



MERTON  
COLLEGE  
OXFORD

**Annual Report and Financial Statements  
Year ended 31 July 2021**

## **TABLE OF CONTENTS**

Governing Body, Officers and Advisers	Page	1
Report of the Governing Body	Page	6
Auditor's Report	Page	27
Statement of Accounting Policies	Page	32
Consolidated Statement of Financial Activities	Page	39
Consolidated and College Balance Sheets	Page	40
Consolidated Statement of Cash Flows	Page	41
Notes to the Financial Statements	Page	42

**MEMBERS OF THE GOVERNING BODY 1 August 2020 to 31 July 2021**

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						
Dr Alice Brooke			•	•		
Dr Gwen Burnyeat	(appointed 1.10.20)					
Professor Mindy Chen-Wishart			•			
Mr Mark Coote	(appointed 4.5.21)				•	
Dr Lisandra Costiner						
Dr Francis Dunn						
Frater John Eidinow		•	•			
Professor Artur Ekert					•	•
Professor Radek Erban			•			
Dr Joshua Firth	(fellowship ended 30.09.20)					
Mr John Gloag		•				
Professor Veronique Gouverneur			•			
Dr Jane Gover			•	•		
Professor Daniel Grimley		•	•			
Dr Matthew Grimley			•		•	
Professor Timothy Guilford			•	•		
Professor Steven Gunn			•			

Professor Matthew Higgins			•			
Professor Peter Holland					•	
Professor Simon Hooker			•			
Professor Ehud Hrushovski						
Professor Lorna Hutson						•
Mr Nicholas Irwin	(appointed 1.10.20)					
Dr Xiangyu (Michael) Jie	(appointed 1.10.20)					
Revd Canon Dr Simon Jones		•	•	•	•	
Professor Julian Knight			•	•		
Dr Madhavi Krishnan			•	•		
Professor Nathaniel Lane	(appointed 1.9.20)		•			
Professor Irene Lemos				•		
Mr Timothy Lightfoot		•	•	•		
Mr Andrew Mackie						•
Professor Ian Maclachlan			•			
Professor Richard McCabe			•			
Professor Alan Morrison		•				
Professor Peter Neary	(retired 1.9.20)					
Dr Elias Nosrati						
Professor Béla Novák						•
Professor Luke Ong			•		•	
Professor David Paterson			•			
Professor Jennifer Payne			•			
Professor Jonathan Prag			•			
Professor Thomas Richards			•			
Dr Marc Roth						
Dr Emily Rutherford	(appointed 1.10.20)					
Professor Simon Saunders			•			
Dr Daniel Sawyer						

Professor Alexander Schekochihin			•			
Professor Alexander Scott			•			
Professor Helen Small		•		•		•
Dr Henry Spelman	(appointed 1.10.20)					
Dr Elizabeth Stubbins Bates						
Dr Collis Tahzib						
Dr Bassel Tarbush			•	•		
Dr Matthew Thomson						
Professor Patricia Thornton			•	•		
Professor Ulrike Tillmann						•
Professor Irene Tracey		•	•	•	•	
Dr Sebastian Vasquez-Lopez						
Dr Julia Walworth			•	•	•	
Professor Hugh Watkins						
Dr Michael Whitworth			•			
Professor Sir Andrew Wiles						

The following Fellows were appointed as members of the Governing Body from 6 October 2021: Dr James Newton, Dr Brianne Dolce, Dr Chloe Deambrogio, Mr Vatsal Khandelwal, Ms Helen Craske, Dr Hadleigh Frost.

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 2021:

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 the Statutes (from 1 August 2020)
Dr Jane Gover	Senior Tutor
Mr Milos Martinov	Acting Development Director (until 4 May 2021)
Mr Mark Coote	Development Director (from 4 May 2021)
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

### **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

Wilsons 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](http://www.merton.ox.ac.uk)

## **REPORT OF THE GOVERNING BODY**

Under the Charities Act 2011, the Governing Body presents its Annual Report for the year ended 31 July 2021 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 1 to 5.



## **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.

At the beginning of Michaelmas Term 2020, the College adopted bylaws enabling the Governing Body and College committees to meet virtually, increasing the flexibility of its response to emergencies such as the pandemic.

### **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 possible, 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 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 six times per year. There is also a Research Committee reporting directly to the Governing Body.

### **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.

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. However, the College has been closed to visitors during the current public health emergency. Chapel services were open to members of the public for half of Michaelmas and all of Trinity terms.

## ACHIEVEMENTS AND PERFORMANCE

### The Impact of Covid-19

The College continued to be impacted by the pandemic during the year. As the year started, the College adjusted teaching and domestic arrangements for students that were now allowed to return after the complete shutdown in Trinity Term 2020. The College set up the necessary policies and protocols to keep students and staff safe and provide the best experience possible for students under the circumstances. The lockdowns in November and then again in January required significant adjustments which the students and staff adjusted to well given the difficulties, particularly the need to react to changes in government regulation promptly. The College continued to see a significant impact on both its revenues, as conference and student accommodation income was lost, and costs as the College invested in extra facilities, particularly a marquee to facilitate socially distanced dining, and the necessary personal protection equipment and cleaning consumables to keep the College community as safe as possible. The eventual easing of all restrictions came too late to have any benefit in the year. The College continued to furlough some staff in the year, but fewer than in 2019-20.

### Undergraduate students

310 students were enrolled for undergraduate degree courses at the University of Oxford during the year. Of these, 269 were of UK/EU origin and 41 were from overseas. 181 were studying humanities and social sciences subjects and 129 were studying mathematics, medicine and physical sciences.

120 undergraduates held College scholarships during the year. 155 undergraduates were awarded College prizes for good work in examinations, and 20 undergraduates were awarded prizes for other academic work. 20 undergraduates were awarded prizes by the University of Oxford.

78 undergraduates were entered for Final Honour Schools examinations at the University of Oxford in 2021, 46 of them (59%) obtained class 1 degrees – an increase from 56.2% in the previous year. 30 (38.5%) obtained class 2.1 degrees, 2 (2.6%) obtained class 2.2 degrees, and no students obtained a class 3 degree. Further details of educational background, gender and course of study of candidates are contained in the following table:

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

	Class of Degree (First Degree Undergraduates)				
	1	2.1	2.2.	3	Total
Maintained Schools	22 (58%)	16 (42%)	0	0	38
Independent Schools	12 (48%)	11 (44%)	2 (8%)	0	25
Overseas Schools	12 (86%)	2 (14%)	0	0	14
Male	27 (68%)	11 (28%)	2 (5%)	0	40
Female	19 (50%)	19 (50%)	0	0	38
Humanities & Social Sciences	30 (57%)	22 (42%)	1 (2%)	0	53
Mathematics & Physical Science	16 (64%)	8 (32%)	1 (4%)	0	25

### Graduate students

187 graduate students were enrolled for research study leading to the DPhil degree at the University of Oxford during the year, of whom 50 were studying humanities, 76 were studying mathematics and physical sciences, 27 were studying social sciences, and 34 were studying medical sciences.

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

29 graduates were awarded DPhil degrees and 39 graduates were awarded other graduate degrees during the year.

22 graduates were elected to College scholarships, and three graduates were awarded a College prize for good academic work during the year. Two graduates were awarded a prize by the University of Oxford.



## Scholarships, bursaries, grants and prizes

Expenditure during the year was as follows:

<b>Undergraduates</b>	
Oxford Bursaries	£91,932
Prizes	£41,455
Scholarships	£78,339
Other grants	£41,575
<b>Graduates</b>	
Scholarships	£655,678
Research and other grants	£24,502
<b>All students</b>	
Student support and book grants	£126,283

## 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. 9.9% (57) of the total student population in 2020-21 (38 undergraduates and 19 graduates) declared a disability.

## Schools liaison

The College engaged in over 25 schools liaison activities during the year working with more than 30 schools. These were either Merton only events or in conjunction with the University of Oxford or other Oxford or Cambridge Colleges. In addition, the South West Consortium formally launched (Merton College, Exeter College and Lady Margaret Hall) and delivered its first joint events, reaching over 500 students in the region. Schools liaison activities included visits to schools/colleges, workshops focusing on different aspects of applications, and taster lectures. Due to the pandemic, only one in-person visit to Merton College was possible. Most activities took place online and most commonly these were for students in years 12 and 13. They highlighted the ways in which Oxford differs from other UK universities, raised awareness of all stages of the application process, and provided information about degree options. The activities also played a role more broadly in raising aspirations and encouraging progression to Higher Education. The number of activities remained lower than the College would normally expect, due to a period of vacancy in the Schools Liaison and Access Officer role and the ongoing problems of Covid-19 while schools and colleges focused on keeping their pupils' studies on track amidst lockdowns and pupil and teacher absences.

However, a significant advantage of online events was that it was possible to reach higher numbers of young people in each session, as evidenced by the South West Information Days. The University Open Days in September 2020 and the summer of 2021 were held virtually for the second year running.

In the summer of 2021, the College formally agreed to participate in partnership working with the Social Mobility Foundation, a UK wide charity aiming to make practical improvements to the social mobility of young people by providing opportunities and networks to sixth form students who are not able to get these from their schools and families. The first two events took place in June and July 2021.

The annual cost of employing a Schools Liaison and Access Officer, together with associated costs, was of the order of £23,000 – slightly lower than in previous years due to the start date of the postholder.

## **Library**

The College Library provides support for teaching, learning, and research by members of the College and visiting researchers through resources, professional assistance, and creation of environments for 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.

Many activities and services continued to be affected by the pandemic this year. A number of the figures related to these activities are lower than usual.

Timely access to printed books continues to rank on annual undergraduate surveys as the library's most highly-valued service along with study space. This year the library reading rooms were open by prior booking, with reduced occupancy. The click and collect and scan services remained operational throughout the academic year. A total of 889 print books were acquired of which 81 were gifts. The library participated in an initiative to coordinate the purchase of individual e-publications across the collegiate university. The College also contributed towards the cost of emergency access to packages of electronic books and journals. There were 16 accessions to the archives this year; 4 gifts and 12 internal transfers.

During the pandemic closure library staff handled many email enquiries from students regarding finding and user electronic resources. Staff also responded to 408 written research enquiries (exclusive of reprographic requests).

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. On-site research visits for consultation of special collections were suspended until June 2021. In mitigation, staff provided an enhanced enquiry service and provided study images to researchers.

In June and July 2021 the Library received 10 research visits, of which 2 were made by researchers from outside Oxford. An online exhibition, 'Merton Women Since 1264' was prepared by the Archivist and the Fellow Librarian. There were no guided tours or academic group visit to the historic library in 2020-2021.

## **Fellows**

In September 2020, Professor Nathaniel Lane took up a Tutorship in Economics at the College. A new Leventis Research Fellow in Ancient Greek, Dr Henry Spelman, arrived at the start of October 2020 and four new Junior Research Fellows joined the College in October 2020: Dr Gwen Burnyeat (Anthropology), Dr Xiangyu Jie (Chemistry), Dr Nicholas Irwin (Biology) and Dr Emily Rutherford (History). Mr Mark Coote took up the role of Development Director in May 2021. Professor Peter Neary, Professor of Economics, retired in September 2020 and Dr Joshua Firth (Junior Research Fellow in Biology) was awarded a BBSRC Discovery Fellowship and left the College in September 2020.

Professor Neary sadly passed away in June 2021. Professor Ulrike Tillmann has been appointed Director of the Isaac Newton Institute at the University of Cambridge from October 2021 and was elected a Sir Henry Savile Fellow of the College. Professor John Geddes was appointed as WA Handley Professor of Psychiatry from November 2021 and will become a Fellow of the College.

Employment costs were, in respect of Teaching Fellows, £1,389 million for the year, in respect of other teaching staff £436,000 for the year and in respect of Research Fellows and other Fellows (including stipends paid to part-time College Officers) £563,000 for the year.

Research grants of £125,000 were made to Fellows during the year.

The academic Fellows on the College's Governing Body included 20 Mathematical, Physical and Life Scientists, 22 scholars in the Humanities, 11 in the Social Sciences and 7 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 until half way through Michaelmas Term, and resumed at the beginning of Trinity Term. In the second half of Michaelmas Term, Covid restrictions prevented congregations from attending public worship. Services sung by the College Choir were livestreamed for the last four weeks of term. In Hilary Term, when the majority of students studied from home, weekday Morning Prayer was held on Zoom, the Eucharist was celebrated in the Chapel on Sundays, and a shortened form of Evensong (sung by three cantors) was held on Sunday evenings. Resident members of the community were able to attend the Sunday evening services, which were also livestreamed. Throughout the year, Junior members participated in the running of the Chapel, and the Chaplain was assisted by a new Associate Chaplain and a Pastoral Assistant (student in training for ordination in the Church of England). Most Chapel collections are donated to charitable causes. In the Michaelmas and Trinity Terms a total of £929 was donated to Oxford Mutual Aid, Armonia, Christian Aid, Dobson Organs and Papyrus.

## Choral Foundation

A full complement of 25 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. In the academic year 2020/2021, choral services were able to proceed, although the number of singers was restricted to three during Hilary Term. During that term, only the service on a Sunday evening was sung. All choral services during the academic year were webcast through the College Choir's YouTube account.

The College Choir recorded and broadcast live two services for BBC Radio 3 in October 2020. In December, the College Choir joined Bryn Terfel, John Rutter and the Oxford Philharmonic Orchestra to film a concert from the Sheldonian Theatre in honour of the Oxford Vaccine Team. The Girl Choristers joined the Oxford Bach Choir to record a Carol Concert for BBC Radio Oxford, which was broadcast on Christmas Day. In June 2021, the College Choir recorded a disc of music by Herbert Howells and Ian Venables for Delphian Records, and in August 2021 the Girl Choristers recorded Christmas music for Delphian Records. The College Choir premiered Daniel Kidane's *Christus factus est* on 3 July, as part of a Summer Concert marking the end of the academic year.

## **Capital projects**

There were no major capital projects undertaken in 2020-2021.

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 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 750<sup>th</sup> Anniversary Campaign. Subsequently, the area was renamed the Benefactors Arch.

## **Fundraising**

Following the considerable disruption experienced during 2019-20, the 2020-21 financial year saw a significant resumption of fundraising activity, to the extent possible under pandemic restrictions. Despite the continued difficult situation in the country and the world, 2020-21 was Merton's most successful fundraising year since the conclusion of the 750th Anniversary Campaign.

The College's fundraising activities were focused on securing funds for a number of key areas, including Fellowships, Graduate Scholarships, bursaries for undergraduates, the Library, the Chapel and support for students in hardship. In August 2020, the College secured permanent association with the prestigious Regius Professorship in Mathematics. £2.250 million in total was raised by Mertonians over several financial years in order to underpin this Fellowship financially for future generations. Excellent progress was made with the campaign to endow a Tutorship in Physics in memory of Michael Baker. By the end of the financial year, £810,000 had been raised in gifts and pledges towards the target of £1 million for this appeal. Further significant donations were received for the College Choir and the Leventis Research Fellowship in Ancient Greek.

The College also held a successful Telethon in April 2021, with student callers working safely from their rooms and raising in excess of £222,000 for a variety of causes within the College. The year concluded with two smaller-scale appeals: £22,500 was raised to replace the College's weathered Bastion Bench and 97% of 2021 leavers made donations of £12.64 each in support of student welfare and mental health. The leavers' donations were kindly matched by a donor.

During the year, the College received £2.654 million in donations and legacies. Of the overall cash donated, £1.356 million was received in respect of Fellowships (teaching and research), £211,000 towards Graduate Scholarships, £176,000 in respect of Student Support and the Student Experience, £329,000 for buildings projects, and £315,000 for other purposes. £267,000 was received in unrestricted donations. A total of £3.732 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, £13.847 million, was £1.157 million higher than the preceding year, which resulted from a decrease in trading income (of £509,000) and other income (of £168,000) offset by increases in donations and legacies (up £1,439 million) and investment income (up £226,000).

Total expenditure was £16.969 million, an increase of £2.372 million. £1.322 million of this increase was due to the grant to the University of funds raised in support of the Regius Professorship. Net income showed a deficit of £3.122 million. Net gains on investments were £43.727 million. Total funds and net assets increased to £339.597 million from £298.875 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 £6.874 million (2020: £5.836 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 over 5 months of expected expenditure.

Total funds of the College and its subsidiaries at the year-end amounted to £339.597 million (2020: £298.875 million). This includes endowment funds of £313.719 million and unspent restricted funds totalling £3.430 million.

Designated reserves at the year-end comprised of the book value of tangible fixed assets of £16.961 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, and Finance Committee has reviewed the detailed impact of the pandemic on the College's finances in the short and medium term. 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 subsidiary 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. The College continued to convene a Bronze Group to consider the risks associated with the Covid-19 pandemic. This group reviewed government and University regulations, policies and guidelines issued relating to the public health emergency, and worked with Governing Body and other college committees to implement the actions needed to manage these risks

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 subsidiary 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 subsidiary 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.

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 £317.149 million, of which £282.520 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	18.5%
UK Equities	21.4%
US Equities	30.1%
UK Gilts	- 4.1%



The returns on the general endowment reflect the College's asset allocation, particularly its investment in property which returned 16.9% 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. Due to increasing investment values over the previous five years, the effective amounts withdrawn are currently less than the nominal 3.5% stated in this policy.

The equivalent of 3.5% of the five year average value of the securities and property investments was extracted as income on the total return basis in the year. The Governing Body will keep the level of income withdrawn under review to balance the needs and interests of current and future beneficiaries of the College's activities.

## **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 will consider the plan for the new library, including its location and how best to finance the building, with the intention of making a decision to proceed, or not, in the course of 2021-22.

Plans to create a pre-school nursery continue, with 22 Manor Place being identified as a suitable location.

## 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 2020 were 23,672 a slight increase from 23,391 the previous year.

Merton College received 654 applications in 2020-21, a decrease from 703 in the previous year. 100 offers were made in the 2020 admissions cycle, including 2 for deferred entry in 2022.

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>

62 applicants to Merton declared a disability in their application, of which 4 received an offer and a further 3 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.

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

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

## **Fellows**

For the 2020-21 academic year, new Fellows in post are Dr Jane Gover (Senior Tutor), Professor Nathaniel Lane (Tutor in Economics), Dr Henry Spelman (Leventis Research Fellow in Ancient Greek), Dr Alice Burnyeat (Junior Research Fellow in Anthropology), Mr Xiangyu Jie (Junior Research Fellow in Chemistry), Mr Nicholas Irwin (Junior Research Fellow in Biology) and Dr Emily Rutherford (Junior Research Fellow in History).

## **Chapel**

The Chapel and Patronage Committee, working with the Estates Bursar and Buildings Committee, will continue to consider how best to reduce draughts in the Chapel and improve the efficiency of its heating system. This includes the possible replacement of the Ante-Chapel porch in 2022/23. The sound system will be replaced and a further stage of the lighting project carried out in 2021/22. A quinquennial inspection of the Chapel will also be carried out in 2021/22.

## **Choral Foundation**

In the coming year, the College Choir will broadcast on BBC Radio 3 and record for Delphian Records. The *Passiontide at Merton* festival will be re-established after a two year gap, opening with a concert in the Sheldonian Theatre. In October, the College Choir will premiere *The Merton Responses*, composed for the choir by the College's Visiting Research Fellow in the Creative Arts, Cheryl Frances-Hoad.

## **Capital projects**

Several larger capital projects will be reviewed as part of the College's continuing strategic review, including the consideration of a new library.

## **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. However, the College's conference activities were reduced to zero as a result of the pandemic in the year 2020-21. The College hopes conferences will be able to return to the College before the end of the coming financial year.

## **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 3 November 2021 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 2021 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 2021 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.

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

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](http://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  
Oxford

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 subsidiary. 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 which distributes on a total return basis.

### **14. Fund accounting**

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

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

Restricted funds comprise gifts, legacies and grants where the donors have specified that the funds are to be used for particular purposes of the College. They consist of *either* gifts where the donor has specified that both the capital and any income arising must be used for the purposes given *or* the income on gifts where the donor has required or permitted the capital 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 2021**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2021 Total £'000	2020 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Charitable activities:</b>	1					
Teaching, research and residential		4,643	-	-	4,643	4,474
<b>Other Trading Income</b>	3	17	-	-	17	526
<b>Donations and legacies</b>	2	267	911	1,476	2,654	1,215
<b>Investments</b>						
Investment income	4	23	1,140	5,172	6,335	6,109
Total return allocated to income	14	8,182	-	(8,182)	-	-
Other income - Coronavirus Job Retention Scheme		198	-	-	198	366
<b>Total income</b>		<u>13,330</u>	<u>2,051</u>	<u>(1,534)</u>	<u>13,847</u>	<u>12,690</u>
<b>EXPENDITURE ON:</b>						
	5					
<b>Charitable activities:</b>						
Teaching, research and residential		12,332	1,225	1,265	14,822	12,285
<b>Generating funds:</b>						
Fundraising		495	-	-	495	537
Trading expenditure		14	-	-	14	392
Investment management costs		-	-	1,638	1,638	1,383
<b>Total Expenditure</b>		<u>12,841</u>	<u>1,225</u>	<u>2,903</u>	<u>16,969</u>	<u>14,597</u>
<b>Net Income/(Expenditure) before gains</b>		<u>489</u>	<u>826</u>	<u>(4,437)</u>	<u>(3,122)</u>	<u>(1,907)</u>
Net gains/(losses) on investments	11, 12	-	100	43,627	43,727	222
Corporation Tax refund/(charge) on sale of land		-	-	117	117	(2,082)
<b>Net Income/(Expenditure)</b>		<u>489</u>	<u>926</u>	<u>39,307</u>	<u>40,722</u>	<u>(3,767)</u>
<b>Transfers between funds</b>	17	127	(127)	-	-	-
<b>Net movement in funds for the year</b>		<u>616</u>	<u>799</u>	<u>39,307</u>	<u>40,722</u>	<u>(3,767)</u>
Fund balances brought forward	17	21,832	2,631	274,412	298,875	302,642
<b>Funds carried forward at 31 July</b>		<u>22,448</u>	<u>3,430</u>	<u>313,719</u>	<u>339,597</u>	<u>298,875</u>

**Merton College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2021**

	Notes	2021 Group £'000	2020 Group £'000	2021 College £'000	2020 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	16,961	17,560	16,961	17,560
Property investments	11	147,357	129,412	137,862	129,412
Other Investments	12	169,792	147,631	178,550	147,707
<b>Total Fixed Assets</b>		<b>334,110</b>	<b>294,603</b>	<b>333,373</b>	<b>294,679</b>
<b>CURRENT ASSETS</b>					
Stocks		373	339	340	308
Debtors	15	1,554	1,354	1,503	1,339
Cash at bank and in hand		7,178	10,453	7,110	10,310
<b>Total Current Assets</b>		<b>9,105</b>	<b>12,146</b>	<b>8,953</b>	<b>11,957</b>
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	16	1,787	5,866	1,733	5,834
<b>NET CURRENT ASSETS</b>		<b>7,318</b>	<b>6,280</b>	<b>7,220</b>	<b>6,123</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>341,428</b>	<b>300,883</b>	<b>340,593</b>	<b>300,802</b>
<b>NET ASSETS BEFORE PENSION ASSET OR LIABILITY</b>		<b>341,428</b>	<b>300,883</b>	<b>340,593</b>	<b>300,802</b>
Defined benefit pension scheme liability	21	1,831	2,008	1,831	2,008
<b>TOTAL NET ASSETS</b>		<b>339,597</b>	<b>298,875</b>	<b>338,762</b>	<b>298,794</b>
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>	17	<b>313,719</b>	274,412	<b>312,906</b>	274,412
<b>Restricted funds</b>	17	<b>3,430</b>	2,631	<b>3,430</b>	2,631
<b>Unrestricted funds</b>	17				
General funds		6,874	5,836	6,852	5,755
Fixed Asset Fund		16,961	17,560	16,961	17,560
Graduate Scholarship Fund		444	444	444	444
Pension reserve	21	(1,831)	(2,008)	(1,831)	(2,008)
		<b>339,597</b>	<b>298,875</b>	<b>338,762</b>	<b>298,794</b>

The financial statements were approved and authorised for issue by the Governing Body of Merton College on 3 November 2021

Trustee:

Trustee:

**Merton College**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 July 2021**

	Notes	2021 £'000	2020 £'000
<b>Net cash provided by (used in) operating activities</b>	23	<b>(14,289)</b>	<b>(4,193)</b>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		6,335	6,109
Proceeds from the sale of property, plant and equipment		-	19
Purchase of property, plant and equipment		(535)	(999)
Proceeds from sale of investments		16,544	68,723
Purchase of investments		(9,425)	(69,770)
Change in endowment cash			
<b>Net cash provided by (used in) investing activities</b>		<b>12,919</b>	<b>4,082</b>
<b>Cash flows from financing activities</b>			
Receipt of endowment		1,476	479
<b>Net cash provided by (used in) financing activities</b>		<b>1,476</b>	<b>479</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>106</b>	<b>368</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>10,521</b>	<b>10,153</b>
<b>Change in cash and cash equivalents</b>		<b>106</b>	<b>368</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	24	<b>10,627</b>	<b>10,521</b>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	2021 £'000	2020 £'000
<b>Teaching, Research and Residential</b>		
Unrestricted funds		
Tuition fees - UK and EU students	1,410	1,367
Tuition fees - Overseas students	809	770
Other Office for Students support	286	245
Other academic income	125	90
College residential income	2,013	2,002
<b>Total income from charitable activities</b>	<b>4,643</b>	<b>4,474</b>

The above analysis includes £2,496k received from the University of Oxford from publicly accountable funds under the CFF Scheme (2020: £2,384k).

**2 DONATIONS AND LEGACIES**

	2021 £'000	2020 £'000
<b>Donations and Legacies</b>		
Unrestricted funds	267	279
Restricted funds	911	457
Endowed funds	1,476	479
	<b>2,654</b>	<b>1,215</b>

**3 INCOME FROM OTHER TRADING ACTIVITIES**

	2021 £'000	2020 £'000
Subsidiary company trading income	35	232
Other trading income	(18)	294
	<b>17</b>	<b>526</b>

**4 INVESTMENT INCOME**

	2021 £'000	2020 £'000
<i>Unrestricted funds</i>		
Bank interest	23	1
	<b>23</b>	<b>1</b>
<i>Restricted funds</i>		
Equity dividends	1,140	1,136
Interest on fixed term deposits and cash	-	4
	<b>1,140</b>	<b>1,140</b>
<i>Endowed funds</i>		
Agricultural rent	1,351	1,358
Commercial rent	1,322	1,622
Other property income	594	501
Equity dividends	1,007	1,380
Income from fixed interest stocks	54	98
Interest on fixed term deposits and cash	-	9
Other investment income	844	-
	<b>5,172</b>	<b>4,968</b>
<b>Total Investment income</b>	<b>6,335</b>	<b>6,109</b>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**5 ANALYSIS OF EXPENDITURE**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Charitable expenditure</b>		
Direct staff costs allocated to:		
Teaching, research and residential	<b>6,506</b>	5,963
Other direct costs allocated to:		
Teaching, research and residential	<b>6,248</b>	4,254
Support and governance costs allocated to:		
Teaching, research and residential	<b>2,068</b>	2,068
<b>Total charitable expenditure</b>	<b>14,822</b>	12,285
<b>Expenditure on generating funds</b>		
Direct staff costs allocated to:		
Fundraising	<b>276</b>	364
Investment management costs	<b>345</b>	294
Other direct costs allocated to:		
Fundraising	<b>119</b>	113
Trading expenditure	<b>14</b>	392
Investment management costs	<b>1,251</b>	1,044
Support and governance costs allocated to:		
Fundraising	<b>100</b>	60
Investment management costs	<b>42</b>	45
<b>Total expenditure on raising funds</b>	<b>2,147</b>	2,312
<b>Total expenditure</b>	<b>16,969</b>	14,597

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 £276k (2020 £239k).

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS**

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

	Generating Funds £'000	Teaching and Research £'000	<b>2020 Total £'000</b>
Financial administration	14	264	278
Domestic administration	6	114	120
Human resources	10	169	179
IT	19	383	402
Depreciation	54	1,067	1,121
Loss/(profit) on fixed assets	-	(1)	(1)
Other finance charges	2	48	50
Governance costs	-	24	24
	<b>105</b>	<b>2,068</b>	<b>2,173</b>

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

**Governance costs comprise:**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Auditor's remuneration - audit services	<b>18</b>	18
Auditor's remuneration - tax advisory services	<b>2</b>	-
Other governance costs	<b>6</b>	6
	<b>26</b>	24

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**

**2021  
£'000**      **2020  
£'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	<b>555</b>	430
Bursaries and hardship awards	<b>1</b>	4
<b>Total unrestricted</b>	<b>556</b>	434

**Restricted funds**

Grants to individuals:		
Scholarships, prizes and grants	<b>300</b>	323
Bursaries and hardship awards	<b>203</b>	219
Grants to the University of Oxford	<b>47</b>	-
<b>Total restricted</b>	<b>550</b>	542

**Endowed funds**

Grants to the University of Oxford	<b>1,265</b>	-
<b>Total grants and awards</b>	<b>2,371</b>	976

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 2021**

**8 STAFF COSTS**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	<b>6,211</b>	6,270
Social security costs	<b>573</b>	573
Defined benefit scheme pension costs:		
Continuing charges	<b>971</b>	946
Pension provision change (see note 21)	<b>(190)</b>	(713)
Other benefits	<b>184</b>	144
	<b><u>7,749</u></b>	<u>7,220</u>

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

	<b>2021</b>	2020
Tuition and research	<b>40</b>	42
College residential	<b>76</b>	78
Fundraising	<b>5</b>	6
Support	<b>11</b>	11
Total	<b><u>132</u></b>	<u>137</u>

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

Associate Professor Tutorial Fellowship (University)	<b>21</b>	20
Associate Professor Tutorial Fellowship (College)	<b>7</b>	8
Other teaching and research	<b>14</b>	14
Other	<b>8</b>	7
Total	<b><u>50</u></b>	<u>49</u>

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	<b>1</b>	1
-----------------	----------	---

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

In defined benefits schemes	<b>1</b>	1
-----------------------------	----------	---

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**9 TANGIBLE FIXED ASSETS**

<b>Group &amp; College</b>	<b>Freehold land and buildings £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At start of year	31,766	2,743	<b>34,509</b>
Additions	345	190	<b>535</b>
<b>At end of year</b>	<b>32,111</b>	<b>2,933</b>	<b>35,044</b>
<b>Depreciation and impairment</b>			
At start of year	14,874	2,075	<b>16,949</b>
Depreciation charge for the year	955	179	<b>1,134</b>
<b>At end of year</b>	<b>15,829</b>	<b>2,254</b>	<b>18,083</b>
<b>Net book value</b>			
At end of year	<b>16,282</b>	<b>679</b>	<b>16,961</b>
At start of year	16,892	668	<b>17,560</b>

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

**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 (357); 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 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 the receipt in the current year (2020: £Nil) of a donated painting of Sir Henry Savile attributed to the artist Hieronimo Custodis (c1594) recently valued at £7.5k for insurance purposes.



**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**11 PROPERTY INVESTMENTS**

<b>Group</b>	<b>Agricultural £'000</b>	<b>Commercial £'000</b>	<b>Other £'000</b>	<b>2021 Total £'000</b>	<b>2020 Total £'000</b>
Valuation at start of year	68,163	42,717	18,532	<b>129,412</b>	136,577
Additions and improvements at cost	144	83	34	<b>261</b>	170
Disposals	(31)	(9)	(889)	<b>(929)</b>	(12,781)
Revaluation gains/(losses) in the year	17,322	308	983	<b>18,613</b>	5,446
<b>Valuation at end of year</b>	<b>85,598</b>	<b>43,099</b>	<b>18,660</b>	<b>147,357</b>	<b>129,412</b>
<b>College</b>	<b>Agricultural £'000</b>	<b>Commercial £'000</b>	<b>Other £'000</b>	<b>2021 Total £'000</b>	<b>2020 Total £'000</b>
Valuation at start of year	68,163	42,717	18,532	<b>129,412</b>	136,577
Additions and improvements at cost	144	26	34	<b>204</b>	170
Disposals	(31)	(9,447)	(889)	<b>(10,367)</b>	(12,781)
Revaluation gains/(losses) in the year	17,322	308	983	<b>18,613</b>	5,446
<b>Valuation at end of year</b>	<b>85,598</b>	<b>33,604</b>	<b>18,660</b>	<b>137,862</b>	<b>129,412</b>

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.

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Group investments</b>		
Valuation at start of year	<b>147,631</b>	145,878
New money invested	<b>9,164</b>	69,600
Amounts withdrawn	<b>(12,117)</b>	(62,623)
Increase/(decrease) in value of investments	<b>25,114</b>	(5,224)
<b>Group investments at end of year</b>	<b>169,792</b>	147,631
Investment in subsidiaries	<b>9,514</b>	76
less: cash reserves within subsidiaries included in group figures above	<b>(756)</b>	-
<b>College investments at end of year</b>	<b>178,550</b>	147,707

<b>Group investments comprise:</b>	<b>Held outside the UK £'000</b>	<b>Held in the UK £'000</b>	<b>2021 Total £'000</b>	<b>Held outside the UK £'000</b>	<b>Held in the UK £'000</b>	<b>2020 Total £'000</b>
Equity investments	-	77,126	<b>77,126</b>	-	66,464	66,464
Global multi-asset funds	-	31,912	<b>31,912</b>	-	28,494	28,494
Fixed interest stocks	-	12,925	<b>12,925</b>	-	13,176	13,176
Alternative and other investments	24,200	10,555	<b>34,755</b>	19,445	9,909	29,354
Fixed term deposits and cash	743	2,706	<b>3,449</b>	-	68	68
Proceeds due from disposal of property	-	9,625	<b>9,625</b>	-	10,075	10,075
<b>Total group investments</b>	<b>24,943</b>	<b>144,849</b>	<b>169,792</b>	<b>19,445</b>	<b>128,186</b>	<b>147,631</b>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**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 subsidiary at the year end were as follows.

	2021 Parent College £'000	2021 Merton Enterprises Ltd £'000	2021 Merton College No1 Ltd £'000	2020 Parent College £'000	2020 Merton Enterprises Ltd £'000	2020 Merton College No1 Ltd £'000
Income	12,932	35	880	12,457	233	-
Expenditure	(16,890)	(12)	(67)	(14,446)	(151)	-
Donation to College under gift aid	-	-	-	-	-	-
Result for the year	<u>(3,958)</u>	<u>23</u>	<u>813</u>	<u>(1,989)</u>	<u>82</u>	<u>-</u>
Total assets	342,326	145	10,269	306,636	194	-
Total liabilities	(3,564)	(47)	(18)	(7,842)	(37)	-
Net funds at the end of year	<u>338,762</u>	<u>98</u>	<u>10,251</u>	<u>298,794</u>	<u>157</u>	<u>-</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
<b>At the beginning of the year:</b>			
Gift component of the general endowment	88,957	-	88,957
Unapplied total return	-	157,015	157,015
<b>Total Group General Endowment</b>	<b>88,957</b>	<b>157,015</b>	<b>245,972</b>
<b>Movements in the reporting period:</b>			
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 refund on sale of land	-	117	117
Less: Investment management costs	-	(1,638)	(1,638)
<b>Total</b>	<b>-</b>	<b>44,239</b>	<b>44,239</b>
Unapplied total return allocated to income in the reporting period	-	(8,182)	(8,182)
<b>Net movements in reporting period</b>	<b>-</b>	<b>36,057</b>	<b>36,057</b>
<b>At end of the reporting period:</b>			
Gift component of the permanent endowment	88,957	-	88,957
Unapplied total return	-	193,072	193,072
<b>Total Group Endowments</b>	<b>88,957</b>	<b>193,072</b>	<b>282,029</b>

Comparative figures are stated in Note 30b.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**15 DEBTORS**

	<b>2021</b>	2020	<b>2021</b>	2020
	<b>Group</b>	Group	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	<b>182</b>	442	<b>125</b>	426
Amounts owed by College members	<b>58</b>	19	<b>58</b>	19
Amounts owed by Group undertakings	-	-	<b>6</b>	1
Loans repayable within one year	<b>289</b>	289	<b>289</b>	289
Prepayments and accrued income	<b>1,021</b>	596	<b>1,021</b>	596
Other debtors	<b>4</b>	4	<b>4</b>	4
<b>Amounts falling due after more than one year:</b>				
Loans	-	4	-	4
	<b>1,554</b>	1,354	<b>1,503</b>	1,339

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

	<b>2021</b>	2020	<b>2021</b>	2020
	<b>Group</b>	Group	<b>College</b>	College
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade creditors	<b>492</b>	233	<b>491</b>	233
Amounts owed to College Members	<b>5</b>	12	<b>5</b>	12
Amounts owed to Group undertakings	-	-	<b>5</b>	4
Taxation and social security	<b>268</b>	4,809	<b>222</b>	4,773
Accruals and deferred income	<b>567</b>	527	<b>555</b>	527
Other creditors	<b>455</b>	285	<b>455</b>	285
	<b>1,787</b>	5,866	<b>1,733</b>	5,834

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**17 ANALYSIS OF MOVEMENTS ON FUNDS**

	At 1 August 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2021 £'000
<b>Endowment Funds - Permanent</b>						
<b>General Endowment</b>	245,972	4,292	(1,454)	(8,182)	40,588	281,216
<b>Fellowship and Tutorship Funds:</b>						
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	-
<b>Graduate Scholarship Funds:</b>						
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
<b>Student Support Funds:</b>						
Taylor Family Foundation	614	-	-	-	67	681
<b>Reed Rubin Directors of Music</b>	717	-	-	-	77	794
<b>Other</b>	65	-	-	-	7	72
	<b>259,678</b>	<b>5,644</b>	<b>(2,719)</b>	<b>(8,182)</b>	<b>42,033</b>	<b>296,454</b>
<b>Endowment Funds - Expendable</b>						
<b>Tutorship Funds:</b>						
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
<b>Graduate Scholarship and Student Prize Funds:</b>						
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
<b>Student Support Funds:</b>						
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
<b>Choral Foundation</b>	856	28	-	-	90	974
<b>Compassionate Fund</b>	333	-	-	-	37	370
<b>Fitzhenry Biomedical Research Fund</b>	140	-	-	-	17	157
<b>Other Funds</b>	289	-	-	-	40	329
	<b>14,734</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>1,594</b>	<b>16,452</b>
<b>Total Endowment Funds</b>	<b>274,412</b>	<b>5,768</b>	<b>(2,719)</b>	<b>(8,182)</b>	<b>43,627</b>	<b>312,906</b>
<b>Endowment funds held by subsidiary</b>	-	880	(67)	-	-	813
<b>Total Endowment Funds - Group</b>	<b>274,412</b>	<b>6,648</b>	<b>(2,786)</b>	<b>(8,182)</b>	<b>43,627</b>	<b>313,719</b>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**17 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
<b>Restricted Funds</b>						
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
<b>Total Restricted Funds - Group</b>	<b>2,631</b>	<b>2,051</b>	<b>(1,225)</b>	<b>(127)</b>	<b>100</b>	<b>3,430</b>
<b>Unrestricted Funds</b>						
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)
<b>Total Unrestricted Funds - College</b>	<b>21,751</b>	<b>5,113</b>	<b>(12,747)</b>	<b>8,309</b>	<b>-</b>	<b>22,426</b>
Unrestricted funds held by subsidiaries	81	35	(94)	-	-	22
<b>Total Unrestricted Funds - Group</b>	<b>21,832</b>	<b>5,148</b>	<b>(12,841)</b>	<b>8,309</b>	<b>-</b>	<b>22,448</b>
<b>Total Funds</b>	<b>298,875</b>	<b>13,847</b>	<b>(16,852)</b>	<b>-</b>	<b>43,727</b>	<b>339,597</b>

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

**Restricted Funds:**

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

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

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 2021**

**19 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	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)
	<b>22,448</b>	<b>3,430</b>	<b>313,719</b>	<b>339,597</b>

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000
Tangible fixed assets	17,560	-	-	17,560
Property investments	-	-	129,412	129,412
Other investments	-	2,631	145,000	147,631
Net current assets	6,280	-	-	6,280
Long term liabilities	(2,008)	-	-	(2,008)
	<b>21,832</b>	<b>2,631</b>	<b>274,412</b>	<b>298,875</b>

**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. 32 Fellows (2020: 36) 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 £2,229k (2020: £2,186k). The total of pension contributions is £396k (2020: £363k).

**Remuneration paid to trustees**

Range	Number of Trustees/Fellows	2021	Number of Trustees/Fellows	2020
		Gross remuneration, taxable benefits and pension contributions £		Gross remuneration, taxable benefits and pension contributions £
£1,000-£1,999	1	1,719	1	1,815
£2,000-£2,999	-	-	3	8,180
£3,000-£3,999	1	3,276	2	7,056
£4,000-£4,999	1	4,164	1	4,881
£6,000-£6,999	-	-	1	6,541
£7,000-£7,999	-	-	1	7,868
£10,000-£10,999	1	10,280	1	10,092
£11,000-£11,999	-	-	1	11,360
£12,000-£12,999	1	12,110	1	12,537
£13,000-£13,999	-	-	1	13,644
£16,000-£16,999	1	16,345	-	-
£17,000-£17,999	-	-	1	17,051
£19,000-£19,999	-	-	1	19,902
£20,000-£20,999	1	20,576	4	83,198
£21,000-£21,999	8	172,219	1	21,527

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**Remuneration paid to trustees continued**

Range	Number of Trustees/Fellows	2021	Number of Trustees/Fellows	2020
		Gross remuneration, taxable benefits and pension contributions		Gross remuneration, taxable benefits and pension contributions
£22,000-£22,999	-	-	2	44,289
£23,000-£23,999	2	47,943	1	23,972
£24,000-£24,999	2	48,804	2	48,785
£25,000-£25,999	1	25,016	2	51,232
£29,000-£29,999	2	58,642	2	59,327
£30,000-£30,999	1	30,024	-	-
£31,000-£31,999	-	-	2	63,412
£32,000-£32,999	1	32,153	-	-
£34,000-£34,999	3	103,097	1	34,418
£35,000-£35,999	1	35,196	2	70,938
£37,000-£37,999	1	37,470	1	37,010
£38,000-£38,999	1	38,227	-	-
£39,000-£39,999	1	39,950	1	39,777
£40,000-£40,999	2	81,799	5	203,567
£41,000-£41,999	-	-	1	41,649
£42,000-£42,999	5	211,573	2	84,171
£45,000-£45,999	2	91,097	2	90,285
£47,000-£47,999	-	-	1	47,519
£48,000-£48,999	1	48,893	2	96,901
£49,000-£49,999	1	49,311	1	49,817
£53,000-£53,999	-	-	1	53,484
£54,000-£54,999	2	109,410	2	109,601
£55,000-£55,999	3	166,753	-	-
£58,000-£58,999	-	-	1	58,405
£61,000-£61,999	1	61,038	-	-
£71,000-£71,999	-	-	1	71,793
£74,000-£74,999	-	-	1	74,869
£75,000-£75,999	1	75,448	-	-
£76,000-£76,999	1	76,077	-	-
£84,000-£84,999	-	-	1	84,449
£85,000-£85,999	-	-	1	85,224
£87,000-£87,999	1	87,554	-	-
£91,000-£91,999	1	91,902	-	-
£95,000-£95,999	1	95,654	-	-
£97,000-£97,999	-	-	1	97,152
£99,000-£99,999	-	-	1	99,045
£104,000-£104,999	1	104,979	1	104,190
£108,000-£108,999	1	108,777	-	-
£130,000-£130,999	-	-	1	130,320
£132,000-£132,999	1	132,597	1	132,085
£133,000-£133,999	1	133,375	-	-
£135,000-£135,999	-	-	1	135,518
£161,000-£161,999	1	161,341	-	-

10 Fellows (2020: 12) 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 £2,856k (2020: £2,775k).

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

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**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 the schemes are each held in separate trustee-administered funds. USS and OSPS schemes are contributory mixed benefit schemes (i.e. they provide benefits on a defined benefit basis - based on length of service and pensionable salary and on a defined contribution basis - based on contributions into the scheme). Both are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities relating to defined benefits of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Financial Activities 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:

	<b>USS</b>	<b>OSPS</b>
Date of valuation:	31/03/18	31/03/19
Date valuation results published:	16/09/19	19/06/20
Value of liabilities:	£67.3bn	£848m
Value of assets:	£63.7bn	£735m
Funding surplus / (deficit):	(£3.6bn)	(£113m)
Principal assumptions:		
Discount rate	CPI - 0.73% to CPI +2.52% <b>(a)</b>	Gilts +0.5%-2.25% <b>(b)</b>
Rate of increase in salaries	n/a	RPI
Rate of increase in pensions	CPI <b>(c)</b>	Average RPI/CPI <b>(d)</b>
Assumed life expectancies on retirement at age 65:		
Males currently aged 65	24.6 yrs	21.7 yrs
Females currently aged 65	26.1 yrs	24.4 yrs
Males currently aged 45	26.6 yrs	23.0 yrs
Females currently aged 45	27.9 yrs	25.8 yrs
Funding Ratios:		
Technical provisions basis	95%	87%
Statutory Pension Protection Fund basis	76%	74%
'Buy-out' basis	56%	60%
Employer contribution rate (as % of pensionable salaries):	21.1% increasing <b>(e)</b> to 23.7% on 01/10/21	19%
Effective date of next valuation:	31/03/20	31/03/22

**(a)** The discount rate (forward rates) for the USS valuation was:

Years 1-10:	CPI + 0.14% reducing linearly to CPI - 0.73%
Years 11-20:	CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
Years 21 +:	CPI + 1.55%

**(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 1.3% p.a.

**(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% 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:

<b>Assumption</b>	<b>USS Change in assumption</b>	<b>Impact on USS liabilities</b>
Initial discount rate	increase by 0.1%	decrease by £1.2bn
Asset values	reduce by 10%	increase by £6.4bn
RPI - CPI spread	increase by 0.1%	decrease by £0.7bn
Rate of mortality	more prudent assumption (mortality rated down by a further year)	increase by £1.6bn

<b>Assumption</b>	<b>OSPS Change in assumption</b>	<b>Impact on OSPS technical provisions</b>
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:

	<b>2021 OSPS 30/01/28</b>	<b>2021 USS 31/03/28</b>	<b>2020 OSPS 30/01/28</b>	<b>2020 USS 31/03/28</b>
Finish Date for Deficit Recovery Plan	nil	nil	nil	nil
Average staff number increase	3.00%	2.00%	3.00%	2.00%
Average staff salary increase	0.89%	0.89%	0.74%	0.63%
Average discount rate over period	£18k	£18k	£26k	£20k
Effect of 0.5% change in discount rate	£18k	£37k	£82k	£41k
Effect of 1% change in staff growth				

An OSPS provision of £906k has been made at 31 July 2021 (2020: £1,165k) 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 £925k has been made at 31 July 2021 (2020: £843k) 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:

<b>Scheme</b>	<b>2021 £000's</b>	<b>2020 £000's</b>
<b>Universities Superannuation Scheme:</b>		
Continuing charges	454	411
Pension provision change	77	(490)
<b>University of Oxford Staff Pension Scheme:</b>		
Continuing charges	500	514
Pension provision change	(268)	(222)
<b>Other schemes – contributions</b>	<b>18</b>	<b>20</b>
<b>Total</b>	<b>781</b>	<b>233</b>

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

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**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**

	<b>2021</b>	2020
	<b>Group</b>	Group
	<b>£'000</b>	£'000
<b>Net income</b>	<b>(3,122)</b>	<b>(1,907)</b>
Elimination of non-operating cash flows:		
Investment income	<b>(6,335)</b>	(6,109)
Endowment donations	<b>(1,476)</b>	(479)
Depreciation	<b>1,134</b>	1,121
Profit on sale of fixed assets	-	(1)
Increase in stock	<b>(34)</b>	(2)
(Increase)/Decrease in debtors	<b>(200)</b>	298
Increase/(Decrease) in creditors	<b>(4,079)</b>	3,560
Decrease in pension scheme liability	<b>(177)</b>	(674)
<b>Net cash used in operating activities</b>	<b><u>(14,289)</u></b>	<b><u>(4,193)</u></b>

**24 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Cash at bank and in hand	<b>7,178</b>	10,453
Endowment assets cash	<b>3,449</b>	68
<b>Total cash and cash equivalents</b>	<b><u>10,627</u></b>	<b><u>10,521</u></b>

**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 £688k (2020 £Nil).

**26 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July for future capital projects totalling £351k (2020 £578k).

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**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.

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Professor M Kim	<b>278</b>	278
Dr J Walworth	<b>4</b>	8

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.

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Mr J Gloag	<b>60</b>	60
Dr P Thornton	<b>360</b>	360
Dr M Whitworth	<b>155</b>	155
Prof M Higgins	<b>171</b>	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**

During August 2021 the College entered into discussions regarding the sale of land at Begbroke currently included within Property Investments. On 19 October 2021 the College sold the land, valued in the financial statements at £3.5m, for a consideration of £13m. This is considered to be a non-adjusting subsequent event.

Since the year end, following the completion of the USS 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in a increased obligation to fund the deficit of £2.522m, an increase of £1.597m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They would remain at this level until 31 July 2032. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the College's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**30 ADDITIONAL PRIOR YEAR COMPARATIVES**

**a Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2020**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2020 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>					
<b>Charitable activities:</b>	1				
Teaching, research and residential		4,474	-	-	4,474
<b>Other Trading Income</b>	3	526	-	-	526
<b>Donations and legacies</b>	2	279	457	479	1,215
<b>Investments</b>					
Investment income	4	1	1,140	4,968	6,109
Total return allocated to income	30b	7,910	-	(7,910)	-
Other Income - Coronavirus Job Retention Scheme		366	-	-	366
<b>Total income</b>		<u>13,556</u>	<u>1,597</u>	<u>(2,463)</u>	<u>12,690</u>
<b>EXPENDITURE ON:</b>					
	5				
<b>Charitable activities:</b>					
Teaching, research and residential		11,055	1,230	-	12,285
<b>Generating funds:</b>					
Fundraising		537	-	-	537
Trading expenditure		392	-	-	392
Investment management costs		-	-	1,383	1,383
<b>Total Expenditure</b>		<u>11,984</u>	<u>1,230</u>	<u>1,383</u>	<u>14,597</u>
<b>Net Income/(Expenditure) before gains</b>		<u>1,572</u>	<u>367</u>	<u>(3,846)</u>	<u>(1,907)</u>
Net gains/(losses) on investments	11, 12	-	(23)	245	222
Corporation Tax charge on sale of land		-	-	(2,082)	(2,082)
<b>Net Income/(Expenditure)</b>		<u>1,572</u>	<u>344</u>	<u>(5,683)</u>	<u>(3,767)</u>
<b>Transfers between funds</b>	30c	73	(73)	-	-
<b>Net movement in funds for the year</b>		<u>1,645</u>	<u>271</u>	<u>(5,683)</u>	<u>(3,767)</u>
Fund balances brought forward	30c	20,187	2,360	280,095	302,642
<b>Funds carried forward at 31 July</b>		<u>21,832</u>	<u>2,631</u>	<u>274,412</u>	<u>298,875</u>

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**b STATEMENT OF INVESTMENT TOTAL RETURN 2020**

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
<b>At the beginning of the year:</b>			
Gift component of the general endowment	88,957	-	88,957
Unapplied total return	-	161,736	161,736
<b>Total General Endowment</b>	<b>88,957</b>	<b>161,736</b>	<b>250,693</b>
<b>Movements in the reporting period:</b>			
Investment return: total investment income	-	4,968	4,968
Investment return: realised and unrealised gains and losses	-	1,686	1,686
Investment return: Corporation Tax charge on sale of land	-	(2,082)	(2,082)
Less: Investment management costs	-	(1,383)	(1,383)
<b>Total</b>	<b>-</b>	<b>3,189</b>	<b>3,189</b>
Unapplied total return allocated to income in the reporting period	-	(7,910)	(7,910)
<b>Net movements in reporting period</b>	<b>-</b>	<b>(4,721)</b>	<b>(4,721)</b>
<b>At end of the reporting period:</b>			
Gift component of the permanent endowment	88,957	-	88,957
Unapplied total return	-	157,015	157,015
<b>Total Endowments</b>	<b>88,957</b>	<b>157,015</b>	<b>245,972</b>

Figures for the current year are stated in Note 14.

**c ANALYSIS OF MOVEMENTS ON FUNDS**

	At 1 August 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2020 £'000
<b>Endowment Funds - Permanent</b>						
<b>General Endowment</b>	250,693	4,968	(3,465)	(7,910)	1,686	245,972
<b>Fellowship and Tutorship Funds:</b>						
Peter Braam Research Fellow	1,400	-	-	-	(74)	1,326
Chemistry Tutor	915	-	-	-	(45)	870
English Tutor	1,329	22	-	-	(66)	1,285
Law Tutor	551	43	-	-	(25)	569
Philosophy Tutor	1,186	-	-	-	(60)	1,126
Jessica Rawson Modern Asian History Tutor	1,028	10	-	-	(52)	986
Mark Reynolds History Tutor	1,893	-	-	-	(98)	1,795
Stringer	517	-	-	-	(27)	490
Other	141	93	-	-	(3)	231
<b>Graduate Scholarship Funds:</b>						
Ripplewood Japanese Scholar	630	-	-	-	(34)	596
Peter Braam Scholar	421	-	-	-	(22)	399
John Barton BCL Scholar	147	-	-	-	(7)	140
Christopher Duggan Scholar	514	61	-	-	5	580
Roger Highfield Scholar	433	146	-	-	(18)	561
Charles Manby Scholar	483	-	-	-	(26)	457
Moussouris Rhodes Scholar	858	-	-	-	(45)	813
Other	81	9	-	-	(4)	86
<b>Student Support Funds:</b>						
Taylor Family Foundation	648	-	-	-	(34)	614
<b>Reed Rubin Directors of Music</b>	756	-	-	-	(39)	717
<b>Other</b>	68	-	-	-	(3)	65
	264,692	5,352	(3,465)	(7,910)	1,009	259,678

**Merton College**  
**Notes to the financial statements**  
**For the year ended 31 July 2021**

**c ANALYSIS OF MOVEMENTS ON FUNDS CONTINUED**

	At 1 August 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2020 £'000
<b>Endowment Funds - Expendable</b>						
<b>Tutorship Funds:</b>						
Dominic Welsh Mathematics Tutor	1,213	-	-	-	(63)	1,150
Douglas Algar Humanities Tutor	875	-	-	-	(45)	830
Economics Tutor	1,015	1	-	-	(51)	965
David Hay Medical Tutor	403	-	-	-	(21)	382
Christine Blackwell Classics Tutor	1,800	-	-	-	(88)	1,712
<b>Graduate Scholarship and Student Prize Funds:</b>						
James Jackson Natural Sciences Scholar	812	-	-	-	(48)	764
David Stevens International Development Scholar	455	-	-	-	(23)	432
Merton Lawyers BCL/Mjur Scholar	385	-	-	-	(20)	365
Monica Barnett Law Scholar	164	-	-	-	(9)	155
John Moussouris Mathematics Scholar	657	-	-	-	(35)	622
Other	96	4	-	-	(5)	95
<b>Student Support Funds:</b>						
General Student Support	2,303	32	-	-	(118)	2,217
Howard Stringer Undergraduate Support	1,222	-	-	-	(65)	1,157
Undergraduate Student Support	632	52	-	-	(30)	654
John Roberts	577	1	-	-	(29)	549
Thomas Bowman	321	-	-	-	(19)	302
Gerald David Clayton	807	-	-	-	(42)	765
<b>Choral Foundation</b>	896	5	-	-	(45)	856
<b>Compassionate Fund</b>	351	-	-	-	(18)	333
<b>Fitzhenry Biomedical Research Fund</b>	148	-	-	-	(8)	140
<b>Other Funds</b>	271	-	-	-	18	289
	15,403	95	-	-	(764)	14,734
<b>Total Endowment Funds</b>	<b>280,095</b>	<b>5,447</b>	<b>(3,465)</b>	<b>(7,910)</b>	<b>245</b>	<b>274,412</b>
<b>Restricted Funds</b>						
<b>Building Projects</b>	189	45	(6)	-	-	228
<b>Fellowship and Tutorship Funds</b>	442	580	(501)	(73)	(3)	445
<b>Graduate Scholarship and Student Prize Funds</b>	762	409	(285)	-	-	886
<b>Student Support Funds</b>	631	311	(211)	-	(20)	711
<b>Choir</b>	79	86	(94)	-	-	71
<b>Other Funds</b>	257	166	(133)	-	-	290
<b>Total Restricted Funds</b>	<b>2,360</b>	<b>1,597</b>	<b>(1,230)</b>	<b>(73)</b>	<b>(23)</b>	<b>2,631</b>
<b>Unrestricted Funds</b>						
General funds	4,590	5,413	(12,371)	8,123	-	5,755
Fixed Asset Fund	17,700	-	-	(140)	-	17,560
Aidan Jenkins Graduate Scholarship Fund	444	-	-	-	-	444
Pension reserve	(2,682)	-	674	-	-	(2,008)
<b>Total Unrestricted Funds - College</b>	<b>20,052</b>	<b>5,413</b>	<b>(11,697)</b>	<b>7,983</b>	<b>-</b>	<b>21,751</b>
Unrestricted funds held by subsidiaries	135	233	(287)	-	-	81
<b>Total Unrestricted Funds - Group</b>	<b>20,187</b>	<b>5,646</b>	<b>(11,984)</b>	<b>7,983</b>	<b>-</b>	<b>21,832</b>
<b>Total Funds</b>	<b>302,642</b>	<b>12,690</b>	<b>(16,679)</b>	<b>-</b>	<b>222</b>	<b>298,875</b>

Figures for the current year are stated in Note 17.