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
Mr Charles Alexander		•	•	•	•	
Dr Jennifer Altehenger			•			
Professor Rhiannon Ash			•			
Professor Alan Barr		•	•			
Dr Kathryn Blackmon		•	•			
Dr David Brantner	(resigned 30.09.21)					
Dr Alice Brooke			•	•		
Dr Gwen Burnyeat						
Professor Mindy Chen-Wishart			•			
Mr Mark Coote					•	
Dr Lisandra Costiner	(fellowship ended 30.09.21)					
Dr Helen Craske	(appointed 01.10.21)					
Dr Chloe Deambrogio	(appointed 01.10.21)					
Dr Brianne Kathleen Dolce	(appointed 01.10.21)					
Dr Daniela Dover	(appointed 24.03.22)		•			
Dr Francis Dunn						
Frater John Eidinow		•	•			
Professor Artur Ekert					•	•
Professor Radek Erban			•			
Dr Hadleigh Frost	(appointed 01.10.21)					
Professor John Geddes	(elected 01.11.21)					
Mr John Gloag		•				
Professor Veronique Gouverneur			•			

Dr Jane Gover			•	•			
Professor Daniel Grimley	(resigned 30.04.22)	•	•				
Dr Matthew Grimley			•			•	
Professor Timothy Guilford			•	•			
Professor Steven Gunn			•				
Professor Matthew Higgins			•				
Professor Peter Holland						•	
Professor Simon Hooker			•				
Professor Ehud Hrushovski							
Professor Lorna Hutson							•
Dr Nicholas Irwin							
Dr Xiangyu (Michael) Jie							
Revd Canon Dr Simon Jones		•	•	•	•		
Dr Vatsal Khandelwal	(appointed 01.10.21)						
Professor Julian Knight			•				
Dr Madhavi Krishnan			•	•			
Professor Nathaniel Lane			•				
Professor Irene Lemos							
Mr Timothy Lightfoot		•	•	•			
Mr Andrew Mackie							
Professor Ian Maclachlan		•	•				
Professor Richard McCabe			•				
Professor Alan Morrison		•					
Dr James Newton	(appointed 01.10.21)		•				
Dr Elias Nosrati	(fellowship ended 31.12.21)						
Professor Béla Novák							•
Professor Luke Ong	(resigned 31.07.22)		•			•	

Professor David Paterson			•			
Professor Jennifer Payne			•			
Professor Jonathan Prag			•			
Professor Thomas Richards			•			
Dr Marc Roth	(resigned 30.09.21)					
Dr Emily Rutherford						
Professor Simon Saunders			•			
Dr Daniel Sawyer						
Professor Alexander Schekochihin			•			
Professor Alexander Scott			•			
Professor Helen Small		•		•		
Dr Henry Spelman						
Dr Elizabeth Stubbins Bates	(fellowship ended 30.09.21)					
Dr Collis Tahzib	(resigned 30.09.21)					
Dr Bassel Tarbush			•	•		
Dr Matthew Thomson	(resigned 31.08.21)					
Professor Patricia Thornton			•	•		
Professor Ulrike Tillmann	(resigned 30.09.21)					
Professor Irene Tracey		•	•	•	•	
Dr Julia Walworth			•	•	•	
Professor Hugh Watkins						
Prof Michael Whitworth			•			
Professor Sir Andrew Wiles						

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

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

COLLEGE SENIOR STAFF

The senior staff of the College were as follows for the year ended 31 July 2022:

Professor Irene Tracey	Warden
Dr Kathryn Blackmon	Sub Warden
Mr Charles Alexander	Finance Bursar
Mr Timothy Lightfoot	Domestic Bursar
Mr John Gloag	Estates Bursar & Land Agent
Revd Canon Dr Simon Jones	Chaplain
Fra' John Eidinow	Dean & Keeper of Statutes
Dr Jane Gover	Senior Tutor
Mr Mark Coote	Development Director
Dr Julia Walworth	Librarian

COLLEGE ADVISERS

Investment Managers

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

Schroder & Co. Limited, 31 Gresham Street, London EC2V 1QA

Cerno Capital Partners LLP, 34 Sackville Street, London W1S 3ED

Auditors

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

Bankers

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

Solicitors

HCR Hewitsons, Elgin House, Billing Road, Northampton NN1 5AB

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

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

Farrer & Co, 66 Lincoln's Inn Fields, London, WC2A 3LH

Wilson's LLP, Alexandra House, St Johns Street, Salisbury SP1 2SB and, Lincoln's Inn Fields, London WC2A 3AA

Surveyors

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

Gerald Eve LLP, 72 Welbeck Street, London W1G 0AY

Other

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

College address

Merton Street, Oxford OX1 4JD

Website

www.merton.ox.ac.uk

REPORT OF THE GOVERNING BODY

Under the Charities Act 2011, the Governing Body presents its Annual Report for the year ended 31 July 2022 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 elected under Statute 4.2(a) of the College Statutes, 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 7.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Statutes approved by The Queen-in-Council under the Universities of Oxford and Cambridge Act 1923.

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 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 their role as trustees and Governing Body policies 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.

Remuneration of Members of the Governing Body and Senior College Staff

Members of the Governing Body receive no remuneration or benefits from their trusteeship of the College other than as provided for by the Statutes of the College. Those trustees that are also employees of the College receive remuneration for their work as employees of the College which is set based on the advice of the College's Remuneration Committee, members of which are Fellows not employed by the College and external members. Where practical, remuneration is set in line with that awarded to the University's academic staff.

The remuneration of senior College staff is set by the Governing Body on the advice of the Remuneration Committee in line with market norms.

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.

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 and academic staff who are not members of Governing Body (the Remuneration Committee is responsible for members of Governing Body, 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 four members of the Governing Body, including the Warden and up to five 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 up to 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 junior members, 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 Dean & Keeper of Statutes, 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.

The Graduate Committee considers 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 three times per year.

Development and Alumni Relations Committee

The Committee is responsible for the oversight and co-ordination of fundraising and alumni relations activities undertaken by the College, for the recommendation of policy on fundraising and alumni relations, and for the consideration of matters concerning the external relations of the College. It also has responsibility, delegated from Governing Body, for the acceptance of gifts. 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 seven members of the Committee, no member of the Committee may be an employee of the College, and the chair and three 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 and Patronage, 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. There is also a Research Committee reporting directly to the Governing Body.

The Statutes & Bylaws Committee is tasked with reviewing the statutes, bylaws, regulations and policies of the College and usually meets three times a term. The Fellowship & Appointments Committee is tasked with making recommendations to Governing Body concerning election of Fellows and other appointments. It meets at least once a term.

The day-to-day running of the College is delegated to the Warden, supported by the Sub Warden, Senior Tutor, Tutors, Bursars, Chaplain, Dean & Keeper of the Statutes, 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 Limited comprise letting of the College facilities and merchandise sales.

The College has a wholly owned non-charitable subsidiary, Merton College No. 1 Limited, whose annual profits are donated to the College under the Gift Aid Scheme. The trading activities of Merton College No. 1 Limited comprise the purchase, development and sale of land and property.

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

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's Objects 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; and to maintain the College Chapel as a place of public worship pursuing the highest standards of liturgical, homiletical, and musical excellence.

The Aims for the College's subsidiaries 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 600 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 and Access 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.

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, seven staff members (a College Lecturer, the HR Manager, the Academic Registrar, the SLAO, the SSA, and two non-academic employees of the College who are not members of GB) 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 appoints one of its members as Equality Adviser.

The College is normally open to the public during visiting hours throughout most of the year. Chapel services are open to members of the public.

ACHIEVEMENTS AND PERFORMANCE

The Impact of Covid-19

The College returned to normal operations in 2021-22. The College maintained the necessary policies and protocols to keep students and staff safe. College life recovered from the restrictions needed at the height of the pandemic. The College saw some continued impact on its financial position as the conference business recovered from the much reduced levels during the height of the pandemic. The summer saw conference activity return to pre-covid levels. The need for additional expenditure relating to the pandemic came to an end in the year. For example, the marquee used to facilitate socially distanced dining was taken down in March 2022.

Undergraduate students

317 students were enrolled for undergraduate degree courses at the University of Oxford during the year. Of these, 243 were ordinarily resident in the UK and 74 were ordinarily resident overseas (including in the EU). 179 were studying humanities and social sciences subjects and 138 were studying mathematics, medicine and physical sciences. 128 undergraduates held College scholarships during the year.

80 undergraduates took Final Honour Schools examinations at the University of Oxford in 2022 (including 10 fourth-year students classified by Pass/Distinction outcomes on the MSc-level year). Of the 70 students classified for first-class, 2.1, or 2.2 degrees, 38 (54.3%) achieved Firsts (down slightly from 59% in 2021), 25 (35.7%) achieved 2.1s (down slightly from 38.5%) and 7 (10%) achieved 2.2 degrees (up from 2.6% in 2021). No students obtained a Third. Of the 10 undergraduates taking MSc-level, fourth-year exams, 9 (90%) were awarded distinctions.

Graduate students

195 graduate students were enrolled for research study leading to the DPhil degree at the University of Oxford during the year, of whom 54 were studying humanities, 79 were studying mathematics and physical sciences, 26 were studying social sciences, and 37 were studying medical sciences.

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

40 graduates were awarded DPhil degrees and 35 graduates were awarded other graduate degrees during the year.

25 graduates were elected to College scholarships.

Scholarships, bursaries, grants and prizes

Expenditure during the year was as follows:

Undergraduates	
Oxford Bursaries	£60,525
Prizes	£24,827
Scholarships	£63,167
Other grants	£138,022
Graduates	
Scholarships	£803,523
Research and other grants	£28,208
All students	
Student support and book grants	£117,280

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 £80,000, 21.1% (108) of the total student population in 2021-22 (62 undergraduates and 46 graduates) had known disabilities or long-term health conditions.

Schools liaison

The College engaged in over 32 in-person and online schools liaison activities during the 2021-22 academic year reaching thousands of students, particularly in the South West of England (Merton's main regional link area). These were either Merton-only events or were held in conjunction with the University of Oxford or other Oxford or Cambridge Colleges. Work continued with the South West Consortium (Merton College, Exeter College and Lady Margaret Hall) and this is expected to develop in the coming years. Schools liaison activities included visits to schools/colleges, workshops focusing on different aspects of applications, taster lectures, and development of pupils' thinking and wider academic skills. Sessions were intended to raise educational aspirations, inform course choices, highlight the benefits of higher education (including studying at Oxford /Merton), and clarify Oxford's application processes. For the first time since the pandemic, the University and Merton College held three in-person Open Days during the 2022 summer, with over 1000 visitors attending on each day.

The College continued to develop its work with the Social Mobility Foundation, a UK wide charity aiming to improve the social mobility of young people, and hosted a 3-day residential visit to the College for a group of year 12 students.

The annual cost of employing a Schools Liaison and Access Officer, together with associated costs, was of the order of £31,600 – slightly higher than in the previous year due to the post being filled for a greater proportion of the year.

Library

The College Library provides support for teaching, learning, and research by members of the College and visiting researchers through resources, professional assistance, and through maintaining spaces conducive to productive study. The Library also contributes to the effective running of the College administration through management of records, archives, and provision of information. The Library and Archives Committee, which reports to Governing Body, has representation from Fellows, undergraduates, and postgraduates. Decisions about library services are informed by regular user experience surveys, and by informal communications. The College supports staff membership in professional organisations, and staff maintain awareness of best practice through participation in University and professional groups. The College is a member of the Oxford Conservation Consortium to provide professional care and advice in relation to heritage collections.

Library reading rooms re-opened this year, and pre-pandemic library services resumed. Timely access to printed books continues to be highlighted on annual undergraduate surveys as the library's most highly-valued service along with study space. A total of 760 print books were acquired of which 70 were gifts. The library also participates in an initiative to coordinate the purchase of e-publications across the collegiate University. There were 16 accessions to the archives this year; 5 gifts and 11 internal transfers.

The Library aims to care for special collections, archives, and heritage material to professional standards, to make them known to researchers and the public, and to make them physically accessible for research and for teaching. This year the Library received 138 research visits to consult heritage items. Staff responded to 260 written research enquiries (exclusive of reprographic requests). In Trinity Term 2022 the Library re-introduced study visits for special interest and academic groups, such as 6th-form History students from Robert Smyth Academy, Market Harborough.

The historic library re-opened this summer from mid-June 2022, with daily tours offered for members of the public. There were 496 visitors in June and July 2022. The summer exhibition, 'A Closer Look' featured decorated medieval manuscripts and 15th-century books.

Fellows

For the 2021-22 academic year, new Fellows in post were Dr James Newton (Tutor in Mathematics), Dr Brianne Dolce (Fitzjames Research Fellow in Music), Dr Chloe Deambrogio (Junior Research Fellow in Law), Dr Vatsal Khandelwal (Peter J Braam Junior Research Fellow in Global Wellbeing), Dr Helen Craske (Junior Research Fellow in Modern Languages), Dr Hadleigh Frost (Junior Research Fellow in Mathematics), Professor John Geddes (WA Hadley Professor of Psychiatry) and Professor Daniela Dover (Tutor in Philosophy).

Professor Luke Ong left the College in July 2022 to take up a post at Nanyang Technical University in Singapore. In September 2022, Professor Simon Saunders retired from his Tutorship in Philosophy and Dr Emily Rutherford (a Junior Research Fellow in History) resigned to take up a new role in Oxford.

Employment costs were, in respect of Teaching Fellows, £2,074 thousand for the year; in respect of other teaching staff £542 thousand for the year and in respect of Research Fellows and other Fellows (including stipends paid to part-time College Officers) £671 thousand for the year.

Research grants of £135 thousand were made to Fellows during the year.

The 55 academic Fellows on the College's Governing Body included 18 Mathematical, Physical and Life Scientists, 19 scholars in the Humanities, 12 in the Social Sciences and 6 in the Medical Sciences. The research interests of Fellows are described further at <http://www.merton.ox.ac.uk/fellowsandresearch/fellows.shtml>

Chapel

Daily public services were held in the College Chapel throughout the academic year. The main service of the week was on Sunday evening, and it attracted an average in-person attendance of 110. Over twenty junior members participated in the running of the Chapel, and the Chaplain was assisted by an Associate Chaplain in Michaelmas Term, and a Lay Assistant Chaplain in Hilary and Trinity Terms (providing maternity cover for the Associate Chaplain). Five infant baptisms and eight weddings took place in the Chapel. Most Chapel collections are donated to charitable causes. In 2021-22 a total of £4,200 was donated to Christian Aid, Medical Aid for Palestinians, the UN Refugee Agency, Daybreak, the Oxford Parent Infant Project, the Charlie Waller Trust, and the Oxford Winter Night Shelter.

In relation to the building, a new sound system was installed during the course of the year, and a further stage of the lighting project was completed. A quinquennial inspection of the Chapel was carried out, and its recommendations taken forward.

Choral Foundation

A full complement of 26 choral scholars, 5 choral bursary holders, and two organ scholars have contributed to the services in Chapel on a Sunday, Tuesday and Thursday. On a Wednesday the service is sung by 24 girl choristers, who are drawn from ten different schools across Oxford. All choral services during the academic year were livestreamed through the College Choir's YouTube account. The College Choir recorded and broadcast live two services for BBC Radio 3 in November 2021.

In March 2022, a short trip to the West Country enabled the College Choir to lead workshops and singing sessions in schools in Swindon and Bath. In April 2022, the **Passiontide at Merton** festival was established after a break of two years, and included a performance of Mozart's **Mass in C minor**, performed by both the College Choir and the girl choristers in the Sheldonian Theatre. In June 2022, the College Choir recorded a disc of Christmas music of the BBC Music Magazine, and in July recorded a disc of English anthems and canticle settings with the Britten Sinfonia. The girl choristers sang Evensong at Westminster Abbey in April 2022, and in August 2022 they enjoyed a residential trip to Dean Close School, Cheltenham, singing services in Gloucester Cathedral and Tewkesbury Abbey, and giving a concert at a College Living in Rushall, Wiltshire. The College Choir toured the east-coast of the USA in September 2022, including performances at Harvard and Princeton universities. The College Choir premiered Cheryl Frances-Hoad's **Merton Responses** and **Merton Service** and Frances Grier's **Osanna Filio David** during the course of the year.

Capital projects

There were no major capital projects undertaken in 2021-22.

Within routine property expenditure, replacement double glazing was installed to student accommodation in Rose Lane 4. New fire detection and emergency lighting systems were installed in Fellows' Quad staircases 3 and 4 and to student houses at 1, 4, 7, 8, 9, 10, 12 and 18 Manor Place.

The College completed the refurbishment of the archway between Front Quad and St Albans Quad, including the installation of a plaque to recognize donors to the 750th Anniversary Campaign. Subsequently, the area was renamed the Benefactors Arch.

Fundraising

The financial year 2021-22 continued the momentum created as the College emerged from the Covid pandemic, with sustained opportunities to re-engage with alumni groups and hold face-to-face gatherings and reunions once again. Support for the College and its activities, from donors and well-wishers, was consistently good and the Development Office was able to register another strong year of financial support.

The College's fundraising activities focused on securing funds within a number of key areas, which included Tutorships, Graduate Scholarships, bursaries for undergraduates, the Library, the Chapel and support for students in hardship. In December 2021 the College completed a campaign to endow a Tutorship in Physics in perpetuity in memory of the late Professor Michael Baker. £1 million was raised over a number of financial years to secure this teaching post for future generations. Excellent progress was also made with Graduate Scholarships, most notably with a syndicate of Mertonians, which funded two new endowed Graduate Scholarships, attracting further support from the University. £1.74 million was raised which included £580,000 of University match funding.

The College held two successful Telethons, in December 2021 and March/April 2022. Student callers helped raise almost £250,000 in total towards a variety of College causes. There were two direct mail appeals, featuring a broad menu of published fundraising projects, sent to alumni in the US in November 2021 (in cooperation with the Merton College Charitable Corporation), and followed by a similar campaign for those in the UK and other parts of the world in July 2022. These mailings helped build significant progress in preserving the medieval stained-glass windows in the Upper Library, funded scholarships for Black British postgraduates as well as a Ukrainian refugee student. A new women's boat for the Boat Club was purchased, the Merton Choir received financial support as did the Gardens with a meadows re-wilding project. Additionally, 95% of 2022 undergraduate leavers made donations of £12.64 each in support of student welfare and mental health. The leavers' donations were once again matched by an alumnus donor.

During the year, the College received £3.053 million in donations and legacies. Of the overall cash donated, £393,000 was received in respect of Fellowships (teaching and research), £1.494 million towards Graduate Scholarships, £108,000 in respect of Student Support and the Student Experience, £468,000 for buildings projects, and £334,000 for other purposes. £256,000 was received in unrestricted donations. A total of £4.057 million was pledged in new funds.

The College is registered with the Fundraising Regulator and employs full-time professional staff in the Development Office to act on its behalf in this area and to ensure that it is compliant with the Code of Fundraising Practice. The College did not receive any complaints relating to its fundraising activities.

FINANCIAL REVIEW

Total income for the year, £15.112 million, was £1.265 million higher than the preceding year, which resulted from increases in teaching research and residential income (£825 thousand), trading income (of £655 thousand) and in donations and legacies (up £339 thousand) offset by declines in investment income (£440 thousand) and other income (£174 thousand).

Total expenditure was £18.981 million, an increase of £2.012 million. Net income showed a deficit of £3.869 million. Net gains on investments were £27.766 million. Total funds and net assets increased to £363.494 million from £339.597 million.

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.

Free reserves at the year-end amounted to £8.225 million (2021: £6.874 million), representing net current assets less creditors falling due after more than one year and designated reserve.

The College's target is to maintain free reserves of at least two to four months of expected expenditure. Year-end free reserves represented nearly six months of expected expenditure.

Total funds of the College and its subsidiaries at the year-end amounted to £363.494 million (2021: £339.597 million). This includes endowment funds of £337.155 million and unspent restricted funds totalling £4.103 million. Designated reserves at the year-end comprised of the book value of tangible fixed assets of £16.667 million to be spent over their useful economic lives and £0.444 million representing an unrestricted donation received and designated by the Trustees for a graduate scholarship to be spent over the next ten to twenty years.

Going concern

The Governing Body has considered whether to adopt the going concern basis in preparing these financial statements. In support of this, it has received several briefings on the College's finances from the Finance Bursar. The College has a healthy cash position, owns substantial endowed resources, enjoys healthy levels of demand from prospective students, and is ready and able to constrain expenditure growth if necessary. The Governing Body is therefore confident that the College has more than adequate resources to continue its activities for the foreseeable future, and considers that there are no uncertainties concerning the College's viability.

Risk management

The College has on-going processes which operated throughout the financial year for identifying, evaluating and managing the principal risks and uncertainties faced by the College and its subsidiaries in undertaking their activities. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee. Financial risks are assessed by the Finance Committee and investment risks are monitored by the Investment Sub-Committee. In addition, the Domestic Bursar and domestic staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas. With the return to normal operations as the pandemic eased, the College ceased to convene the Bronze Group that had met throughout the pandemic. The College has noted the lesson learnt from the Bronze Group as part of its day-to-day management processes and its business continuity and disaster recovery planning.

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

- Governance risks – e.g. inappropriate organisational structure, difficulties recruiting trustees with relevant skills, conflict of interest;
- Operational risks- e.g. the impact of the Covid-19 pandemic, service quality and development, contract pricing, employment issues, health and safety issues, fraud and misappropriation;
- Financial risks- e.g. accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources, investment management;
- External risks- e.g. public perception and adverse publicity, demographic changes, government policy; and
- Compliance with law and regulation- e.g. breach of trust law, employment law, data protection law, and regulative requirements of particular activities such as fund-raising.

The College recognises the risks posed by climate change and is taking action across its operations, its estates and its investments to reduce its carbon footprint. The College has taken a number of steps to enhance sustainability and biodiversity across its activities, including measuring its current impacts, making its buildings more energy efficient, reducing consumption, greater recycling and reducing waste, particularly food waste, and increasing sustainable sourcing. On the College's estates, the College has completed a natural capital and biodiversity audit and is reviewing alternative land use strategies and government schemes to reduce carbon output from farming and develop carbon sequestration where possible. In 2020, the College moved the entirety of its developed market listed equity portfolio to an ESG tilted tracker, thereby reducing the carbon emissions intensity of the portfolio by over 40%. More details of all these initiatives can be found on the College's website.

Strategies for managing the risks identified by the College as described above include, for example:

- Establishing the appropriate committees responsible for formulating recommendations to Governing Body;
- Providing appropriate training to all members of staff and at the induction of new fellows;
- Ensuring accountability of College Officers to the appropriate committee and for the committees in turn to be accountable to the Governing Body;
- Developing and implementing key policies across the main areas of activity of the College, including, for example, admissions policy, health & safety policy, and data & information security policies; and
- Ensuring the appropriate insurance policies are in place and reviewed regularly.

The College identifies the risks it faces, the potential impact of each risk, the likelihood of recurrence, the severity of impact, and the steps taken to mitigate each particular risk in its Risk Register, which is regularly reviewed by the Finance Committee and approved by Governing Body.

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; its Investment Policy, available on the College's website, includes the College's policy in relation to Socially Responsible Investment.

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 £341.258 million, of which £305.960 million was general endowment and the composition of which is shown in the notes to the financial statements.

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

Annualised total net return (in GBP) %

Merton College	12.4%
Global Equities	2.7%
UK Equities	12.8%
US Equities	6.4%
UK Gilts	-13.7%
UK Index-Linked Gilts	-17.1%

The returns on the general endowment reflect the College's asset allocation, particularly its investment in property which returned 15.3% over the year. The carrying value of the preserved permanent capital (the trust for investment) and the amount of any unapplied total return available for expenditure was taken as the fair value of these funds as at 1 August 2002 (£88.957 million) together with the original gift value of all subsequent endowment received.

The Governing Body annually reviews the level and appropriateness of the unapplied total return allocated to income including a review of prospective investment returns, inflation and market risks. Any surplus arising during the year is reinvested in the College's general endowment.

On the total return basis of investing, it is the Governing Body's policy to extract as income 3.5% of the value of the relevant investments. However, to smooth and moderate the amounts withdrawn, this 3.5% is calculated on the average of the year-end values in each of the last five years. The Governing Body will keep the level of income withdrawn under review to balance the needs and interests of current and future beneficiaries of the College's activities.

FUTURE PLANS

The Governing Body continues to consider how it can achieve the highest outcomes in education, learning and research at national and international level, and continues to review 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 College has considered the provision of library facilities and recognised the need for additional library study space. The College has embarked on the planning for a new library. Governing Body considered the plan for the new library, including its location and how best to finance the building during the course of the year and made the decision to proceed.

Fundraising and finance for the construction of the library and associated works started in the year and will be a focus of considerable effort in 2022-23 with the intention that donor funding for the library will be in place before construction starts.

The College has commissioned a survey to review the condition of all of its operational buildings. The results of this survey are expected in the first half of 2022-23 and will form the basis of a rolling ten year maintenance plan to be agreed as part of the 2023-24 budget process.

The College continues to consider setting-up a pre-school nursery with plans on hold as the College focuses on the library development.

Admissions

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

<https://www.ox.ac.uk/admissions/undergraduate/applying-to-oxford/decisions/common-framework>

Overall application numbers across the University in 2021 were 23,787 and at a very similar level to the previous year (23,672).

Merton College received 663 applications, a small increase from the previous year's figure of 654 applications in 2020-21. 103 offers were made, of which 6 were open offers and one was a deferred offer for a 2023 start.

For information on admissions at Merton compared with other colleges, see: <https://public.tableau.com/profile/sdma.oxford.university#!/>

Data on ethnicity is not available to the College through the UCAS. Analysis is undertaken by the University Admissions Office retrospectively on behalf of all colleges, and can be found at: <https://www.ox.ac.uk/about/facts-and-figures/admissions-statistics/undergraduate-students/current/ethnicity>

70 applicants to Merton declared a disability in their application, of which 12 received an offer and a further 4 were taken by other colleges.

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.

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 and departments of the University of Oxford.

Chapel

The Chapel and Patronage Committee, working with the Estates Bursar and Buildings Committee, further developed a programme to reduce draughts in the Chapel and improve the efficiency of the heating system. A scheme to replace the existing single timber lobby with a double glass lobby has been developed and submitted to the diocese for approval. Subject to this, the work will be undertaken in summer 2023 alongside the installation of heated seating in the chancel.

During the year the College completed phase three of the lighting project enhancing the lighting to the altar.

During the year Purcell Architects completed the quinquennial review of the fabric of the chapel, a copy of which was deposited with the diocese. The report will be used to plan a five year maintenance programme.

Choral Foundation

In the coming year, the College Choir will take a central role in the College's **Vaughan Williams in Oxford** festival and will join the Oxford Philharmonic Orchestra for performances of Bruckner's **Te Deum** and Haydn's **Creation**. The choir will also give performances of Bach's **St John Passion** as part of **Passiontide at Merton**, and at the Barbican in London. The choir will record for Delphian Records, and will visit Edington Priory, Wiltshire and Salle Church, Norfolk to give concerts. The Girl Choristers will give a performance of Fauré's **Requiem** as part of the Oxford Lieder Festival.

Capital projects

No new capital projects commenced during the year although three projects are under development. Planning permission has been obtained for an extension to the boat house and work will commence in the current year. As mentioned earlier, plans have been developed to replace the porch at the south entrance to the Chapel. Faculty approval was received at the end of the last financial year and the work is due to be done during the long vacation of 2023.

Finally, as described above, the College is at the early stages of developing a project to construct a new library to replace and expand the facilities in Old Warden's Lodgings which can then be re-purposed. Following a feasibility study and architectural competition, Stanton Williams have been appointed as project architects and commenced the design work in August.

It is likely to take 9-12 months to complete the planning process and a further 9 months for procurement provided there are no unforeseen delays. This being the case work on site should commence in 2024.

Trading income

The T S Eliot Lecture Theatre provides the College with first class facilities that are attractive to third party users. Merton Enterprises Ltd has been able to broaden its customer base following a restructuring of the conference office and proactive marketing of these facilities. The College's conference activities returned to pre-covid levels by the early summer of 2022.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

Under charity law the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its net 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 including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departure which are 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 2 November 2022 and signed on its behalf by:

Warden

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

Opinion

We have audited the financial statements of Merton College (the "Charity") for the year ended 31 July 2022 which comprise the Statement of accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 July 2022 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members of the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Governing Body with respect to going concern are described in the relevant sections of this report.

Other information

The Members of the Governing Body are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Members of the Governing Body

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the Members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Members of the Governing Body are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of the Governing Body either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with Members of the Governing Body and other management, and from our knowledge and experience of the client's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including Charities Act 2011, Office for Students and Oxford University requirements, taxation legislation, data protection, employment and pensions, planning and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and, where relevant, inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of Members of Governing Body and other management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- if considered necessary, reviewing correspondence with relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Members of Governing Body and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the College's Governing Body, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Members of the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Critchleys Audit LLP

Statutory Auditor

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

Date:

Critchleys Audit LLP is eligible to act as an auditor in terms of sections 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 Statement of Cash Flows for the College with its wholly owned subsidiaries Merton Enterprises Limited and Merton College No1 Limited. The subsidiaries have been consolidated from the date of their formation being the date from which the College has exercised control through voting rights in the subsidiaries. No separate SOFA has been presented for the College alone as permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements. A summary of the results and financial position of the charity and its material subsidiaries for the reporting year are in note 13.

2. Basis of accounting

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

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

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

3. Accounting judgements and estimation of uncertainty

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

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

In the view of the Governing Body, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

4. Income recognition

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

a. Income from fees, Office for Students support and other charges for services

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

b. Income from donations, grants and legacies

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

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

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

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

c. Investment income

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

Income from fixed interest debt securities is recognised using the effective interest rate method.

Dividend income and similar distributions are recognised on the date the share interest becomes ex-dividend or when the right to the dividend can be established.

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

5. Expenditure

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

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

All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure categories in the Statement of Financial Activities (SOFA).

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

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

6. Tangible fixed assets

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

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings which is directly attributable to bringing the asset to its working condition for its intended use and amounting to more than £5,000 together with expenditure on equipment costing more than £5,000 is capitalised.

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

7. Depreciation

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

Freehold properties, including major extensions	50 years
Building improvements	20 years
Equipment	5 to 10 years

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

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

8. Heritage Assets

The College has a number of assets, including items of art and historic texts that meet the definition of heritage assets under the SORP. The College retains information concerning the cost or value on donation only for some of its heritage assets, but disclosure of this information would not give a fair picture of the total value of heritage assets held. The cost of obtaining fair values for the remaining heritage assets would not be commensurate with the benefits to users of the financial statements. Therefore, no cost or value is reflected in the financial statements for heritage assets.

9. Investments

Investment properties are initially recognised at their cost and subsequently measured at their fair value (market value) at each reporting date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are initially measured at their cost and subsequently measured at their fair value at each reporting date. Fair value is based on their quoted price at the balance sheet date without deduction of the estimated future selling costs.

Investments such as hedge funds and private equity funds which have no readily identifiable market value are initially measured at their costs and subsequently measured at their fair value at each reporting date without deduction of the estimated future selling costs. Fair value is based on the most recent valuations available from their respective fund managers.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the SOFA as 'gains or losses on investments' and are allocated to the fund holding or disposing of the relevant investment.

10. Other financial instruments

a. Derivatives

The College has not entered into any derivative contracts.

b. Cash and cash equivalents

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

c. Debtors and creditors

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

11. Stocks

Stocks are valued at the lower of cost and net realisable value, cost being the purchase price on a first in, first out basis.

12. Foreign currencies

The functional and presentational currency of the College and its subsidiaries is the pound sterling.

Transactions denominated in foreign currencies during the year are translated into pounds sterling using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates applying at the reporting date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the reporting date are recognised in the income and expenditure section of the SOFA.

13. Total Return investment accounting

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

Other endowments are invested with Schroder & Co Ltd and Cerno Capital Partners LLP, which distribute on a total return basis.

14. Fund accounting

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

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

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

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any part of the total return arising from the capital that is allocated to income will be accounted for as unrestricted funds unless the donor has placed restrictions on the use of that income, in which case it will be accounted for as a restricted fund.

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

15. Pension costs

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

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

Merton College
Consolidated Statement of Financial Activities
For the year ended 31 July 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2022 Total £'000	2021 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:	1					
Teaching, research and residential		5,468	-	-	5,468	4,643
Other Trading Income	3	672	-	-	672	17
Donations and legacies	2	256	1,205	1,592	3,053	2,654
Investments						
Investment income	4	1	1,180	4,714	5,895	6,335
Total return allocated to income	14	8,659	-	(8,659)	-	-
Other income - Coronavirus Job Retention Scheme		24	-	-	24	198
Total income		<u>15,080</u>	<u>2,385</u>	<u>(2,353)</u>	<u>15,112</u>	<u>13,847</u>
EXPENDITURE ON:						
Charitable activities:	5					
Teaching, research and residential		14,327	1,439	245	16,011	14,822
Generating funds:						
Fundraising		696	-	-	696	495
Trading expenditure		464	-	-	464	14
Investment management costs		-	-	1,810	1,810	1,638
Total Expenditure		<u>15,487</u>	<u>1,439</u>	<u>2,055</u>	<u>18,981</u>	<u>16,969</u>
Net Income/(Expenditure) before gains		<u>(407)</u>	<u>946</u>	<u>(4,408)</u>	<u>(3,869)</u>	<u>(3,122)</u>
Net gains/(losses) on investments	11, 12	-	(84)	27,850	27,766	43,727
Corporation Tax refund/(charge) on sale of land		-	-	-	-	117
Net Income/(Expenditure)		<u>(407)</u>	<u>862</u>	<u>23,442</u>	<u>23,897</u>	<u>40,722</u>
Transfers between funds	17	195	(189)	(6)	-	-
Net movement in funds for the year		<u>(212)</u>	<u>673</u>	<u>23,436</u>	<u>23,897</u>	<u>40,722</u>
Fund balances brought forward	17	22,448	3,430	313,719	339,597	298,875
Funds carried forward at 31 July		<u>22,236</u>	<u>4,103</u>	<u>337,155</u>	<u>363,494</u>	<u>339,597</u>

Merton College
Consolidated and College Balance Sheets
As at 31 July 2022

	Notes	2022 Group £'000	2021 Group £'000	2022 College £'000	2021 College £'000
FIXED ASSETS					
Tangible assets	9	16,667	16,961	16,667	16,961
Property investments	11	153,078	147,357	143,583	137,862
Other Investments	12	188,180	169,792	197,706	178,550
Total Fixed Assets		357,925	334,110	357,956	333,373
CURRENT ASSETS					
Stocks		412	373	378	340
Debtors	15	1,451	1,554	1,503	1,503
Cash at bank and in hand		9,102	7,178	8,830	7,110
Total Current Assets		10,965	9,105	10,711	8,953
LIABILITIES					
Creditors: Amounts falling due within one year	16	2,296	1,787	2,180	1,733
NET CURRENT ASSETS		8,669	7,318	8,531	7,220
TOTAL ASSETS LESS CURRENT LIABILITIES		366,594	341,428	366,487	340,593
NET ASSETS BEFORE PENSION ASSET OR LIABILITY		366,594	341,428	366,487	340,593
Defined benefit pension scheme liability	21	3,100	1,831	3,100	1,831
TOTAL NET ASSETS		363,494	339,597	363,387	338,762
FUNDS OF THE COLLEGE					
Endowment funds	17	337,155	313,719	337,110	312,906
Restricted funds	17	4,103	3,430	4,103	3,430
Unrestricted funds	17				
General funds		8,225	6,874	8,163	6,852
Fixed Asset Fund		16,667	16,961	16,667	16,961
Graduate Scholarship Fund		444	444	444	444
Pension reserve	21	(3,100)	(1,831)	(3,100)	(1,831)
		363,494	339,597	363,387	338,762

The financial statements were approved and authorised for issue by the Governing Body of Merton College on 2 November 2022

Trustee:

Trustee:

Merton College
Consolidated Statement of Cash Flows
For the year ended 31 July 2022

	Notes	2022 £'000	2021 £'000
Net cash provided by (used in) operating activities	23	(8,337)	(14,289)
Cash flows from investing activities			
Dividends, interest and rents from investments		5,895	6,335
Proceeds from the sale of property, plant and equipment		12	-
Purchase of property, plant and equipment		(895)	(535)
Proceeds from sale of investments		46,707	16,544
Purchase of investments		(24,878)	(9,425)
Change in endowment cash			
Net cash provided by (used in) investing activities		26,841	12,919
Cash flows from financing activities			
Receipt of endowment		1,592	1,476
Net cash provided by (used in) financing activities		1,592	1,476
Change in cash and cash equivalents in the reporting period		20,096	106
Cash and cash equivalents at the beginning of the reporting period		10,627	10,521
Change in cash and cash equivalents		20,096	106
Cash and cash equivalents at the end of the reporting period	24	30,723	10,627

Merton College
Notes to the financial statements
For the year ended 31 July 2022

1 INCOME FROM CHARITABLE ACTIVITIES	2022	2021
	£'000	£'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	1,405	1,410
Tuition fees - Overseas students	926	809
Other Office for Students support	251	286
Other academic income	165	125
College residential income	2,721	2,013
Total Teaching, Research and Residential	5,468	4,643
The above analysis includes £2,582k received from the University of Oxford from publicly accountable funds under the CFF Scheme (2021: £2,496k).		
 2 DONATIONS AND LEGACIES		
	2022	2021
	£'000	£'000
Donations and Legacies		
Unrestricted funds	256	267
Restricted funds	1,205	911
Endowed funds	1,592	1,476
	3,053	2,654
 3 INCOME FROM OTHER TRADING ACTIVITIES		
	2022	2021
	£'000	£'000
Subsidiary company trading income	328	35
Other trading income	344	(18)
	672	17
 4 INVESTMENT INCOME		
	2022	2021
	£'000	£'000
<i>Unrestricted funds</i>		
Bank interest	1	23
	1	23
<i>Restricted funds</i>		
Equity dividends	1,179	1,140
Interest on fixed term deposits and cash	1	-
	1,180	1,140
<i>Endowed funds</i>		
Agricultural rent	1,237	1,351
Commercial rent	1,706	1,322
Other property income	613	594
Equity dividends	1,018	1,007
Income from fixed interest stocks	53	54
Interest on fixed term deposits and cash	79	-
Other investment income	8	844
	4,714	5,172
Total Investment income	5,895	6,335

Merton College
Notes to the financial statements
For the year ended 31 July 2022

5 ANALYSIS OF EXPENDITURE	2022	2021
	£'000	£'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	8,428	6,506
Other direct costs allocated to:		
Teaching, research and residential	5,243	6,248
Support and governance costs allocated to:		
Teaching, research and residential	2,340	2,068
Total charitable expenditure	16,011	14,822
Expenditure on generating funds		
Direct staff costs allocated to:		
Fundraising	463	276
Investment management costs	425	345
Other direct costs allocated to:		
Fundraising	143	119
Trading expenditure	464	14
Investment management costs	1,341	1,251
Support and governance costs allocated to:		
Fundraising	90	100
Investment management costs	44	42
Total expenditure on raising funds	2,970	2,147
Total expenditure	18,981	16,969

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

The teaching and research costs include College Contribution payable of £302k (2021 £276k).

Merton College
Notes to the financial statements
For the year ended 31 July 2022

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	2022 Total £'000
Financial administration	16	280	296
Domestic administration	8	144	152
Human resources	16	243	259
IT	28	488	516
Depreciation	63	1,117	1,180
Loss/(profit) on fixed assets	-	(3)	(3)
Other finance charges	3	40	43
Governance costs	-	31	31
	<u>134</u>	<u>2,340</u>	<u>2,474</u>

	Generating Funds £'000	Teaching and Research £'000	2021 Total £'000
Financial administration	14	257	271
Domestic administration	6	99	105
Human resources	42	159	201
IT	22	399	421
Depreciation	55	1,079	1,134
Bank interest payable	1	16	17
Other finance charges	2	33	35
Governance costs	-	26	26
	<u>142</u>	<u>2,068</u>	<u>2,210</u>

Support and governance costs are attributed according to the estimated staff time spent on each activity.

	2022 £'000	2021 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	24	18
Auditor's remuneration - tax compliance services	-	2
Other governance costs	7	6
	<u>31</u>	<u>26</u>

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

7 GRANTS AND AWARDS

**2022
£'000** 2021
£'000

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

Unrestricted funds

Grants to individuals:		
Scholarships, prizes and grants	597	555
Bursaries and hardship awards	4	1
Total unrestricted	<u>601</u>	<u>556</u>

Restricted funds

Grants to individuals:		
Scholarships, prizes and grants	424	300
Bursaries and hardship awards	210	203
Grants to the University of Oxford	5	47
Total restricted	<u>639</u>	<u>550</u>

Endowed funds

Grants to the University of Oxford	<u>245</u>	<u>1,265</u>
------------------------------------	-------------------	--------------

Total grants and awards

1,485 2,371

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

Merton College
Notes to the financial statements
For the year ended 31 July 2022

8 STAFF COSTS

	2022	2021
	£'000	£'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	6,805	6,211
Social security costs	648	573
Defined benefit scheme pension costs:		
Continuing charges	1,060	971
Pension provision change (see note 21)	1,252	(190)
Other benefits	248	184
	10,013	7,749

The average number of employees of the College, excluding Trustees, on a headcount basis was as follows.

	2022	2021
Tuition and research	39	40
College residential	81	76
Fundraising	6	5
Support	12	11
Total	138	132

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

Associate Professor Tutorial Fellowship (University)	22	21
Associate Professor Tutorial Fellowship (College)	7	7
Other teaching and research	14	14
Other	10	8
Total	53	50

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

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

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

£60,001-£70,000	-	1
-----------------	---	---

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

	-	1
--	---	---

Merton College
Notes to the financial statements
For the year ended 31 July 2022

9 TANGIBLE FIXED ASSETS

Group & College	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At start of year	32,111	2,933	35,044
Additions	478	417	895
Disposals	-	(43)	(43)
At end of year	32,589	3,307	35,896
Depreciation and impairment			
At start of year	15,829	2,254	18,083
Depreciation charge for the year	951	229	1,180
Depreciation on disposals	-	(34)	(34)
At end of year	16,780	2,449	19,229
Net book value			
At end of year	15,809	858	16,667
At start of year	16,282	679	16,961

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

10 HERITAGE ASSETS

The heritage assets held by the college comprise medieval manuscript books (327); medieval and early modern records of the college and its estates dating from the twelfth century (c10,000 pre-1800 items including deeds, surveys, court rolls, maps, and various other records); rare printed books (15th-19th centuries: c14,000; 20th-21st century: 3,500 rare editions and special copies); collections of personal papers (21 mixed-media collections); early astronomical instruments (5); 18th century globes (2); paintings, prints, and drawings (359); sculpture (23); historic table and chapel silver (16); miscellaneous historic furnishings (e.g. chests, clocks etc). Most new acquisitions are by gift or bequest. Criteria for decisions on whether to acquire heritage items include complementarity with existing collections, the intellectual appropriateness of the college as repository, and the ability of the college to house the collection appropriately and make it available to researchers. The college does not dispose of heritage assets.

Heritage assets are managed by the Fellow Librarian and the Domestic Bursar under the oversight of the Library and Archives Committee and the Sub-Committee on Pictures and Historic Chattels. There are three full-time professional librarians and a professional archivist is employed three days per week. The college is a member of the Oxford Conservation Consortium which employs four accredited conservators and four working towards accreditation, who provide preservation expertise and treatment of individual items. Specialist advice is sought when needed. Heritage items are housed in a number of locations throughout the college with special security, fire detection and fire suppression in the main storage areas. The environments of storage areas and rooms housing significant assets are regularly monitored and managed under the guidelines in PAS 198:2012 Specification for managing environmental conditions for cultural collections.

Records of heritage assets are held in a combination of electronic and hard-copy formats. These are freely available for research consultation either online or on site. The college maintains a programme of exhibitions onsite and loans items for display in the context of public exhibitions in the UK and abroad.

Various heritage assets have been acquired during the last five years including purchases amounting to £21.1k in the current year (2021: £7.5k). These acquisitions include Burnt Book II sculpture by Lydia Segrave and a Joan Miró lithograph.

Merton College
Notes to the financial statements
For the year ended 31 July 2022

11 PROPERTY INVESTMENTS

Group	Agricultural	Commercial	Other	2022	2021
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	85,598	43,099	18,660	147,357	129,412
Additions and improvements at cost	113	77	7	197	261
Disposals	(12,666)	85	-	(12,581)	(929)
Revaluation gains/(losses) in the year	14,312	2,426	1,367	18,105	18,613
Valuation at end of year	87,357	45,687	20,034	153,078	147,357
College					
	Agricultural	Commercial	Other	2022	2021
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	85,598	33,604	18,660	137,862	129,412
Additions and improvements at cost	113	77	7	197	204
Disposals	(12,666)	85	-	(12,581)	(10,367)
Revaluation gains/(losses) in the year	14,312	2,426	1,367	18,105	18,613
Valuation at end of year	87,357	36,192	20,034	143,583	137,862

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 OTHER INVESTMENTS

All investments are held at fair value.

	2022	2021
	£'000	£'000
Group investments		
Valuation at start of year	169,792	147,631
New money invested	24,641	9,164
Amounts withdrawn	(15,914)	(12,117)
Increase/(decrease) in value of investments	9,661	25,114
Group investments at end of year	188,180	169,792
Investment in subsidiaries	9,514	9,514
plus: cash reserves within subsidiaries included in group figures above	12	(756)
College investments at end of year	197,706	178,550

Group investments comprise:	Held outside	Held in	2022	Held outside	Held in	2021
	the UK	the UK	Total	the UK	the UK	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Equity investments	-	77,133	77,133	-	77,126	77,126
Global multi-asset funds	-	32,376	32,376	-	31,912	31,912
Fixed interest stocks	-	10,662	10,662	-	12,925	12,925
Alternative and other investments	28,795	12,968	41,763	24,200	10,555	34,755
Fixed term deposits and cash	5,759	15,862	21,621	743	2,706	3,449
Proceeds due from disposal of property	-	4,625	4,625	-	9,625	9,625
Total group investments	34,554	153,626	188,180	24,943	144,849	169,792

Merton College
Notes to the financial statements
For the year ended 31 July 2022

13 PARENT AND 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 College holds 100% of the issued share capital in Merton College No1 Limited, a company that purchases, develops and sells land and property.

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

	2022	2022	2022	2021	2021	2021
	Parent College	Merton Enterprises Ltd	Merton College No1 Ltd	Parent College	Merton Enterprises Ltd	Merton College No1 Ltd
	£'000	£'000	£'000	£'000	£'000	£'000
Income	14,441	328	93	12,932	35	880
Expenditure	(18,801)	(266)	(47)	(16,890)	(12)	(67)
Result for the year	<u>(4,360)</u>	<u>62</u>	<u>46</u>	<u>(3,958)</u>	<u>23</u>	<u>813</u>
Total assets	368,667	381	9,557	342,326	145	10,269
Total liabilities	(5,280)	(243)	(73)	(3,564)	(47)	(18)
Net funds at the end of year	<u>363,387</u>	<u>138</u>	<u>9,484</u>	<u>338,762</u>	<u>98</u>	<u>10,251</u>

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.

	Trust for Investment £'000	General Endowment Unapplied Total Return £'000	Total £'000
At the beginning of the year:			
Gift component of the general endowment	88,957	-	88,957
Unapplied total return	-	193,072	193,072
Total Group General Endowment	88,957	193,072	282,029
Movements in the reporting period:			
Investment return: total investment income	-	4,714	4,714
Investment return: realised and unrealised gains and losses	-	29,088	29,088
Less: Investment management costs	-	(1,810)	(1,810)
Other transfers	-	(6)	(6)
Total	-	31,986	31,986
Unapplied total return allocated to income in the reporting period	-	(8,659)	(8,659)
Net movements in reporting period	-	23,327	23,327
At end of the reporting period:			
Gift component of the permanent endowment	88,957	-	88,957
Unapplied total return	-	216,399	216,399
Total Group Endowments	88,957	216,399	305,356

Comparative figures are stated in Note 30b.

Merton College
Notes to the financial statements
For the year ended 31 July 2022

15 DEBTORS	2022 Group £'000	2021 Group £'000	2022 College £'000	2021 College £'000
Amounts falling due within one year:				
Trade debtors	512	182	417	125
Amounts owed by College members	38	58	38	58
Amounts owed by Group undertakings	-	-	147	6
Loans repayable within one year	11	289	11	289
Prepayments and accrued income	890	1,021	890	1,021
Other debtors	-	4	-	4
	<u>1,451</u>	<u>1,554</u>	<u>1,503</u>	<u>1,503</u>
16 CREDITORS: falling due within one year				
	2022 Group £'000	2021 Group £'000	2022 College £'000	2021 College £'000
Trade creditors	1,004	492	1,004	491
Amounts owed to College Members	5	5	5	5
Amounts owed to Group undertakings	-	-	54	5
Taxation and social security	182	268	24	222
Accruals and deferred income	750	567	738	555
Other creditors	355	455	355	455
	<u>2,296</u>	<u>1,787</u>	<u>2,180</u>	<u>1,733</u>

Merton College
Notes to the financial statements
For the year ended 31 July 2022

17 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2022 £'000
Endowment Funds - Permanent						
General Endowment	281,216	5,434	(1,768)	(8,659)	29,088	305,311
Fellowship and Tutorship Funds:						
Baker Tutorial Support	603	290	-	-	(13)	880
Peter Braam Research Fellow	1,473	-	-	-	(56)	1,417
Chemistry Tutor	960	-	-	-	(35)	925
English Tutor	1,420	1	-	-	(51)	1,370
Law Tutor	631	3	-	-	(20)	614
Philosophy Tutor	1,245	-	-	-	(46)	1,199
Jessica Rawson Modern Asian History Tutor	1,101	-	-	-	(41)	1,060
Regius Professorship	195	50	(245)	-	-	-
Mark Reynolds History Tutor	1,988	-	-	-	(74)	1,914
Graduate Scholarship Funds:						
Ripplewood Japanese Scholar	663	-	-	-	(26)	637
Peter Braam Scholar	442	-	-	-	(17)	425
John Barton BCL Scholar	155	-	-	-	(6)	149
Christopher Duggan Scholar	682	-	-	-	(43)	639
Roger Highfield Scholar	626	5	-	-	(20)	611
Charles Manby Scholar	507	-	-	-	(19)	488
Moussouris Rhodes Scholar	901	-	-	-	(34)	867
Other	99	5	-	-	(3)	101
Student Support Funds:						
Taylor Family Foundation	681	-	-	-	(26)	655
Reed Rubin Directors of Music	794	-	-	-	(30)	764
Other	72	-	-	-	(3)	69
	296,454	5,788	(2,013)	(8,659)	28,525	320,095
Endowment Funds - Expendable						
Tutorship Funds:						
Dominic Welsh Mathematics Tutor	1,274	-	-	-	(48)	1,226
Douglas Algar Humanities Tutor	920	-	-	-	(35)	885
Economics Tutor	1,066	-	-	-	(39)	1,027
David Hay Medical Tutor	424	-	-	-	(16)	408
Christine Blackwell Classics Tutor	1,886	-	-	-	(67)	1,819
Graduate Scholarship and Student Prize Funds:						
James Jackson Natural Sciences Scholar	857	-	-	-	(36)	821
David Stevens International Development Scholar	479	-	-	-	(18)	461
Merton Lawyers BCL/Mjur Scholar	404	-	-	-	(15)	389
Merton-Oxford Scholar	-	580	-	-	(9)	571
Monica Barnett Law Scholar	173	-	-	-	(7)	166
John Moussouris Mathematics Scholar	689	-	-	-	(26)	663
Stringer Scholar	-	580	-	-	(39)	541
Other	125	9	-	-	(6)	128
Student Support Funds:						
General Student Support	2,467	15	-	-	(90)	2,392
Howard Stringer Undergraduate Support	1,282	-	-	-	(48)	1,234
Undergraduate Student Support	780	52	-	-	(25)	807
John Roberts	608	-	-	-	(22)	586
Thomas Bowman	340	-	-	-	(15)	325
Gerald David Clayton	848	-	-	-	(32)	816
Choral Foundation	974	2	-	-	(35)	941
Compassionate Fund	370	-	-	-	(14)	356
Fitzhenry Biomedical Research Fund	157	-	-	-	(6)	151
Other Funds	329	-	-	-	(27)	302
	16,452	1,238	-	-	(675)	17,015
Total Endowment Funds	312,906	7,026	(2,013)	(8,659)	27,850	337,110
Endowment funds held by subsidiary	813	(720)	(42)	(6)	-	45
Total Endowment Funds - Group	313,719	6,306	(2,055)	(8,665)	27,850	337,155

Merton College
Notes to the financial statements
For the year ended 31 July 2022

17 ANALYSIS OF MOVEMENTS ON FUNDS CONTINUED

	At 1 August 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2022 £'000
Restricted Funds						
Building Projects	495	468	(3)	(95)	(65)	800
Fellowship and Tutorship Funds	487	593	(582)	-	(3)	495
Graduate Scholarship and Student Prize Funds	1,042	599	(357)	(33)	-	1,251
Student Support Funds	871	284	(248)	-	(16)	891
Choir	193	249	(134)	-	-	308
Other Funds	342	192	(115)	(61)	-	358
Total Restricted Funds - Group	3,430	2,385	(1,439)	(189)	(84)	4,103
Unrestricted Funds						
General funds	6,852	6,093	(13,930)	9,148	-	8,163
Fixed Asset Fund	16,961	-	-	(294)	-	16,667
Aidan Jenkins Graduate Scholarship Fund	444	-	-	-	-	444
Pension reserve	(1,831)	-	(1,269)	-	-	(3,100)
Total Unrestricted Funds - College	22,426	6,093	(15,199)	8,854	-	22,174
Unrestricted funds held by subsidiaries	22	328	(288)	-	-	62
Total Unrestricted Funds - Group	22,448	6,421	(15,487)	8,854	-	22,236
Total Funds	339,597	15,112	(18,981)	-	27,766	363,494

Comparative figures are stated in Note 30c.

18 FUNDS OF THE COLLEGE DETAILS

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

Endowment Funds - Permanent:

General Endowment Fund	Corporate capital, including founder's capital, whose income may be spent for general purposes.
Fellowship and Tutorship, Graduate Scholarship, Student Support Funds and Reed Directors of Music	Donations made for perpetuity, whose income may be spent for the restricted purposes described.

Endowment Funds - Expendable:

Fellowship and Tutorship 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:

Building Projects Donations made for specific College building projects before completion. Funds are transferred to the Building Project Fund within Unrestricted Funds once the building has been completed.

**Fellowship and Tutorship Funds
Graduate Scholarships and Student Prize Funds
Student Support Funds
Choir** Unspent income generated from the permanent and expendable endowments above and donations made for restricted purposes which the trustees may spend at their discretion.

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

The Fixed Asset Fund represents the original cost less accumulated depreciation of the College's fixed assets.

The Aidan Jenkins Graduate Scholarship Fund represents an unrestricted donation received and designated by the Trustees for a graduate scholarship.

Merton College
Notes to the financial statements
For the year ended 31 July 2022

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2022 Total £'000
Tangible fixed assets	16,667	-	-	16,667
Property investments	-	-	153,078	153,078
Other investments	-	4,103	184,077	188,180
Net current assets	8,669	-	-	8,669
Long term liabilities	(3,100)	-	-	(3,100)
	22,236	4,103	337,155	363,494

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 Total £'000
Tangible fixed assets	16,961	-	-	16,961
Property investments	-	-	147,357	147,357
Other investments	-	3,430	166,362	169,792
Net current assets	7,318	-	-	7,318
Long term liabilities	(1,831)	-	-	(1,831)
	22,448	3,430	313,719	339,597

20 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 (2021: 32) were accommodated in houses, flats or rooms owned by the College during the year. Fellows who are eligible for accommodation but who are not accommodated are paid a housing allowance, which is included within the salary figures below.

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

The total remuneration and taxable benefits included below is £2,388k (2021: £2,229k). The total of pension contributions is £425k (2021: £396k).

Remuneration paid to trustees

Range	Number of Trustees/Fellows	2022		2021	
		Gross remuneration, taxable benefits and pension contributions £		Gross remuneration, taxable benefits and pension contributions £	
£1,000-£1,999	2	3,363	1	1,719	
£3,000-£3,999	-	-	1	3,276	
£4,000-£4,999	2	8,634	1	4,164	
£5,000-£5,999	1	5,614	-	-	
£6,000-£6,999	3	19,735	-	-	
£8,000-£8,999	1	8,273	-	-	
£10,000-£10,999	-	-	1	10,280	
£12,000-£12,999	1	12,142	1	12,110	
£13,000-£13,999	1	13,874	-	-	
£16,000-£16,999	-	-	1	16,345	
£20,000-£20,999	1	20,777	1	20,576	
£21,000-£21,999	-	-	8	172,219	

Merton College
Notes to the financial statements
For the year ended 31 July 2022

Remuneration paid to trustees continued	2022		2021	
	Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions	Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions
£22,000-£22,999	1	22,884	-	-
£23,000-£23,999	3	71,859	2	47,943
£24,000-£24,999	8	195,307	2	48,804
£25,000-£25,999	1	25,349	1	25,016
£26,000-£26,999	3	78,481	-	-
£27,000-£27,999	1	27,249	-	-
£29,000-£29,999	-	-	2	58,642
£30,000-£30,999	2	60,576	1	30,024
£31,000-£31,999	1	31,181	-	-
£32,000-£32,999	1	32,974	1	32,153
£34,000-£34,999	-	-	3	103,097
£35,000-£35,999	-	-	1	35,196
£37,000-£37,999	2	75,632	1	37,470
£38,000-£38,999	-	-	1	38,227
£39,000-£39,999	1	39,558	1	39,950
£40,000-£40,999	-	-	2	81,799
£42,000-£42,999	2	84,763	5	211,573
£43,000-£43,999	3	130,505	-	-
£44,000-£44,999	1	44,082	-	-
£45,000-£45,999	-	-	2	91,097
£46,000-£46,999	1	46,158	-	-
£48,000-£48,999	-	-	1	48,893
£49,000-£49,999	-	-	1	49,311
£53,000-£53,999	2	106,306	-	-
£54,000-£54,999	-	-	2	109,410
£55,000-£55,999	2	111,382	3	166,753
£56,000-£56,999	1	56,267	-	-
£57,000-£57,999	2	114,937	-	-
£58,000-£58,999	1	58,750	-	-
£61,000-£61,999	-	-	1	61,038
£64,000-£64,999	1	64,151	-	-
£75,000-£75,999	-	-	1	75,448
£76,000-£76,999	-	-	1	76,077
£79,000-£79,999	1	79,028	-	-
£81,000-£81,999	1	81,594	-	-
£87,000-£87,999	-	-	1	87,554
£91,000-£91,999	-	-	1	91,902
£95,000-£95,999	-	-	1	95,654
£96,000-£96,999	1	96,786	-	-
£99,000-£99,999	1	99,973	-	-
£104,000-£104,999	-	-	1	104,979
£108,000-£108,999	-	-	1	108,777
£110,000-£110,999	1	110,700	-	-
£111,000-£111,999	1	111,340	-	-
£113,000-£113,999	1	113,174	-	-
£121,000-£121,999	1	121,325	-	-
£132,000-£132,999	2	264,624	1	132,597
£133,000-£133,999	-	-	1	133,375
£161,000-£161,999	-	-	1	161,341
£163,000-£163,999	1	163,347	-	-

10 Fellows (2021: 10) 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.

See note 27 Related Party Transactions.

Key management remuneration

The total remuneration paid to key management, including employer's national insurance contributions, was £3071k (2021: £2,856k).

Key management are considered to be the Trustees of the College.

Merton College
Notes to the financial statements
For the year ended 31 July 2022

21 PENSION SCHEMES

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

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

The College has also made available the National Employment Savings Trust for employees who are eligible under automatic enrolment regulations to pension benefits, but not eligible for either USS or OSPS.

Schemes accounted for under FRS 102 as defined contribution schemes

Actuarial Valuations

Qualified actuaries periodically value USS and OSPS defined benefits 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 were:

	USS	OSPS
Date of valuation:	31/03/20	31/03/19
Date valuation results published:	30/09/21	19/06/20
Value of liabilities:	£80.6bn	£848m
Value of assets:	£66.5bn	£735m
Funding surplus / (deficit):	(£14.1bn)	(£113m)
Principal assumptions:		
Discount rate	Fixed interest gilt yield curve plus 1% - 2.75%	Gilts +0.5%-2.25% (b)
Rate of increase in salaries	n/a	RPI
Rate of increase in pensions	CPI + 0.05% (c)	Average RPI/CPI (d)
Assumed life expectancies on retirement at age 65:		
Males currently aged 65	23.9 yrs	21.7 yrs
Females currently aged 65	25.5 yrs	24.4 yrs
Males currently aged 45	25.9 yrs	23.0 yrs
Females currently aged 45	27.3 yrs	25.8 yrs
Funding Ratios:		
Technical provisions basis	83%	87%
Statutory Pension Protection Fund basis	64%	74%
'Buy-out' basis	51%	60%
Employer contribution rate (as % of pensionable salaries):	21.1% to 21.4% (e) from 1/10/21	19%
Effective date of next valuation:	31/03/23	31/03/22

- (a)** The discount rate (forward rates) for the USS valuation was:
Fixed interest gilt yield curve plus: Pre-retirement 2.75%, post-retirement 1.00%
- (b)** The discount rate for the OSPS valuation was:
Pre-retirement: Equal to the UK nominal gilt curve at the valuation date plus 2.25% p.a. at each term
Post-retirement: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term
- (c)** Pensions increases (CPI) for the USS valuation were:
Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040.
- (d)** Increases to pensions in payment for the OSPS valuation were:
RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. each term. CPI inflation is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019).
- For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time.
- (e)** The USS and OSPS employer contribution rates include provisions for the cost of future accrual of defined benefits, deficit contributions, administrative expenses and defined contributions.

Sensitivity of actuarial valuation assumptions

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

Assumption	USS	
	Change in assumption	Impact on USS liabilities
Initial pre-retirement discount rate	increase by 0.25%	decrease by £1.3bn
Post-retirement discount rate	decrease by 0.25%	increase by £2.8bn
CPI	decrease by 0.1%	decrease by £1.5bn
Life Expectancy	more prudent assumption (reduce the adjustment to the base mortality table by 5%)	increase by £1.2bn
Rate of mortality	more prudent assumption (increase mortality improvements long-term rates by 0.2%)	increase by £0.6bn

Assumption	OSPS	
	Change in assumption	Impact on OSPS technical provisions
Valuation rate of interest	decrease by 0.25%	increase by £45m
RPI	increase by 0.25%	increase by £40m

Deficit Recovery Plans

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

	2022	2022	2021	2021
	OSPS	USS	OSPS	USS
Finish Date for Deficit Recovery Plan	30/01/28	31/03/38	30/01/28	31/03/28
Average staff number increase	nil	nil	nil	nil
Average staff salary increase	3.00%	3.00%	3.00%	2.00%
Average discount rate over period	3.19%	3.34%	0.89%	0.89%
Effect of 0.5% change in discount rate	£14k	£89k	£18k	£18k
Effect of 1% change in staff growth	£47k	£195k	£18k	£37k

An OSPS provision of £864k has been made at 31 July 2022 (2021: £906k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

A USS provision of £2,236k has been made at 31 July 2022 (2021: £925k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

Pension charge for the year

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

Scheme	2022	2021
	£000's	£000's
Universities Superannuation Scheme:		
Continuing charges	489	454
Pension provision change	1,303	77
University of Oxford Staff Pension Scheme:		
Continuing charges	552	500
Pension provision change	(51)	(268)
Other schemes – contributions	19	18
Total	2,312	781

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

Merton College
Notes to the financial statements
For the year ended 31 July 2022

22 TAXATION

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

23 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATIONS

	2022	2021
	Group	Group
	£'000	£'000
Net income	(3,869)	(3,122)
Elimination of non-operating cash flows:		
Investment income	(5,895)	(6,335)
Endowment donations	(1,592)	(1,476)
Depreciation	1,180	1,134
Profit on sale of fixed assets	(3)	-
Increase in stock	(39)	(34)
(Increase)/Decrease in debtors	103	(200)
Increase/(Decrease) in creditors	509	(4,079)
Increase/(Decrease) in pension scheme liability	1,269	(177)
Net cash used in operating activities	<u>(8,337)</u>	<u>(14,289)</u>

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022	2021
	£'000	£'000
Cash at bank and in hand	9,102	7,178
Endowment assets cash	21,621	3,449
Total cash and cash equivalents	<u>30,723</u>	<u>10,627</u>

25 FINANCIAL COMMITMENTS

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

The College had a contracted commitment at 31 July in respect of a gift agreement with the University of Oxford for the Regius Professor of Mathematics totalling £438k (2021 £688k).

26 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £670k (2021 £351k).

Merton College
Notes to the financial statements
For the year ended 31 July 2022

27 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 FRS 102 ("Related party disclosures"). Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 102, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements. The following trustees had mortgage loans outstanding from the College at the start and/or end of the year.

	2022	2021
	£'000	£'000
Professor M Kim	0	278
Dr J Walworth	0	4

Interest is charged on the above loans at either 75% of the Santander mortgage rate for existing borrowers, or at a maximum of 1% above the base lending rate of Barclays Bank plc. 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.

	2022	2021
	£'000	£'000
Mr J Gloag	60	60
Dr P Thornton	360	360
Dr M Whitworth	155	155
Prof M Higgins	209	171

28 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.

29 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.

Merton College
Notes to the financial statements
For the year ended 31 July 2022

30 ADDITIONAL PRIOR YEAR COMPARATIVES

a Consolidated Statement of Financial Activities
For the year ended 31 July 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2021 Total £'000
INCOME AND ENDOWMENTS FROM:					
Charitable activities:	1				
Teaching, research and residential		4,643	-	-	4,643
Other Trading Income	3	17	-	-	17
Donations and legacies	2	267	911	1,476	2,654
Investments					
Investment income	4	23	1,140	5,172	6,335
Total return allocated to income	14	8,182	-	(8,182)	-
Other Income - Coronavirus Job Retention Scheme		198	-	-	198
Total income		<u>13,330</u>	<u>2,051</u>	<u>(1,534)</u>	<u>13,847</u>
EXPENDITURE ON:					
Charitable activities:	5				
Teaching, research and residential		12,332	1,225	1,265	14,822
Generating funds:					
Fundraising		495	-	-	495
Trading expenditure		14	-	-	14
Investment management costs		-	-	1,638	1,638
Total Expenditure		<u>12,841</u>	<u>1,225</u>	<u>2,903</u>	<u>16,969</u>
Net Income/(Expenditure) before gains		<u>489</u>	<u>826</u>	<u>(4,437)</u>	<u>(3,122)</u>
Net gains/(losses) on investments	11, 12	-	100	43,627	43,727
Corporation Tax charge on sale of land		-	-	117	117
Net Income/(Expenditure)		<u>489</u>	<u>926</u>	<u>39,307</u>	<u>40,722</u>
Transfers between funds	17	127	(127)	-	-
Net movement in funds for the year		<u>616</u>	<u>799</u>	<u>39,307</u>	<u>40,722</u>
Fund balances brought forward	17	21,832	2,631	274,412	298,875
Funds carried forward at 31 July		<u>22,448</u>	<u>3,430</u>	<u>313,719</u>	<u>339,597</u>

Merton College
Notes to the financial statements
For the year ended 31 July 2022

b STATEMENT OF INVESTMENT TOTAL RETURN 2021

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.

	General Endowment		
	Trust for	Unapplied	Total
	Investment	Total	
	£'000	Return	£'000
		£'000	
At the beginning of the year:			
Gift component of the general endowment	88,957	-	88,957
Unapplied total return	-	157,015	157,015
Total General Endowment	88,957	157,015	245,972
Movements in the reporting period:			
Investment return: total investment income	-	5,172	5,172
Investment return: realised and unrealised gains and losses	-	40,588	40,588
Investment return: Corporation Tax charge on sale of land	-	117	117
Less: Investment management costs	-	(1,638)	(1,638)
Total	-	44,239	44,239
Unapplied total return allocated to income in the reporting period	-	(8,182)	(8,182)
Net movements in reporting period	-	36,057	36,057
At end of the reporting period:			
Gift component of the permanent endowment	88,957	-	88,957
Unapplied total return	-	193,072	193,072
Total Endowments	88,957	193,072	282,029

Figures for the current year are stated in Note 14.

c ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August				Gains/	At 31 July
	2020	Income	Expenditure	Transfers	(losses)	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Endowment Funds - Permanent						
General Endowment	245,972	4,292	(1,454)	(8,182)	40,588	281,216
Fellowship and Tutorship Funds:						
Baker Tutorial Support	231	346	-	-	26	603
Peter Braam Research Fellow	1,326	-	-	-	147	1,473
Chemistry Tutor	870	1	-	-	89	960
English Tutor	1,285	2	-	-	133	1,420
Law Tutor	569	12	-	-	50	631
Philosophy Tutor	1,126	-	-	-	119	1,245
Jessica Rawson Modern Asian History Tutor	986	10	-	-	105	1,101
Regius Professorship	-	935	(740)	-	-	195
Mark Reynolds History Tutor	1,795	-	-	-	193	1,988
Stringer	490	-	(525)	-	35	-
Graduate Scholarship Funds:						
Ripplewood Japanese Scholar	596	-	-	-	67	663
Peter Braam Scholar	399	-	-	-	43	442
John Barton BCL Scholar	140	-	-	-	15	155
Christopher Duggan Scholar	580	30	-	-	72	682
Roger Highfield Scholar	561	12	-	-	53	626
Charles Manby Scholar	457	-	-	-	50	507
Moussouris Rhodes Scholar	813	-	-	-	88	901
Other	86	4	-	-	9	99
Student Support Funds:						
Taylor Family Foundation	614	-	-	-	67	681
Reed Rubin Directors of Music	717	-	-	-	77	794
Other	65	-	-	-	7	72
	259,678	5,644	(2,719)	(8,182)	42,033	296,454

Merton College
Notes to the financial statements
For the year ended 31 July 2022

c ANALYSIS OF MOVEMENTS ON FUNDS CONTINUED

	At 1 August 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2021 £'000
Endowment Funds - Expendable						
Tutorship Funds:						
Dominic Welsh Mathematics Tutor	1,150	-	-	-	124	1,274
Douglas Algar Humanities Tutor	830	-	-	-	90	920
Economics Tutor	965	-	-	-	101	1,066
David Hay Medical Tutor	382	-	-	-	42	424
Christine Blackwell Classics Tutor	1,712	-	-	-	174	1,886
Graduate Scholarship and Student Prize Funds:						
James Jackson Natural Sciences Scholar	764	-	-	-	93	857
David Stevens International Development Scholar	432	-	-	-	47	479
Merton Lawyers BCL/Mjur Scholar	365	-	-	-	39	404
Monica Barnett Law Scholar	155	-	-	-	18	173
John Moussouris Mathematics Scholar	622	-	-	-	67	689
Other	95	17	-	-	13	125
Student Support Funds:						
General Student Support	2,217	16	-	-	234	2,467
Howard Stringer Undergraduate Support	1,157	-	-	-	125	1,282
Undergraduate Student Support	654	62	-	-	64	780
John Roberts	549	1	-	-	58	608
Thomas Bowman	302	-	-	-	38	340
Gerald David Clayton	765	-	-	-	83	848
Choral Foundation	856	28	-	-	90	974
Compassionate Fund	333	-	-	-	37	370
Fitzhenry Biomedical Research Fund	140	-	-	-	17	157
Other Funds	289	-	-	-	40	329
	<u>14,734</u>	<u>124</u>	<u>-</u>	<u>-</u>	<u>1,594</u>	<u>16,452</u>
Total Endowment Funds	274,412	5,768	(2,719)	(8,182)	43,627	312,906
Endowment funds held by subsidiary	-	880	(67)	-	-	813
Total Endowment Funds - Group	<u>274,412</u>	<u>6,648</u>	<u>(2,786)</u>	<u>(8,182)</u>	<u>43,627</u>	<u>313,719</u>
Restricted Funds						
Building Projects	228	317	(6)	(95)	51	495
Fellowship and Tutorship Funds	445	590	(556)	-	8	487
Graduate Scholarship and Student Prize Funds	886	427	(271)	-	-	1,042
Student Support Funds	711	312	(193)	-	41	871
Choir	71	246	(92)	(32)	-	193
Other Funds	290	159	(107)	-	-	342
Total Restricted Funds	<u>2,631</u>	<u>2,051</u>	<u>(1,225)</u>	<u>(127)</u>	<u>100</u>	<u>3,430</u>
Unrestricted Funds						
General funds	5,755	5,113	(12,924)	8,908	-	6,852
Fixed Asset Fund	17,560	-	-	(599)	-	16,961
Aidan Jenkins Graduate Scholarship Fund	444	-	-	-	-	444
Pension reserve	(2,008)	-	177	-	-	(1,831)
Total Unrestricted Funds - College	<u>21,751</u>	<u>5,113</u>	<u>(12,747)</u>	<u>8,309</u>	<u>-</u>	<u>22,426</u>
Unrestricted funds held by subsidiaries	81	35	(94)	-	-	22
Total Unrestricted Funds - Group	<u>21,832</u>	<u>5,148</u>	<u>(12,841)</u>	<u>8,309</u>	<u>-</u>	<u>22,448</u>
Total Funds	<u>298,875</u>	<u>13,847</u>	<u>(16,852)</u>	<u>-</u>	<u>43,727</u>	<u>339,597</u>

Figures for the current year are stated in Note 17.