

# **MERTON COLLEGE**

## **Financial statements**

**Year ended 31 July 2006**

**The accounts' index (if any), Responsibilities of the Governing Body, Statement of Principal Accounting Policies and Independent Auditors' Report have been omitted from this 150 dpi Akme scan.**

## **MERTON COLLEGE**

### **Report of the Governing Body**

The Governing Body of Merton College presents the annual report and financial statements for the year ended 31 July 2006.

#### **Status**

Merton College is a charitable corporation founded by Walter of Merton, Lord Chancellor of England and Bishop of Rochester, with royal consent under statutes dated 1264 and 1274. The College is an exempt charity under section 3(5a) of the Charities Act 1993, as listed in Schedule 2(b) to that Act.

#### **Objects**

The College's main objects are to provide and promote undergraduate and graduate education, and to promote academic research, in a residential context within the University of Oxford. The College's objects also include the preservation and enhancement of its heritage of buildings, estates, collections and artefacts.

#### **Governance**

The Governing Body of the College comprises the Warden and Fellows. This body is constituted and regulated in accordance with College Statutes, which are enforceable by the Visitor, the Archbishop of Canterbury. The College Statutes are laid down by order of Her Majesty in Council and in accordance with the Universities of Oxford and Cambridge Act 1923. The Governing Body is responsible for the strategic policy of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Warden and is advised by a range of committees.

#### **Scope of financial statements**

The financial statements consolidate the accounts of Merton College, Merton College Charitable Trust and Merton Enterprises Limited. Merton College Charitable Trust (registration number 1078622) makes grants to the College from donations received for College purposes. The trustees include members of the Governing Body of the College and third parties. Merton Enterprises Limited (registration number 3934410) undertakes trading activities on behalf of the College and any profits are paid to the College under gift aid.

#### **Review of operations and finance**

For the year ended 31 July 2006, the consolidated surplus on income and expenditure account was £321,378 (2005 £382,780), the increase in consolidated net cash funds was £5,821,314 (2005 decrease £3,893,277), and expenditures of £582,841 were incurred on tangible fixed assets. At 31 July 2006, consolidated net assets were £142,365,892 (2005 £127,944,259) and the College was contracted for capital commitments of £nil (2005 £202,184) in respect new building projects and programmes of improvement to fixed assets and endowment properties.

#### **Endowment assets and investment performance**

Endowment funds are invested in assets which fundamentally underpin and sustain the operations of the College at the desired level of activity in the long term. At 31 July 2006, endowment assets were £126,607,195 (2005 £112,857,140). For the year ended 31 July 2006, income from endowment assets of £4,122,985 (2005 £3,831,825) was credited to income and expenditure account, and the appreciation in value of endowment assets was £12,750,424 (2005 £15,961,723). Total investment return, capital and revenue, was 15%, expressed as a percentage of endowments at the start of the year.

#### **Reserves**

At 31 July 2006, consolidated reserves were £11,038,533 (2005 £10,292,614) and, after allowing for amounts invested in fixed assets, net of deferred capital, consolidated general reserves were £1,161,173 (2005 £655,174), of which £856,692 (2005 £498,422) was attributable to the College and £304,481

(2005 £156,752) to subsidiary undertakings. College policy is to maintain endowment to sustain operations at the desired level in the long term. The Governing Body intends that the College should maintain a small general reserve, equivalent to up to three months revenue expenditure, as contingency, but general reserves are subject to fluctuation in accordance with variations in endowment income and repairs expenditures in particular. Designated and general reserves in Merton College Charitable Trust may be paid to the College as grants at the discretion of the trustees. Capital grants made by Merton College Charitable Trust are credited to deferred capital.

#### **Risk management**

The major risks to which the College is exposed have been identified and reviewed by the Governing Body and systems have been established to mitigate these risks. These include operational, financial and external risks, and risks associated with governance and compliance.

Approved by the Governing Body on 1 November 2006

Warden

**MERTON COLLEGE**  
**Consolidated Income and Expenditure Account**  
**Year ended 31 July 2006**

	Notes	2006 £	2005 £
<b>INCOME</b>			
Academic fees and tuition income	1	1,566,325	1,465,364
Research grants and contracts	2	212,780	240,078
Other operating income	3	2,810,593	2,557,226
Endowment income and interest receivable	4	4,193,333	3,892,484
<b>Total income</b>		<b>8,783,031</b>	<b>8,155,152</b>
<b>EXPENDITURE</b>			
Staff costs	5	4,367,485	3,933,569
Depreciation		580,770	551,061
Other operating expenses		3,246,897	2,988,644
Contribution under Statute XV		266,501	299,098
<b>Total expenditure</b>	7	<b>8,461,653</b>	<b>7,772,372</b>
<b>Surplus for the year</b>	8	<b>321,378</b>	<b>382,780</b>

**Consolidated statement of total recognised gains and losses**  
**Year ended 31 July 2006**

	2006 £	2005 £
<b>Reserves</b>		
Surplus for the year	321,378	382,780
Net transfers from reserves	424,541	(171,334)
<b>Endowments</b>		
Endowments received	1,418,742	198,958
Appreciation of endowment asset investments	12,750,424	15,961,723
Net transfers from endowments	(425,866)	(9,661)
Specific endowment income retained for the year	6,755	4,039
<b>Other</b>		
New deferred capital received	56,101	146,899
Net transfers to deferred capital	1,325	180,448
Deferred capital released to income and expenditure account	(131,767)	(191,779)
<b>Total recognised gains relating to the year</b>	<b>14,421,633</b>	<b>16,502,073</b>
Funds at 1 August 2005	127,944,259	111,442,186
<b>Funds at 31 July 2006</b>	<b>142,365,892</b>	<b>127,944,259</b>

MERTON COLLEGE  
Balance Sheets  
As at 31 July 2006

	Notes	CONSOLIDATED		COLLEGE	
		2006 £	2005 £	2006 £	2005 £
<b>Fixed assets</b>					
Tangible assets	9	14,140,476	14,138,405	14,140,476	14,138,405
Investments	10	0	0	76,000	76,000
		<u>14,140,476</u>	<u>14,138,405</u>	<u>14,216,476</u>	<u>14,214,405</u>
<b>Endowment asset investments</b>	11	126,607,195	112,857,140	126,607,195	112,857,140
<b>Current assets:</b>					
Stocks		243,137	235,700	208,007	198,427
Debtors	12	3,158,821	1,339,153	3,158,821	1,339,153
Cash at bank and in hand		1,140,533	489,775	338,039	689
		<u>4,542,491</u>	<u>2,064,628</u>	<u>3,704,867</u>	<u>1,538,269</u>
<b>Creditors:</b>					
Amounts falling due within one year	13	(2,924,270)	(1,115,914)	(2,924,175)	(1,115,847)
<b>Net current assets (liabilities)</b>		<u>1,618,221</u>	<u>948,714</u>	<u>780,692</u>	<u>422,422</u>
<b>TOTAL NET ASSETS</b>		<u>142,365,892</u>	<u>127,944,259</u>	<u>141,604,363</u>	<u>127,493,967</u>
<b>Deferred capital</b>	14	4,720,164	4,794,505	4,720,164	4,794,505
<b>Endowments</b>					
Specific		2,281,784	753,874	2,281,784	753,874
General		124,325,411	112,103,266	124,325,411	112,103,266
	15	<u>126,607,195</u>	<u>112,857,140</u>	<u>126,607,195</u>	<u>112,857,140</u>
<b>Reserves</b>					
Designated reserves		457,048	293,540	0	0
General reserves		10,581,485	9,999,074	10,277,004	9,842,322
	16	<u>11,038,533</u>	<u>10,292,614</u>	<u>10,277,004</u>	<u>9,842,322</u>
<b>TOTAL FUNDS</b>		<u>142,365,892</u>	<u>127,944,259</u>	<u>141,604,363</u>	<u>127,493,967</u>

The financial statements were approved and authorised for issue by the Governing Body of Merton College on 1 November 2006

Warden

Bursar

**MERTON COLLEGE**  
**Consolidated Cash Flow Statement**  
**Year ended 31 July 2006**

	Notes	2006 £	2005 £
<b>Net cash outflow from operating activities</b>	22	<u>(3,353,244)</u>	<u>(3,342,581)</u>
Returns on investments and servicing of finance:			
Income from endowments	15	4,129,740	3,835,864
Other income from investments and interest received		70,348	60,659
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>4,200,088</u>	<u>3,896,523</u>
Capital expenditure and financial investment:			
Net realisation/(acquisition) of tangible fixed assets	9	(582,841)	(573,344)
Net realisation/(acquisition) of endowment asset investments	11	4,090,107	(4,228,674)
Deferred capital received	14	56,101	146,899
New endowments received	15	1,418,742	198,958
Exchange conversion adjustment on endowment assets cash		(7,639)	8,942
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<u>4,974,470</u>	<u>(4,447,219)</u>
<b>Increase/(decrease) in cash</b>	23	<u>5,821,314</u>	<u>(3,893,277)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash for the year	23	5,821,314	(3,893,277)
Opening net funds	23	5,902,075	9,795,352
<b>Closing net funds</b>	23	<u>11,723,389</u>	<u>5,902,075</u>

**MERTON COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2006**

	2006	2005
	£	£
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,263,949	1,231,374
Tuition fees from overseas students	242,041	200,600
Other fees	595	0
Other tuition income	59,740	33,390
	<u>1,566,325</u>	<u>1,465,364</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,119,282 (2005 £1,090,596).

	£	£
<b>2 RESEARCH GRANTS AND CONTRACTS</b>		
Research councils	5,568	27,256
UK based charities	11,500	11,000
Other grants and contracts	195,712	201,822
	<u>212,780</u>	<u>240,078</u>

	£	£
<b>3 OTHER OPERATING INCOME</b>		
Residential income from college members	1,499,115	1,278,987
Conference and function income	240,786	397,054
Grants and donations	718,143	475,139
Release of deferred capital contributions	131,767	191,779
Other income	220,782	214,267
	<u>2,810,593</u>	<u>2,557,226</u>

	£	£
<b>4 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 15)	52,695	13,518
Transferred from general endowments (note 15)	4,070,290	3,818,307
Other interest receivable	70,348	60,659
	<u>4,193,333</u>	<u>3,892,484</u>

	£	£
<b>5 STAFF COSTS</b>		
Gross pay	3,565,612	3,282,135
Social Security costs	255,069	230,672
Other pension costs	413,396	335,464
Other benefits	133,408	85,298
	<u>4,367,485</u>	<u>3,933,569</u>

## 6 PENSION SCHEMES

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

The College has also made available a Stakeholder Scheme for individual employees, but does not contribute to that scheme.

The Schemes are periodically valued by qualified actuaries. Both USS and OSPS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficiencies in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The assumptions which have the most significant effect on the result of the latest valuations and the determination of the contribution levels were those relating to the rate of return on investments (that is, the valuation rate of interest) and the rates of increase in salaries and pensions, as follows:

- **USS:** The latest actuarial valuation of the scheme was at 31 March 2005. It was assumed that salary increases would be 3.9% per annum (plus an additional allowance for increases in salary due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to past service liabilities it was assumed that the valuation rate of return would be 4.5% per annum, and in relation to future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum.
- **OSPS:** The latest actuarial valuation of the scheme was at 31 July 2004. It was assumed that salary increases would be 4.4% per annum and pensions would increase by 3.0% per annum. It was assumed that the valuation rate of interest would be 6.95% per annum in relation to the period up to retirement and 4.95% per annum in relation to the period after retirement.

Results of the latest actuarial valuations of the two schemes are:

	USS	OSPS
Date of valuation:	31/03/2005	31/07/2004
Value of past service liabilities	£28,308m	£218m
Value of assets	£21,740m	£167m
Funding Deficit	(£6,568m)	(£51m)
Funding Ratios:		
Scheme valuation basis	77%	76%
Statutory minimum funding requirement basis	126%	110%
Statutory pension protection fund basis	110%	n/a*
Recommended Employer's contribution rate (as a percentage of pensionable salaries):	14%	17.5%

Note:

- \* The latest OSPS valuation was carried out before the statutory pension protection fund basis was implemented.

### Universities Superannuation Scheme (USS)

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of total pensionable salaries but the Trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of total pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2008. There will also be an actuarial valuation carried out as at 31 March 2006 and annually thereafter on the "technical provisions" basis under the Pensions Act 2004, as required by the Occupational Pensions Schemes (Cross-Border Activities) Regulations 2005, reflecting the scheme's status as a cross-border scheme. The contribution rate will be reviewed as part of each valuation.

The contributions payable by the College during the accounting period were equal to 14% of total pensionable salaries, in accordance with the decision of the trustee company. The pension charge recorded by the College during the accounting period was equal to the contributions payable of £154,769 (2005 £139,597).

## 6 PENSION SCHEMES

### University of Oxford Staff Pension Scheme (OSPS)

The actuarial valuation as at 31 July 2004 identified a required long-term employer contribution rate of 15.8% of total pensionable salaries, but also a funding deficit of £51.3m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by maintaining the employer contribution rate at the previously agreed rate of 17.5% until 31 July 2008, at which time it is expected to increase to 21.5%, subject to any revision resulting from the next triennial actuarial valuation of the scheme due as at 31 July 2007.

The contributions payable by the College during the accounting period were equal to 17.5% of total pensionable salaries (2005 13.75%), in accordance with the agreement between the University and the trustees. The pension charge recorded by the College during the accounting period was equal to the contributions payable of £253,151 (2005 £190,544).

### FRS 17

All the schemes in which the College participates are either defined contribution schemes or are multi-employer schemes where the share of assets and liabilities applicable to each employer are not identified. The College therefore accounts for all its pension costs on a defined contribution basis as permitted by FRS17.

## 7 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other operating expenses	2006 Total	2005 Total
	£	£	£	£	£
Academic	1,864,404	0	789,649	2,654,053	2,372,140
Residences, catering and conferences	1,613,584	0	1,081,599	2,695,183	2,316,797
Premises	242,620	562,726	638,776	1,444,122	1,421,725
College administration	289,273	8,578	225,479	523,330	518,840
Endowment management	129,990	9,466	336,841	476,297	544,773
Fundraising	119,712	0	87,307	207,019	129,954
Other	107,902	0	87,246	195,148	169,045
	4,367,485	580,770	3,246,897	8,195,152	7,473,274
Contribution under Statute XV				266,501	299,098
<b>Total expenditure</b>				<b>8,461,653</b>	<b>7,772,372</b>

Other operating expenses include auditors' remuneration:  
in respect of the audit of these financial statements  
in respect of other services

8,850	8,600
0	0

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee income amounting to £1,119,282 (2005 £1,090,596).

## 8 SURPLUS FOR THE YEAR

	2006 £	2005 £
College's surplus/(deficit) for the year	(25,398)	71,284
Surplus generated by the subsidiary undertakings	346,776	311,496
	<b>321,378</b>	<b>382,780</b>

MERTON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006  
(6/10/06 Version)

9 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Land and buildings Freehold £	Equipment and motor vehicles £	Total £
<b>Cost</b>			
At start of year	17,328,646	824,451	18,153,097
Additions	503,465	79,376	582,841
Disposals	0	0	0
At end of year	<u>17,832,111</u>	<u>903,827</u>	<u>18,735,938</u>
<b>Depreciation</b>			
At start of year	3,844,607	170,085	4,014,692
Charge for period	481,365	99,405	580,770
On disposals	0	0	0
At end of year	<u>4,325,972</u>	<u>269,490</u>	<u>4,595,462</u>
<b>Net book value</b>			
At end of year	<u>13,506,139</u>	<u>634,337</u>	<u>14,140,476</u>
At start of year	<u>13,484,039</u>	<u>654,366</u>	<u>14,138,405</u>

The College owns residential property in central Oxford forming an inalienable part of an estate of buildings which are used for functional purposes. The property is used alternately for College or University purposes and for third-party rental, and in some cases is let on long-term secured tenancy, and is not classified as endowment. The income from the property in the year ended 31 July 2006 was £168,689 (2005 £163,189), which is included in operating income. This property is more than 50 years old and is included in tangible fixed assets at nil value.

10 FIXED ASSET INVESTMENTS

	COLLEGE	
	2006 £	2005 £
Investments at start and end of year, stated at cost.		
Subsidiary undertakings	<u>76,000</u>	<u>76,000</u>

The College owns 100% of the issued share capital of Merton Enterprises Limited, a company incorporated in England and Wales. The principal business activity of Merton Enterprises Limited is to undertake merchandise sales.

MERTON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

11 ENDOWMENT ASSET INVESTMENTS

CONSOLIDATED AND COLLEGE

	Securities & cash	Land & property	Total
	£	£	£
<b>At market value</b>			
At start of year	50,392,982	62,464,158	112,857,140
Purchases at cost	20,576,222	570,921	21,147,143
Sales proceeds	(12,648,761)	(12,588,489)	(25,237,250)
Increase in cash held by fund manager	5,089,738	0	5,089,738
Revaluation gains	4,661,474	8,088,950	12,750,424
<b>At end of year</b>	<b>68,071,655</b>	<b>58,535,540</b>	<b>126,607,195</b>
<b>Analysed as</b>			
Fixed interest stocks (listed)	10,004,473		
Equities (listed)	33,193,238		
Index linked securities (listed)	3,023,697		
Private equity funds	7,225,256		
Property funds	3,158,868		
Absolute return funds	883,267		
Cash	10,582,856		
	<b>68,071,655</b>		
Historical cost at end of year	<b>57,190,439</b>		

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

12 DEBTORS

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Amounts falling due within one year				
Trade debtors	2,165,165	390,140	2,165,165	390,140
Amounts owed by College members	48,881	42,925	48,881	42,925
Loans	21,677	39,492	21,677	39,492
Prepayments and accrued income	620,206	440,480	620,206	440,480
Amounts falling due after more than one year				
Loans	302,892	426,116	302,892	426,116
	<b>3,158,821</b>	<b>1,339,153</b>	<b>3,158,821</b>	<b>1,339,153</b>

13 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	£	£	£	£
Bank overdraft	0	88,457	0	88,457
Trade creditors	145,146	170,374	145,146	170,374
College Contribution	346,672	299,098	346,672	299,098
Taxation and social security	1,911,573	127,161	1,911,573	127,161
Accruals and deferred income	387,583	356,591	387,488	356,524
Other creditors	133,296	74,233	133,296	74,233
	<b>2,924,270</b>	<b>1,115,914</b>	<b>2,924,175</b>	<b>1,115,847</b>

MERTON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

14 DEFERRED CAPITAL

CONSOLIDATED AND COLLEGE

	£
At start of year	4,794,505
Transfer from designated reserves	1,325
New capital	56,101
Release of deferred capital contributions	(131,767)
<b>At end of year</b>	<b>4,720,164</b>

The balance on deferred capital represents donations received to finance the purchase of tangible fixed assets. Amounts are released to the income and expenditure account over the lives of the related assets on the same basis as the charge for depreciation.

15 ENDOWMENTS

CONSOLIDATED AND COLLEGE

	Specific £	General £	Total £
At start of year	753,874	112,103,266	112,857,140
Endowments received	1,418,742	0	1,418,742
Appreciation of endowment assets	68,199	12,682,225	12,750,424
Income receivable from endowment asset investments	59,450	4,070,290	4,129,740
Transfer to income and expenditure account	(52,695)	(4,070,290)	(4,122,985)
Transfer from designated reserves	34,214	0	34,214
Transfer to general reserves	0	(460,080)	(460,080)
<b>At end of year</b>	<b>2,281,784</b>	<b>124,325,411</b>	<b>126,607,195</b>

Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity.

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

MERTON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006  
(6/10/06 Version)

16 RESERVES

DESIGNATED RESERVES	CONSOLIDATED	COLLEGE
	£	£
At start of year	293,540	0
Transfer to deferred capital	(1,325)	0
Transfer to specific endowments	(34,214)	0
Transfer from general reserves	199,047	0
At end of year	<u>457,048</u>	<u>0</u>

Designated reserves comprise donations to the Merton College Charitable Trust for designated purposes, and interest earned on those donations. Donations and interest earned during the year are included in the consolidated income and expenditure account and transferred from general to designated reserves accordingly.

GENERAL RESERVES

	CONSOLIDATED	COLLEGE
At start of year	9,999,074	9,842,322
Surplus from income and expenditure account	321,378	(25,398)
Transfer from general endowment	460,080	460,080
Transfer to designated reserves	(199,047)	0
At end of year	<u>10,581,485</u>	<u>10,277,004</u>

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Representing:				
Undepreciated cost of tangible fixed assets less deferred capital financed out of general reserve	9,420,312	9,343,900	9,420,312	9,343,900
General reserve	1,161,173	655,174	856,692	493,422
	<u>10,581,485</u>	<u>9,999,074</u>	<u>10,277,004</u>	<u>9,842,322</u>

17 CAPITAL COMMITMENTS

CONSOLIDATED AND COLLEGE	2006	2005
	£	£
Commitments contracted at 31 July		
Tangible fixed assets	0	139,084
Endowment land and property	0	63,100
	<u>0</u>	<u>202,184</u>

18 FINANCIAL COMMITMENTS

At 31 July 2006 the College had no financial commitments where disclosure is deemed to contribute to a proper understanding of the financial position.

**MERTON COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2006**

**19 POST BALANCE SHEET EVENTS**

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

**20 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.

**21 RELATED PARTY TRANSACTIONS**

There are no material transactions undertaken by the College with a related party as defined in Financial Reporting Statement 8 "Related Party Disclosures" that require to be disclosed.

**22 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH**

	2006	2005
	£	£
Surplus for the year	321,378	382,780
Depreciation	580,770	551,061
Release of deferred capital contributions and transfers from deferred capital	(131,767)	(192,326)
Endowment income and interest receivable	(4,193,333)	(3,892,484)
Decrease (increase) in stocks	(7,437)	(46,082)
Decrease (increase) in debtors	(1,819,668)	86,323
(Decrease) increase in creditors	1,896,813	(231,853)
	<u>(3,353,244)</u>	<u>(3,342,581)</u>

**23 ANALYSIS OF CHANGES IN NET FUNDS**

	2006	Changes	2005
	£	£	£
Cash at bank and in hand	1,140,533	650,758	489,775
Bank overdraft	0	88,457	(88,457)
Endowment assets cash	10,582,856	5,082,099	5,500,757
	<u>11,723,389</u>	<u>5,821,314</u>	<u>5,902,075</u>

Changes in net funds include a negative exchange conversion adjustment of £7,639 on endowment assets cash balances.