



# Financial Statements

2018/19



# University of Oxford

## Financial Statements 2018/19



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# AT A GLANCE

## Strategic and Operational Measures

### Education



**11,813**

Postgraduate students

% change  
2017/18 to  
2018/19

1.1%

**91%** Oxford graduates  
employed or in further study  
six months after graduation

% change  
2017/18 to  
2018/19

0%

**11,930**

Undergraduate students

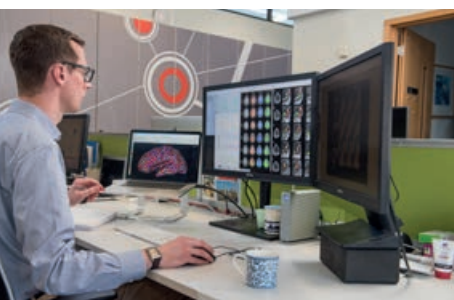
1.6%

**21,515**

Undergraduate applications  
received

7.9%

### Research



**£624.8m**

Research income

7.9%

**1st**

Ranking *Times Higher Education*  
World University Rankings

–

**2,305**

Research grant contracts  
awarded

–6.0%

**4,572**

Research staff

1.3%

### Educational Publishing \*undertaken by the Press



**£866.2m**

Educational publishing  
income

1.9%

**£102.0m**

Operating cash flow

N/A

**5,958**

Educational publishing staff  
(full time)

–0.2%

**£103.3m**

Comprehensive Income

–36.1%

### Engagement and partnership



**1,350**

UNIQ summer school  
placements

58.8%

**1,041**

Students from low-income  
backgrounds supported by  
Crankstart scholarships

30.1%

**2,522**

Outreach activities held

–22.5%

**139**

Companies incorporated  
by OUI

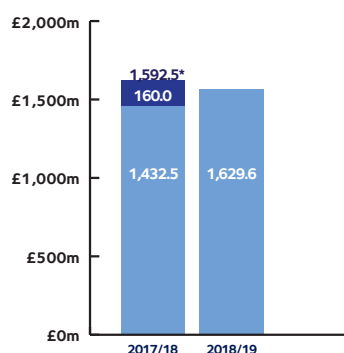
6.1%

# Financial Measures

## Income

**£1,629.6m**

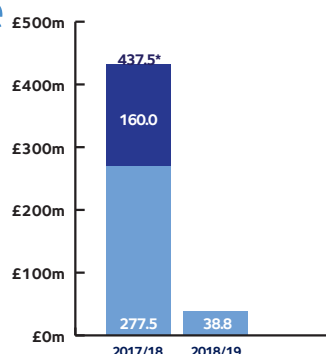
Consolidated  
(excl educational publishing)



## Comprehensive Income

**£38.8m**

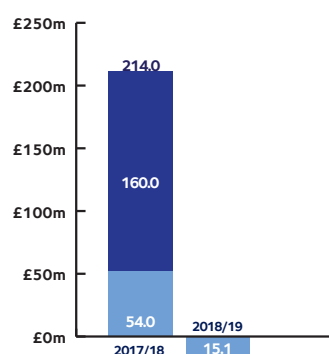
Consolidated  
(excl educational publishing)



## Operating Cash Flow

**£(15.1)m**

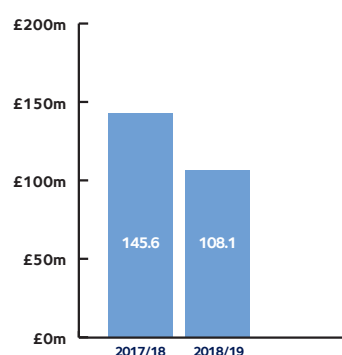
Consolidated  
(excl educational publishing)



## Capital Expenditure

**£108.1m**

Consolidated  
(excl educational publishing)



\* Note: includes £160m triennial cash transfer from educational publishing



Sheldonian Theatre





# LETTER FROM THE VICE-CHANCELLOR

“This has been a very good year for the University of Oxford. To have come first for the fourth consecutive year in the Times Higher Education (THE) global ranking of universities is a striking testament to the calibre of the people who work here. The THE singled out our research success for particular praise: “strong across a wide range of disciplines and between disciplines, with huge impact and a powerful global reputation among peers. Oxford is also more international than its close rivals in North America, with deep and rich research collaborations across the world, and a strong record in attracting the world’s leading talent to its doors.” Competition from well-funded competitors around the world, however, will make it increasingly difficult to maintain our position.

This year the University announced four major initiatives designed to realise some of the commitments made in the Strategic Plan.

Last term we made a public commitment that in four years’ time 25% of the British students we admit will be from underrepresented backgrounds. This will mark a sea change in our admissions without compromising our high standards. To meet this commitment, in addition to increasing the size of the UNIQ Summer School to 1,350 participants, we will build on the success of two programmes initiated at the college level. Opportunity Oxford is a bridging programme for students who meet or exceed our entrance requirements. Foundation Oxford is a one-year foundation course for a smaller number of talented students whose education has been severely disrupted. We admitted more state school students, more female students, and more students from underrepresented backgrounds than ever before.

To meet the ever-growing demand for new graduate places, we announced in May the creation of a new college, our 39th, provisionally named Parks College. Parks College has a specific focus on addressing the big challenges of the 21st century, Climate Change, AI and Machine Learning and Cellular Life. We look forward to welcoming the first cohort of students in October 2021.

Last term we also announced the receipt of our largest philanthropic gift since the Renaissance: £150,000,000 from Stephen A. Schwarzman. This gift will enable us to create an unrivalled Centre for the Humanities. The Centre will bring together seven faculties in a new building together with a humanities library for the 21st Century along with exhibition, teaching and knowledge-exchange



space. It will also encompass a performing arts centre together with a 500 seat concert hall, a theatre and a TV studio. This will be an enormous asset to the city as well as the University. Among the research activities housed in The Schwarzman Centre will be a new Centre for AI Ethics. The plan is that the new Humanities Centre will open in 2024.

Last term we also announced a joint venture with Legal & General. L&G have agreed to commit up to £4 billion over the next ten years to build 1,000 subsidised homes for our staff and 1,000 new units of accommodation for graduate students. In this way we hope to address the high cost and chronic shortage of housing in the city. L&G will also build two new science parks to allow University spinouts to grow and to support the regional economy by providing skilled jobs and keeping companies in the region.

We also announced the successful conclusion of the Oxford Thinking campaign which exceeded its £3 billion goal by raising £3.3 billion across the collegiate University.

We have had a great many successes this year including Nobel Prizes in Medicine and Physics. We have continued to evolve while never deviating from our abiding commitment to excellence. Nevertheless, the fragility of the political situation in this country should be a reminder that we cannot take anything for granted. We are committed to mitigating the impact of Brexit on our EU students, staff and research funding. Above all, we are committed to ensuring that Oxford remains global in its make-up, outlook and engagement.”

Louise Richardson  
Vice-Chancellor

# VISION AND STRATEGIC PRIORITIES

**Oxford University's mission is the advancement of learning by teaching and research and its dissemination by every means.**

## Vision

We will work collectively as one Oxford to provide world-class research and education, building on the University's long traditions whilst at the same time fostering a culture of innovation.

We are committed to equality of opportunity and to engendering inclusivity.

The University's distinctive democratic structure will continue to offer a source of strength and, together with our colleges, create environments which are supportive to individual scholars and promote interdisciplinarity.

## Strategic priorities

<b>Education</b>	To attract and admit students from all backgrounds with outstanding academic potential and the ability to benefit from an Oxford education.
	To offer an excellent academic experience for all our students, and ensure that Oxford fully equips graduates to excel in whatever they choose to do.
	To retain and refresh the collegiate University's rich academic environment.
<b>Research</b>	To promote and enable ambitious research of exceptional quality.
	To invest in people, to support them and their research environment, thereby enabling the research endeavour to grow sustainably.
	To change the world for the better.
<b>Publishing</b>	To demonstrate evidence of positive educational and research impact from the use of Oxford University Press's materials and services.
	To sustain high levels of investment in technology in order to compete within a rapidly evolving digital environment.
	To focus on growth in emerging markets, in particular those where Oxford University Press is already well placed.
	To focus on efficiency in order to remain competitive.
<b>People</b>	To attract, recruit and retain the highest calibre staff.
	To work towards an increasingly diverse staffing profile.
	To support staff in personal and professional development.
<b>Engagement and partnership</b>	To work with partners to create a world-class regional innovation ecosystem.
	To build a stronger and more constructive relationship with our local and regional communities.
	To engage with the public and policy makers to shape our research and education and to encourage the widest possible use of our research findings and expertise.
	To maximise the global social, cultural and economic benefit derived from our research and scholarship.
<b>Resources</b>	To manage our financial resources to ensure the collegiate University's long-term sustainability.
	To ensure that our estate provides an environment which promotes world-class research and education whilst minimising our environmental impact, conserving our historic built environment, and improving our space utilisation.
	To continue to invest in our information technology capability to enhance the quality of our research and education and to streamline our administrative processes.
	To raise funds to support the very best students, invest in our staff and their work and provide new resources and infrastructure.

## EMERGING TRENDS

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**The University's strategic priorities have been developed against a background of local, national and worldwide change.**

**The strategic priorities take into account the following emerging trends and issues, ensuring that the University is well placed to deliver its Strategic Plan.**

### Access and diversity

The University is committed to ensuring that our undergraduate admissions processes identify students with outstanding academic potential and the ability to benefit from an Oxford course whatever their background. We know that our main challenges lie in encouraging students from underrepresented groups to apply to Oxford and in helping them to make competitive applications.

The University is deeply committed to promoting equality and diversity in the workplace, and to providing a welcoming and inclusive environment for all members of our community.

### Oxford in the world

Oxford's international profile currently rivals that of any university in the world, highlighted by the breadth and depth of its research collaborations and a truly global student body and academic staff. Oxford aims to deliver an exceptional education, to carry out world-leading research, and to make significant contributions to society – locally, nationally, and internationally. Achievement of this aim will require the University to continue to expand its extensive global links even as it addresses the uncertainties of Brexit and its implications for research and teaching in the UK. The University's global links include the dissemination of teaching and research materials via Oxford University Press – the world's largest university press with the widest global presence, publishing in more than 100 languages.

### Impact and innovation

In line with its mission, the University must continue to foster an environment of creativity and innovation in both research and education and to work with partners to create significant social and economic impact.

### Size and shape

The growth of the collegiate University over the last decade reflects its academic success, particularly in research. The University reviews the size and shape of its structure in order for this growth to be sustainable.

### Staff and student housing

Unmet demand for housing is particularly acute in Oxford and presents a challenge to the continued academic success of the University. To continue to attract the very best staff and students to Oxford, we will need to ensure that high-quality affordable housing is available. In order to deliver this, the University is working with colleges and with external partners to develop affordable housing schemes for staff, students and key workers.

### Sustainability, efficiency and effectiveness

The University will seek to strengthen its financial sustainability and to maximise the resources available for investment in research and teaching. Key to achieving this will be the University's ability to deliver more efficient and effective services, as well as the continued growth of diversified income streams. The University will continue to set itself the highest standards of energy efficiency in the building and maintenance of its estate in order to minimise its impact on the environment.

# OPERATIONAL REVIEW

## Education

Through a commitment to the personal education of each student we will provide a quality of education and experience which equips students with the values, skills and intellectual discipline that will enable them to make a positive contribution to society.

### Our strategic priorities

To attract and admit students from all backgrounds with outstanding academic potential and the ability to benefit from an Oxford education.

To offer an excellent academic experience for all our students, and ensure that Oxford fully equips graduates to excel in whatever they choose to do.

To retain and refresh the collegiate University's rich academic environment.

### Undergraduate admissions and outreach

In 2018/19, applications for undergraduate study rose by 7.9% compared with 2017/18. Within this, the proportion of UK undergraduate admissions from the state sector continued to rise to 60.5%.

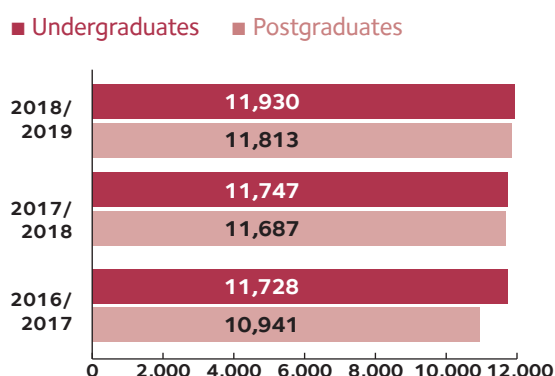
The University is fully committed to widening access to Oxford. Significant outreach activity takes place across the collegiate University to encourage applications from academically able students from disadvantaged backgrounds.

In the last year, the University has focussed its outreach activities on identifying and investing in those with the greatest impact. With a view to increasing transparency, the University continues to publish the Annual Admissions Statistical Report, which gives information about the students who have applied to our undergraduate courses, received offers and been admitted, over the last five years. The latest version of this report was released in May 2019. It contains many positive points as well as providing evidence that there is still a great deal of work for us to do.

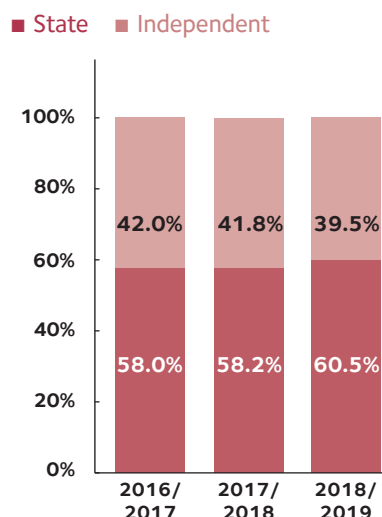
As part of the 2019/20 admissions round, the University has launched the first of its major access initiatives: Opportunity Oxford. This programme aims to increase the number of high-achieving students admitted to Oxford from backgrounds identified by the collegiate University as priorities for widening participation. It is expected that some 80 students will be admitted under the scheme in its first year (October 2020). It is a key component of the University's Access and Participation Plan, which has recently been approved by the Office for Students. It is likely that the regulator, together with politicians, the press, and schools, will take a keen interest in its success.

The University's flagship outreach residential programme, the UNIQ summer school, increased its 2019 participant intake by 50% to 1,350. This increase in participants will be maintained in subsequent years. Each student spends a week at Oxford studying their chosen subject, experiencing undergraduate life at first hand and learning

### Student numbers



### United Kingdom admissions from state and independent sectors



## Education – continued

how to make the best possible university application. This gives even more pupils from underprivileged backgrounds a greater chance of success in securing an Oxford place.

Oxplore is our innovative digital outreach learning portal which has extended our outreach activities to a global scale. The portal has had over 216,000 site visitors from 218 countries viewing over 454,000 pages over the past year.

### Graduate admissions and funding

For 2018/19 entry, applications for graduate study rose by 8.1% compared with 2017/18 entry, with applications from non-EU countries increasing by 10.6%. Applications for 2019/20 entry are up by 5.8% at around 30,300. The University continues to face a substantial scholarship funding gap for graduate students, in particular for Masters' courses, and graduate funding remains a strategic priority.

Further information about graduate scholarships available at Oxford can be found at: [www.ox.ac.uk/admissions/graduate/fees-and-funding/graduate-scholarships](http://www.ox.ac.uk/admissions/graduate/fees-and-funding/graduate-scholarships).

### Supporting student success

Student Welfare services at Oxford have continued to see a sustained increase in demand and work has continued to ensure that students receive timely access to high-quality services. Wellbeing has been included as an objective in the Strategic Plan 2018–23, with the Student Mental Health and Wellbeing Strategy setting out how this can be embedded across all aspects of the student journey. In October 2018 the University launched a new service to support students who have been affected by sexual harassment and violence.

### Equipping students for future study and employment

The University seeks to equip all its students with the skills and knowledge to succeed in future study or employment. Outside the curriculum, support provided for students included the following:

- ▶ over 650 funded research and professional international internships in more than 40 countries;
- ▶ over 200 students taking part in "Insight Into..." programmes in teaching, medicine, academia, pharmaceuticals, and business; and
- ▶ experiential programmes organised by The Student Consultancy, Researcher Strategy Consultancy and The Agency providing 528 students and researchers with opportunities to work on 93 voluntary consultancy projects for business, charities and local government clients.

### 2018/19 HIGHLIGHTS

**24,299** students at Oxford, including  
**11,930** undergraduates and  
**11,813** postgraduates

**21,515** applications for  
**3,309** undergraduate places

**60.5%** of UK undergraduate admissions  
 from state schools



## Research

The University of Oxford is world famous for its research excellence and is home to some of the most talented scientists and scholars from across the globe.

### Our strategic priorities

To promote and enable ambitious research of exceptional quality.

To invest in people, to support them and their research environment, thereby enabling the research endeavour to grow sustainably.

To change the world for the better.

### Research activity

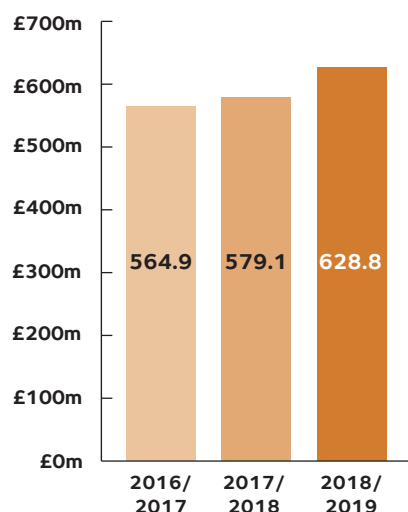
The scale of the University's research activity is substantial, involving over 1,800 academics, almost 5,000 research staff and 6,356 postgraduate research students. The University collaborates with other universities and research organisations, healthcare providers, businesses, community groups, charities, and government agencies, nationally and internationally. According to the most recent Research Excellence Framework (the official UK-wide assessment of all university research), the University has the largest volume of world-leading research in the UK. The public benefits from this research include better public policy, improved health outcomes, economic prosperity, social cohesion, international development, community identity, the arts, culture and quality of life.

### Research grant contracts awarded

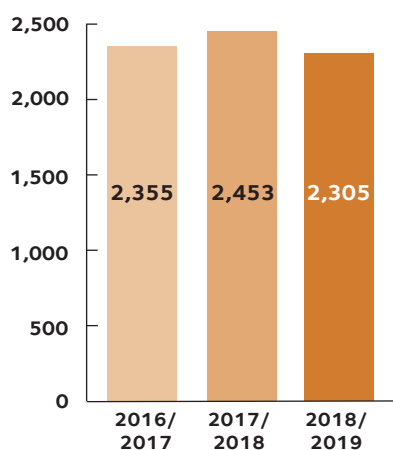
Much of the University's research activity is funded by competitively won research grants awarded by third parties (including the UK Research Councils, UK charities and the European Commission) as well as funding from business and other organisations. The University currently has 4,475 active research awards worth over £3.4 billion. In 2018/19 over 2,300 new research grants were awarded, with a cumulative value of £663m. In addition, Research England provided invaluable support through quality-related recurrent grant funding totalling some £144m.

In order to maintain its world-leading status in research across the sciences, the social sciences, and the humanities, the University needs continued access to funding from national, European and international sources, to expand its collaborative networks with institutions and organisations worldwide and to maintain a flow into the University of staff and students of the highest quality from across the world.

### Research income



### Research grant contracts awarded



## Research – continued

### Challenging research funding climate

The current research funding climate presents a number of challenges but also opportunities for the University. Continued uncertainty over the UK's access to future funding from the European Union is coupled with increases in national research funding, in particular the challenge-led and regionally focussed funding schemes. The University is taking steps to ensure it continues to be well placed to succeed in this fast changing environment.

#### Key milestones achieved in the past year include:

- ▶ Launching a new Centre for Demographic Science with funding of £10m from the Leverhulme Trust, uniting researchers from sociology, criminology, economics, statistics, molecular genetics, biology, history, marketing and business, to bring 'science' into demography.
- ▶ The formal opening of The Oxford-Suzhou Centre for Advanced Research, known as OSCAR, in Suzhou Industrial Park in eastern China, the University's first overseas centre for physical science and engineering research.
- ▶ Securing investment of more than £17.5m through the Government's Industrial Strategy Challenge Fund and from industry for Oxford to lead national programmes to develop artificial intelligence (AI) healthcare applications to benefit patients.

- ▶ A successful bid to establish the Open-Oxford-Cambridge Arts and Humanities Research Council Doctoral Training Partnership which will fund over 400 postgraduate research students in the arts and humanities at Oxford, the University of Cambridge and the Open University over the next five years.
- ▶ Oxford research leading to the formation in 2018/19 of 19 new spinout companies based on University intellectual property, 3 incubator start-ups and 1 social enterprise, collectively raising £16.8m in seed investment. Oxford has now created 139 spinout companies.

The University is grateful to its research sponsors and partners for making the resources available to undertake these and many other projects. Further information on the range of impacts which the University research has on the world of policy, health, business and culture is available in a series of case studies and films at: [www.ox.ac.uk/research/research-impact](http://www.ox.ac.uk/research/research-impact).

### 2018/19 HIGHLIGHTS

**Top ranking** in the *Times Higher Education* (THE) worldwide ranking of universities

**Highest** proportion of quality-related grant funding for research of any UK university

**Highest research income** from external sponsors of any UK university

## Educational Publishing

As a department of the University, Oxford University Press (the Press) furthers the University's objectives of excellence in research, scholarship, and education through publishing worldwide.

### Our strategic priorities

To demonstrate evidence of positive educational and research impact from the use of the Press's materials and services.

To sustain high levels of investment in technology in order to compete within a rapidly evolving digital environment.

To focus on growth in emerging markets, in particular those where the Press is already well placed.

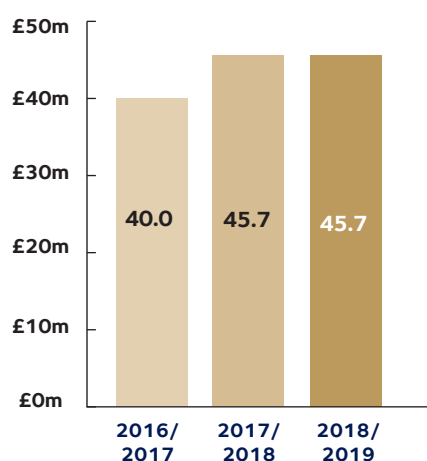
To focus on efficiency in order to remain competitive.

### Mission

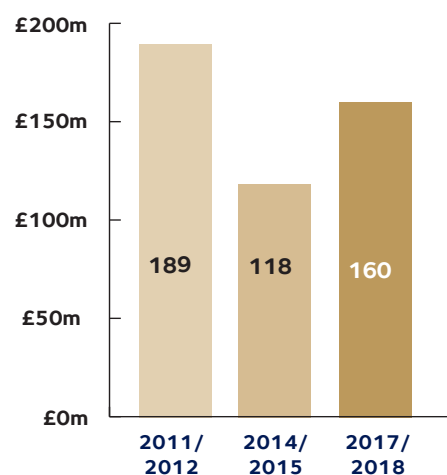
Through its extensive print and digital publishing, training programmes, online courses, and resource provision, the Press extends the global reach and impact of the University.

The Press continues to serve three large and global publishing markets: Research, the Learning of English, and Education (Schools and Higher Education). These markets are attractive to the Press for several reasons: they enable the University to accomplish its mission; they have long-term growth prospects; they are susceptible to a global approach; and the Press has strong and defensible competitive positions within them. The Press pursues common strategies across all markets: improving digital, data, and technology capabilities; achieving growth in emerging markets; demonstrating the impact of the Press's products and services; efficiency and speed to market; and enhancing the Press's culture to be more inclusive and collaborative.

### Value of annual transfer from educational publishing



### Value of special transfers from educational publishing



## Educational Publishing – continued

### Market and sector strategies

Beyond these common strategies the Press has sector-specific strategies, reflecting different operating characteristics, types of competitor, and scale of opportunity in each sector.

The Research publishing of the Press saw strong performance in journals and reference resources in 2018/19, and won a number of significant awards including:

- The Pulitzer Prize for Biography and US National Book Award for *The New Negro: the Life of Alan Locke* by Jeffrey C Stewart
- The Ammodo Science Award for *Invisible Agents* by Nadine Akkerman
- The European Society of International Law Book Prize for *To Reform the World* by Guy Fiti Sinclair.

Increases in online and e-book sales helped to offset an industry-wide drop in print revenues, as the Press continued to invest in digital transformation within its academic and research markets.

The Press continues to address the move to sustainable Open Access (OA) publishing, with eight new fully OA journals publishing their first issue, and two new OA journals opening for submissions.

There was continued growth in our online reference, with Oxford Research Encyclopedias seeing a two-fold increase in site traffic compared to last year, along with a doubling of subscription revenues. Traffic across our scholarly reference websites increased by 6 per cent, with more than 30 million visits across our 13 academic platforms.

Despite various challenges in its education markets, such as currency devaluations, delays in curriculum reform, and the impact of government intervention in markets such as India, the Press continued to extend its activities into supporting educational outcomes, with its education products and services being sold across 175 countries.

Last year the Press launched its new digital reading service for primary school children – Oxford Reading Buddy – which uses a virtual reading coach to support and motivate each child's personal reading journey, while providing

teachers with valuable insights into their attainment and development. It initially launched in seven markets: Australia, China, India, Malaysia, Pakistan, South Africa, and the UK.

Assessment continues to be an area of growth for the Press. In India, it launched Oxford STAR, which accelerates students' progress by providing detailed remediation tailored to individual students' needs. In English Language Teaching, the Press rolled out its University-certified English proficiency test – the Oxford Test of English.

The financial success of the Press allows the Delegates to make regular financial transfers to the wider University. For 2018/19 the total transferred was £45.7m.

### 2018/19 HIGHLIGHTS

**98 awards** for academic and educational resources

**23% increase** in the usage of academic and research platforms

**52.8%** of the Press's journals that receive an 'impact factor', a measure used to calculate how many people journal research has reached, ranked in the upper quartile.

# People

People are the foundation of the University's success and the quality of our academic, research, professional and support staff is critical to our future.

## Our strategic priorities

To attract, recruit and retain the highest calibre staff.

To work towards an increasingly diverse staffing profile.

To support staff in personal and professional development.

We seek to attract, recruit and retain the best research and teaching staff from around the world by offering a competitive reward package, a welcoming and inclusive culture, generous flexible working and family leave policies, support for visa applications and the transition of newly recruited staff to Oxford.

The University recognises the importance of diversity among its staff and is actively working to increase this.

For reference,

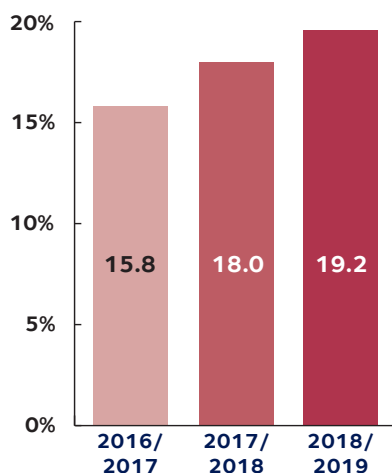
- ▶ 46.2% of academic and research staff originate from outside the UK
- ▶ women currently represent 51.5% of University staff.

We support departments to achieve Athena SWAN awards for gender equality. Action plans are being implemented in support of charter marks such as the Stonewall Equality Index, the Race Equality Charter (we hold an institutional bronze award), and Mindful Employer supporting staff mental health.

We encourage staff to plan their development through Personal Development Reviews and are strengthening our development programmes for all staff, with a focus on management and leadership development and support for early career researchers.

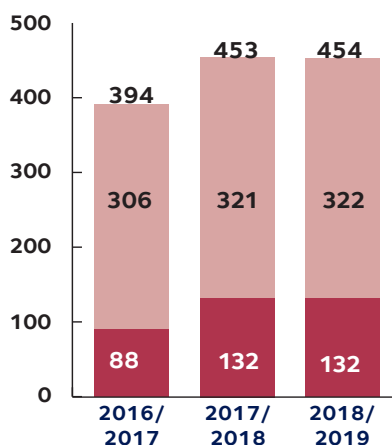
The University is an accredited Living Wage Employer, which particularly benefits junior staff. However, recruitment of all staff, particularly early career researchers, is hampered by the scarcity and cost of accommodation, childcare and transport in the city. To begin to address these challenges, the University entered into a partnership with Legal & General in June 2019 to fulfil the commitment in the University's Strategic Plan to provide at least 1,000 subsidised homes for University and college staff.

## Women as % of statutory professors



## Number of new flexible working arrangements established annually

■ Men ■ Women



## 2018/19 HIGHLIGHTS

**Included in 100 top LGBT inclusive employers** by the charity Stonewall

**32 Athena SWAN awards** recognising advancement of gender equality

**Launch of Additional Annual Leave scheme\*** (AAL) for staff with caring responsibilities for dependent relatives



# Engagement and Partnership

Our research and education aims to benefit the wider public in the Oxford region, across the UK and globally. To this end we work in partnership with public, private, voluntary and commercial organisations and our alumni to enhance public engagement and knowledge exchange.

## Our strategic priorities

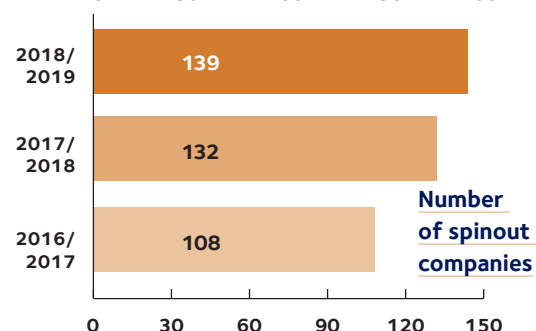
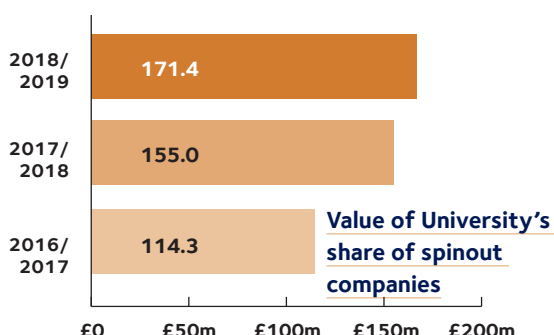
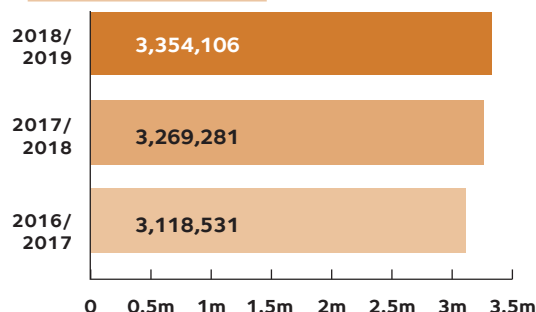
To work with partners to create a world-class regional innovation ecosystem.

To build a stronger and more constructive relationship with our local and regional communities.

To engage with the public and policy makers to shape our research and education and to encourage the widest possible use of our research findings and expertise.

To maximise the global social, cultural and economic benefit derived from our research and scholarship through our international engagement.

### Number of visitors to University gardens, libraries and museums



## Social contribution

The University's support for Social Enterprises – companies which combine the social contribution of a charity with the profit generation strategies of a business – was increased with the incorporation of the Oxfordshire Social Enterprise Partnership as a Community Interest Company, and Oxford University Innovation's (OUI) new programme. The first Social Enterprise spinout, sOPHla, from the Oxford Poverty and Human Development Initiative (OPHI), brings a multidimensional method to help businesses to tackle poverty. Greater Change, a startup from the OUI Incubator, offers novel fundraising approaches to support the homeless.

## Economic contribution

A study carried out by BIGGAR Economics<sup>1</sup> in 2017 measured the economic impact of the University. The University contributes around £5.8bn to the UK economy, and supports more than 50,000 full time jobs. Globally, the impact is £7.1bn. Spinout companies have contributed to this impact and the University has £171.4m equity invested in 139 active spinout companies.

The University is taking part in three new government-funded projects designed to help universities collaborate with each other, and with external organisations such as industry and the NHS, to boost the commercialisation of research. Healthy ageing, the internet of things, and the social sciences are the three themes involving Oxford academics.

New initiatives this year included RisingWISE, an Oxford-Cambridge collaboration which fosters long-term relationships between enterprising early-career researchers and women working in industry, to encourage more women to build careers across the science and technology sector.

## Cultural contribution

Over 3.3 million visitors were welcomed to the University's gardens, libraries and museums in the last year. Highlights included:

- ▶ Jeff Koons exhibition at the Ashmolean Museum;
- ▶ Multaka-Oxford: an award-winning project at the Pitt Rivers Museum and the History of Science Museum which creates volunteering opportunities for people who have recently arrived in Oxford as forced migrants;
- ▶ *Messy Realities* at the Pitt Rivers Museum;
- ▶ The opening of the Herbarium Room at the Botanic Gardens.

<sup>1</sup> Economic Impact of the University of Oxford – [www.ox.ac.uk/sites/files/oxford/Economic%20Impact%20of%20the%20University%20of%20Oxford.pdf](http://www.ox.ac.uk/sites/files/oxford/Economic%20Impact%20of%20the%20University%20of%20Oxford.pdf)

## Resources

**Oxford University benefits from the careful stewardship of resources by previous generations. Ensuring financial and environmental sustainability is an essential pillar of the University's strategy.**

### Our strategic priorities

To manage our resources to ensure the collegiate University's long-term financial and environmental sustainability.

To provide an environment which promotes world-class research and education whilst minimising our environmental impact, conserving our historic buildings, and improving our space utilisation.

To continue to invest in our information technology capability to enhance the quality and security of our research and education and to streamline our administrative processes.

To raise funds to support the very best students, invest in our staff and their work and provide new resources and infrastructure.

### Financial resources

In July the University signed a long-term partnership agreement with Legal & General, who will provide up to £4 billion over 10 years to fund the construction of graduate student accommodation, staff housing and research and innovation districts. The £750 million 100-year bond issued in 2017 will be deployed to fund a number of academic buildings including a replacement for the Tinbergen Building, and to support the initiation of significant new research programmes.

### Estates

The University's capital programme is prioritised to ensure that the estate is refurbished and complemented with new buildings to meet its research and education requirements. In the past year, our new world-class physics laboratories in the Beecroft building received multiple awards including three RIBA awards, an S-Lab award and a construction award. The Big Data Institute received a RIBA regional award recognising excellence in workplace design. In the last year the University has completed the Bioescalator building providing space for commercial partners and early stage companies to work and research alongside each other. The Wolfson Building on the John Radcliffe Hospital site was also completed, providing new facilities for neuroscience research.

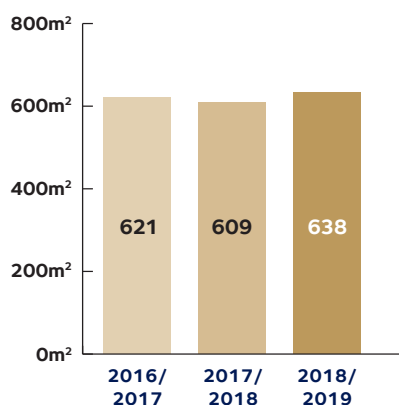
### Information Technology

A new IT strategic plan was launched during 2018/19 targeting significant improvements in service efficiency, and data security. Delivery of the e-learning platform ("Canvas") will be the first outcome of this plan.

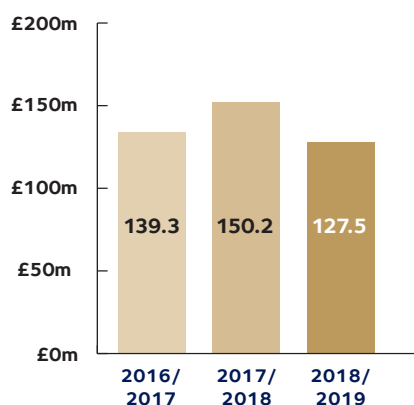
### Development

In 2008 the University launched the *Oxford Thinking* campaign to raise £3bn in support of the strategic objectives of the collegiate University. It is the largest fundraising campaign ever undertaken in Europe and has raised £3.3bn to date. In June 2019 the University received its largest ever philanthropic donation of £150 million from Stephen A. Schwarzman to fund a new Centre for the Humanities. All of the gifts received contributed to the achievement of the University's priorities outlined in this report.

### Gross Internal Area (GIA) m<sup>2</sup> thousands



### Capital additions







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Undergraduate students



# FINANCIAL REVIEW 2018/19

## Financial results

As noted in the Vice-Chancellor's introductory remarks, the University made significant progress in 2018/19 in laying the foundations for its strategic priorities, specifically in widening access, in establishing a new graduate college, in securing a transformational donation for the Humanities division and in establishing an innovative partnership with Legal & General plc to address the scarcity both of affordable housing for staff and graduate students in Oxford and of science parks for translation of research.

The financial results mark a continuation of the trends seen in recent years: continued growth in research income and investments largely offset by growth in expenditure on salaries and purchases. However, these trends are overshadowed by the impact of the 2017 valuation of the Universities Superannuation Scheme (USS). The resulting £286m increase in pension deficit provision is the primary driver of the reported fall in consolidated comprehensive income from £390m to £96m. Excluding this pension deficit provision increase, consolidated comprehensive income was broadly flat year-on-year at £382m (2017/18: £390m).

The 2018 valuation of the USS scheme, which reflected a materially lower scheme deficit, was approved by the Trustee and The Pensions Regulator in September 2019. Whilst the 2018 valuation represents a non-adjusting post-balance sheet event, it is expected to result in a material credit to comprehensive income in the 2019/20 financial year.

Reported comprehensive income for the University (excluding the Press) fell to £38.8m from £437.5m in 2017/18. The 2017/18 result included the payment of a triennial transfer from the Press of £160.0m. Excluding the effects of this the triennial transfer and pension deficit provision, underlying comprehensive income for the University grew to £324.8m from £277.5m in 2017/18.

Research and tuition income continue to grow, reflecting the University's continued success in securing new research grant awards and in attracting the world's best undergraduate and post-graduate students as set out in the "Education" and "Research" sections of this report. This growth in income was largely invested in increases in both staff and non-staff expenditure, which grew 5.0% and 3.9% respectively.

The University's investment activities ("The Oxford Funds") made a significant contribution to the growth in comprehensive income. This strong performance was achieved despite increased volatility in global equity markets. The dividend paid to the University from The

Oxford Funds in 2018/19, calculated at 4.25% of the average net asset value (NAV) over the previous 20 quarters, amounted to £79m (2017/18: £55m). The combination of investment gains and investment income in 2018/19 amounted to £199m (2017/18: £174m). Recognising the material impact on its financial results of pension provision movements and investment gains, the University has increasingly focussed on adjusted surplus of the consolidated university and to the academic university as a more stable measure of financial performance. This measure, set out in the bridges below, shows small year-on-year declines for both the consolidated and academic University to £127.3 m and £39.0m respectively (2017/18: £132.8m and £41.0m), primarily reflecting the impact of the April 2019 increase in employer contributions to the USS scheme.

## Capital expenditure

Excluding publishing activities, the University invested £108.1m in capital expenditure during the year, including £89.1m expenditure on buildings. Key additions in the year included the Bioescalator building on the Old Road Campus, which provides much-needed space for commercial partners and early-stage companies to work and research alongside each other, and the Wolfson building on the John Radcliffe Hospital site which provides new facilities for neuroscience research. Demolition works continued on the Tinbergen building, the largest academic building in the University, prior to construction works due for completion in 2024.

In July 2019 the University announced its partnership with Legal & General plc to develop new housing for staff and students. The arrangement, which will see up to £4bn in funding deployed by Legal & General over the next decade, is also expected to deliver new science and innovation parks.

## Investments in The Oxford Funds and spinouts

The Oxford Funds continue to perform well. The majority of funds invested by the University are held in the Oxford Endowment Fund which returned 9.7% in the year ended 31 July 2019. The annualised return over five years was 10.9%.

Over recent years the University has supported the incorporation of 139 companies based on research and intellectual property developed at the University. The value of the University's equity share in these spinout companies has continued to grow over the last year to £171.4m

## Financial Review – continued

(2017/18: £155.0m); the acquisition of Nightstar Therapeutics – a company developing gene therapy to alleviate blindness – by Biogen plc yielding a profit to the University of £19.9m. A portion of these proceeds have enabled the financing of a Strategic Research Fund to fund new cross-disciplinary research initiatives.

### Pension schemes

The University is a member of three multi-employer pension schemes and one single-employer pension scheme. One of these multi-employer schemes is the Universities' Superannuation Scheme (USS), for which the assets and liabilities are not hypothecated to individual institutions. In accordance with the requirements of the Statement of Recommended Practice on Accounting for Further and Higher Education (FEHE SORP), the University recognises a provision for its obligation to contribute to the funding of any deficit arising within USS as a result of actuarial valuations.

The USS actuarial valuation as at 31 March 2017 took into account the revised benefit structure effective from 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015. After allowing for those changes, the actuary established the following schedule of employer contribution rates:

- ▶ 18% p.a. of salaries for the period from 1 April 2016 to 31 March 2019;
- ▶ 19.5% from 1 April to 30 September 2019;
- ▶ 22.5% from 1 October 2019 to 31 March 2020; and
- ▶ 24.2% from 1 April 2020.

Details of the University's provision, which has been discounted at a rate of 1.6% as at 31 July 2019, are included in note 27 to the financial statements.

### Financial outlook

With net assets of over £4bn, the University benefits from a strong balance sheet relative to its peers in the UK and Europe. Notwithstanding the uncertainties of Brexit, of the Augar review of the USS pension scheme and of the UK political environment, the University will continue to seek to manage its existing sources of revenue effectively and its costs efficiently whilst seeking to establish new revenue streams and alternative sources of financing in order to generate the requisite long-term cash flow to maintain its pre-eminent position amongst the world's leading universities.

### Basis of accounting

The accounts are produced under Financial Reporting Standard 102.

### Going concern

The University's Council has reviewed the five-year financial forecast submitted to the Office for Students and has determined that the University has adequate resources to continue in operational existence for the foreseeable future. Based on this determination, these statements have been prepared on a "going concern" basis.

Reconciliation of reported surplus to adjusted surplus	Consolidated		University Academic	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Total Comprehensive Income</b>	<b>96.4</b>	<b>389.9</b>	<b>38.7</b>	<b>437.5</b>
Pension Provision movements	269.2	(47.8)	289.6	(15.8)
Gain on Investments	(237.1)	(308.3)	(236.4)	(285.3)
Capital Grants	(55.0)	(59.6)	(55.0)	(59.6)
Depreciation	145.2	145.5	95.3	111.1
Loan Repayments	(2.7)	(2.5)	(2.7)	(2.5)
New Endowments and donated Heritage Assets	(66.0)	(55.5)	(65.9)	(55.5)
Building sale and donation received	(19.0)	-	(19.0)	-
Restructuring cost	1.9	-	-	-
Tinbergen provision movements	(3.1)	1.5	(3.1)	1.5
OUP Triennial Transfer	-	-	-	(160.0)
Other income, eliminations and adjustments	(2.5)	69.6	(2.5)	69.6
<b>Adjusted Surplus for management accounting</b>	<b>127.3</b>	<b>132.8</b>	<b>39.0</b>	<b>41.0</b>



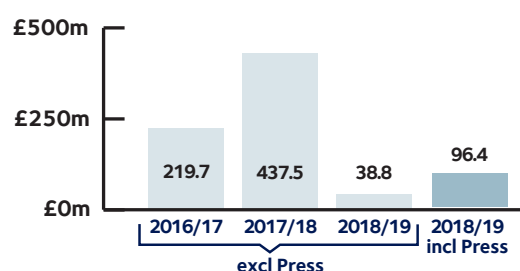
# 1. Comprehensive Income

## Summary of movements in Comprehensive Income (excluding Press)

Statement of Comprehensive Income	2018/19 Consolidated (excl Press)	Press & Adj	Elimination of Press transfers	Consolidated (incl Press)	2017/18 Consolidated (excl Press)	Underlying (excl Press) variance *
<b>Income</b>	<b>1,629.6</b>	866.2	(45.7)	2,450.1	<b>1,592.5</b>	37.1
<b>Expenditure</b>	<b>(1,822.6)</b>	(759.6)	-	(2,582.2)	<b>(1,443.0)</b>	(379.6)
<b>Surplus/(Loss)</b>	<b>(193.0)</b>	106.6	(45.7)	(132.1)	<b>149.5</b>	<b>(344.0)</b>
Investment gains	236.4	0.7		237.1	286.2	(49.8)
Surplus/(deficit) on joint ventures	(1.1)	(1.3)		(2.4)	2.5	(3.6)
Taxation	(0.5)	(4.9)		(5.4)	(0.7)	0.2
Other Comprehensive Income	(3.0)	2.2		(0.8)		(3.0)
<b>Comprehensive Income</b>	<b>38.8</b>	103.3	(45.7)	96.4	<b>437.5</b>	<b>(398.7)</b>

Further details can be found in note 12, 'Segmental Information' at page 70.

### Comprehensive Income £'m



### Total comprehensive income in 2018/19 fell to

**£96.4m** from £389.9m; within this comprehensive income attributable to the Press fell to £103.3m from £158.0m ; within this comprehensive income attributable to the Press fell to £103.3m from £105.0m, reflecting a one-off gain on disposal of a property of £18.5m in 2017/18 and a £27.6m reduction in pension provision credits year on year. Underlying comprehensive income attributable to the Press fell to £130.9m from £139.5m.

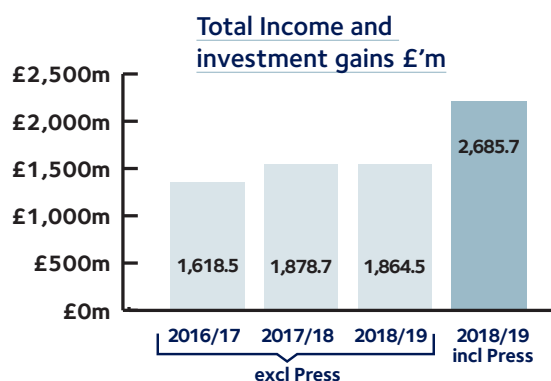
Excluding the Press, comprehensive income for the University reduced by £398.7m to £38.8m (2017/18: £437.5m) reflecting the £285.9m increase in pension deficit provision and the inclusion of the £160.0m triennial transfer from the Press in 2017/18. Underlying comprehensive income for the University grew by £47.3m.

### Key movements in Comprehensive Income (excl Press) included the following:

- ▶ Income and investment gains decreased by 0.8% from £1,878.7m to £1,864.5m, with £145.8m growth in research and tuition fee income, investment income and investment gains being offset by the £160.0m reduction in transfers from the Press.
- ▶ Expenditure increased by 26.3% from £1,443.0m to £1,822.6m , largely driven by the £285.9m increase in pension deficit provision. Excluding this provision increase, expenditure increased by 6.5% from £1,443.0m to £1,536.4m, largely reflecting higher staff costs.

## Comprehensive Income – continued

### 1.1 Income and investment gains



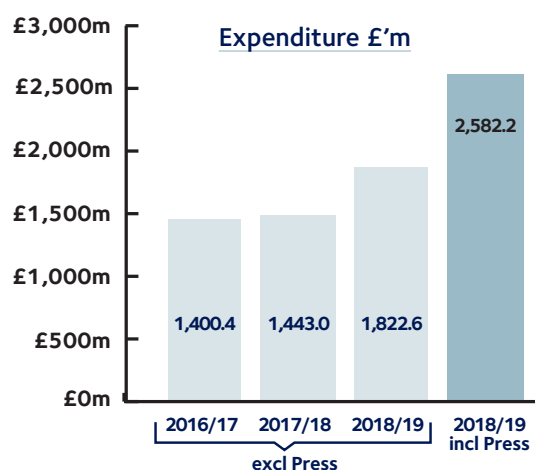
Total income and investment gains in 2018/19 was **£2,685.7m**, of which the Press accounted for **£866.9m**.

Publishing income increased by 1.4% to £809.2m despite continued competition and increasing digitisation and open access to journals and educational materials. Excluding the Press, income and investment gains decreased by £14.2m to £1,864.5m (2017/18: £1,878.7m).

#### Key movements in income and investment gains (excl Press) included the following:

- ▶ £45.8m increase in research income, primarily in overseas industrial research grants and Research Council UK (RCUK) grants.
- ▶ £21.5m increase in tuition fee income, reflecting growth income from overseas students and from professional and non-matriculated courses. Tuition fee income from Home and EU students remained flat year-on-year.
- ▶ £20.2m increase in investment income and investment gains in The Oxford Funds, reflecting continued outperformance of target returns of 5% real for the Endowment Fund and 3% nominal for the Capital Account. Further information is available at note 6.
- ▶ (£159.9m) reflecting the triennial transfer from the Press made in 2017 and not repeated in 2018/19.
- ▶ £58.2m, other income increased for the profit on the sale of Queen Elizabeth House, donation of heritage and other assets, increased capital grants and higher royalty income.

### 1.2 Expenditure



Total expenditure in 2018/19 was **£2,582.2m**, of which the Press accounted for **£759.6m**.

Press staff costs were flat year-on-year. Other expenditure increased by 3.0% reflecting increased cost of sales as well as higher depreciation. Excluding the Press, expenditure increased by £379.6m to £1,822.6m (2017/18: £1,443.0m).

#### Key movements in expenditure (excl Press) included the following:

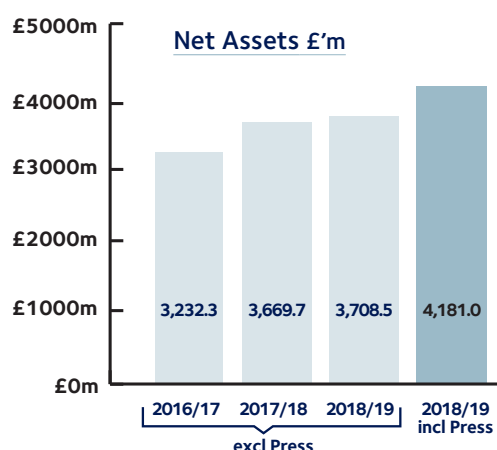
- ▶ £(285.9)m pension deficit provision mainly for future deficit contributions based on the 2017 valuation of USS. The 2018 valuation, which included a materially lower deficit valuation, was concluded in September 2019 and is expected to result in a material reduction to the pension deficit provision in 2019/20.
- ▶ £(50.2)m increase in staff costs, reflecting an increase in staff numbers to support the research income highlighted above, together with increased employer pension contributions and the 2% cost of living increase implemented in October 2018.

## 2. Change in Net Assets

### Summary of movements in Net Assets (excluding Press)

Balance Sheet £'m	2018/19 Consolidated (excl Press)	Press & Adj	Consolidated (incl Press)	2017/18 Consolidated (excl Press)	Underlying Variance* (excl Press)
Non-current assets	5,081.2	243.8	5,325.0	4,940.6	140.6
Current assets	699.0	651.4	1,350.4	543.0	156.0
Creditors falling due within one year	(588.9)	(265.5)	(854.4)	(603.3)	14.4
Total assets less current liabilities	5,191.3	629.7	5,821.0	4,880.3	311.0
Creditors due after more than one year and provisions	(1,482.8)	(157.2)	(1,640.0)	(1,210.6)	(272.2)
<b>Total net assets</b>	<b>3,708.5</b>	<b>472.5</b>	<b>4,181.0</b>	<b>3,669.7</b>	<b>38.8</b>

\* these underlying variances for are explained in the commentaries below. Further details can be found in note 12, 'Segmental Information' at page 70.



Total net assets in 2018/19 grew to £4,181.0m, from £4,084.6m. Within this net assets attributable to the Press grew to £472.5m.

Excluding the Press, net assets increased by £38.8m to £3,708.5m (2017/18: £3,669.7m).

### Key movements in net assets (excl Press) included the following:

- £(285.9)m increase in pension deficit provision mainly reflecting the 2017 valuation of USS.
- £156.0m increase in current assets reflecting a short-term redemption of £162m of investments following the winding up of the Oxford Capital Funds and Euro forward contracts.
- £108.1m in additions to fixed assets, following completion of Bioescalator building and work on a Phase II extension to the Biochemistry building to be opened in 2020.

As at 31 July 2019, the University had bank loans and bonds outstanding totalling £1,003.2m (2017/18: £1,007.6m), primarily in the form of £750m of unsecured bonds at a fixed rate of 2.54%, redeemable at their principal amount in 2117 and a £200m loan at a fixed rate of 2.55% redeemable in 2045.

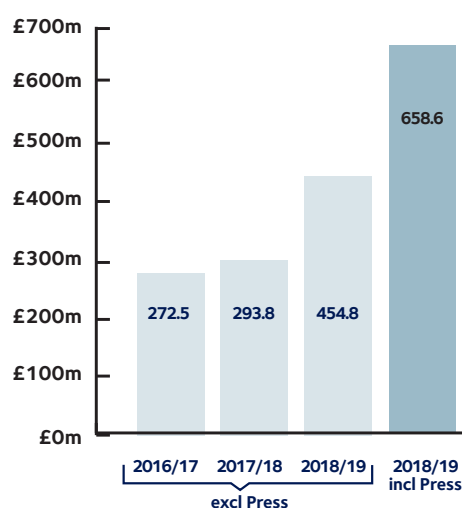
### 3. Cash and Cash Equivalents

#### Summary of movements in Cash and Cash Equivalents (excluding Press)

	2018/19 Consolidated (excl Press)	Press & Adj	Elimination of Press transfers	Consolidated (incl Press)	2017/18 Consolidated (excl Press)	Underlying (excl Press) variance *
Surplus for the year	38.9	103.2	(45.7)	96.4	437.5	(398.6)
Investment income and gains	(333.5)	(8.2)		(341.7)	(304.5)	(29.0)
Provision movements	278.4	(21.1)		257.3	(15.1)	293.5
Depreciation and amortisation	108.6	36.6		145.2	112.1	(3.5)
Other non operating cash flows	(89.9)	(0.2)		(90.1)	(75.1)	(14.8)
Working capital and other movements	(17.6)	(8.3)		(25.9)	59.1	(76.7)
<b>Net cash flow from operating activities</b>	<b>(15.1)</b>	<b>102.0</b>	<b>(45.7)</b>	<b>41.2</b>	<b>214.0</b>	<b>(229.1)</b>
Investing and financing income /(expenditures)	264.4	15.5		279.9	(28.6)	293.0
Capital expenditure	(90.7)	(33.6)		(124.3)	(179.1)	88.4
Foreign exchange retranslation	2.5	0.5		3.0	-	2.5
Transfer to University		(45.7)	45.7	-	-	-
	<b>161.1</b>	<b>38.7</b>	<b>-</b>	<b>199.8</b>	<b>6.3</b>	<b>154.8</b>
Cash and cash equivalents at beginning of year	293.7	165.1	-	458.8	287.5	6.2
<b>Cash and cash equivalents at end of year</b>	<b>454.8</b>	<b>203.8</b>	<b>-</b>	<b>658.6</b>	<b>293.8</b>	<b>161.0</b>

\*these underlying variances are explained in the commentaries below

#### Cash and Cash Equivalents £'m



#### Cash and cash equivalents increased by

**£199.8m to £658.6m.** Cash and cash equivalents increased by £199.8m to £658.6m. Within this, cash and cash equivalents relating to the Press increased by £38.7m to £203.8m. Excluding the Press, cash and cash equivalents of the University increased by £161.1m to £454.8m. The increase reflects a short-term redemption of investments following the winding up of the Oxford Capital Funds and of Euro forward contracts and an increase in cash holdings in anticipation of an increased rate of capital activity in 2019/20 on construction projects including the Tinbergen Building.

# GOVERNANCE

The University of Oxford is a lay corporation first established by common law and later formally incorporated by statute. It is an independent and self-governing institution.

## Governing Bodies

### Congregation

Congregation is the sovereign body of the University and is composed of academic staff, research staff, administrators and librarians. Congregation is responsible for considering major policy issues submitted by Council and its own members. It elects members to different University bodies and approves changes to the University's statutes and regulations.

### Council

Council comprises of members of Congregation elected by Congregation, ex officio members and lay members. Council is the executive governing body and has many responsibilities including the academic policy and strategic direction of the University as well as managing the University's finances and assets. Council is also required to prepare financial statements, which include accounts relating to the University's research, teaching, and publishing activities as well as its subsidiary undertakings.

### OUP Delegacy

This is the group of senior academics in charge of the affairs of the Press.

### Conference of Colleges

The wider collegiate University consists of the University and the thirty-nine colleges. These colleges (other than Kellogg College, Parks College, which was established in 2018/19, and St Cross College, which are formally classified as societies) and the six permanent private halls are separate and independent legal entities

### Academic Divisions

There are 4 academic divisions within the University: Humanities; Social Sciences; Medical Sciences; and Mathematical, Physical and Life Sciences. Each division has a divisional board that is responsible for its division.

### Gardens, Libraries and Museums

The Gardens, Libraries and Museums Group. This group comprises the four University museums, the Bodleian libraries and the Botanic Garden and Harcourt Arboretum. Each has a governing body prescribed by Statute or Regulation.

### The Oxford University Press

A department of the University that publishes over 6,000 titles a year.

## Committees

### Committees of council

To advise Council and to make decisions under delegated powers as specified in their terms of reference, there are nine principal committees that report directly to Council:

- ▶ The Education Committee
- ▶ the Personnel Committee
- ▶ the Planning and Resource Allocation Committee
- ▶ the Research and Innovation Committee
- ▶ the Audit and Scrutiny Committee
- ▶ the Finance Committee
- ▶ the Investment Committee
- ▶ the Committee to Review the Salaries of Senior University Officers
- ▶ the General Purposes Committee.



## Governance – continued

### Council

Council is required to take such steps as it may consider necessary for the efficient and prudent conduct of the University's financial business, including taking steps to:

- ▶ ensure that there are appropriate controls in place to safeguard public and publicly-accountable funds and funds from other sources, to safeguard the assets of the University and to detect and prevent fraud and other irregularities;
- ▶ ensure that income has been accounted for in accordance with the University's Statutes, OfS terms and conditions of funding for higher education institutions, and the terms and conditions of research grant and other funding bodies;
- ▶ secure the economic, efficient and effective management of the University's resources and expenditure; and
- ▶ ensure that the University meets with the standards of financial sustainability, risk management, control and governance expected by OfS and assessed in its annual accountability returns.

Council is required to prepare financial statements, which include the accounts relating to the teaching, research and publishing activities of the University and the University's subsidiary undertakings. These give a true and fair view of the assets and liabilities of the University and the University's subsidiary undertakings at the end of the financial year, and of their income and expenditure for the year under review.

In preparing the financial statements, Council is required:

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

Council is also required:

- ▶ to ensure that the University upholds the public interest governance principles applicable to it;
- ▶ to ensure that the University has in place adequate and effective management and governance arrangements;
- ▶ to be accountable for and ensure compliance with the University's conditions of registration with the OfS;
- ▶ to notify OfS of any changes needed in relation to its registration;
- ▶ to comply with the guidance published by OfS in relation to facilitating the electoral registration of students.

From time to time Council reviews its own effectiveness. Council's most recent self-review took place in the 2018/19 academic year. Council approved the findings and has implemented or is in the process of implementing the majority of recommendations with some still under further consideration.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with the Modern Slavery Act 2015, Council is required to approve the University's slavery and human trafficking statement for each financial year. The statement for this financial year is available at [www.admin.ox.ac.uk/councilsec/compliance/modernslavery](http://www.admin.ox.ac.uk/councilsec/compliance/modernslavery).

During 2018/19, in addition to routine items, Council considered the following:

- ▶ Approval of many aspects leading to the establishment of Parks College, a graduate society, and the decisions needed to receive applications in the 2020/21 academic year and admit students in the 2021/22 academic year.
- ▶ Approval of the Student Wellbeing Strategy set out to promote wellbeing and good mental health of all students in all aspects of university life at all stages. This strategy aligns itself closely with commitments made within the University's strategic plan.
- ▶ The plans to construct at least 1,000 subsidised homes for staff and over 1,000 units of affordable graduate accommodation, advancing the University's strategic commitment to continue to attract the world's best researchers and students.

## Governance – continued

The members of Council are the Charity Trustees of the University.  
Membership of Council from 1 August 2018 to 30 November 2019 was as follows:

Position	Name	Date
<b>Ex officio members</b>		
Vice-Chancellor	Professor Louise Richardson	Throughout
Chairman of Conference of Colleges	Professor Sir Rick Trainor, Rector of Exeter Mr Miles Young, Warden of New College	To 30 September 2019 From 1 October 2019
Head of the Medical Sciences Division	Professor Gavin Sreaton	Throughout
Head of the Mathematical, Physical and Life Sciences Division	Professor Donal Bradley Professor Sam Howison	To 31 March 2019 From 1 April 2019
Head of the Humanities Division	Professor Karen O'Brien	Throughout
Head of the Social Sciences Division	Professor Sarah Whatmore	Throughout
Senior Proctor	Professor Mark Edwards Professor Martin Maiden	To 12 March 2019 From 13 March 2019
Junior Proctor	Professor Cecile Fabre Professor Sophie Marnette	To 12 March 2019 From 13 March 2019
Assessor	Dr William Allan The Revd Professor William Whyte	To 12 March 2019 From 13 March 2019
<b>Elected by the Conference of Colleges</b>		
	The Rt Hon Dame Elish Angiolini, Principal of St Hugh's Baroness Royall of Blaisdon, Principal of Somerville	To 30 September 2018 From 1 October 2018
<b>Elected by Congregation</b>		
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Mathematical, Physical and Life Sciences and of Medical Sciences	Professor Tim Coulson Professor Matthew Freeman Professor Helen McShane Professor Fabian Essler Professor Richard Hobbs Professor Kia Nobre	Throughout To 30 September 2019 To 30 September 2018 From 1 October 2018 Throughout From 1 October 2019
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Humanities and of Social Sciences	Professor Geraldine Johnson Professor Helena Hamerow Dr Kate Blackmon Dr Ian Watson Professor Aditi Lahiri Fra' John Eidinow	Throughout Throughout To 30 September 2019 To 30 September 2018 From 1 October 2018 From 1 October 2019
One of three members of Congregation, not necessarily being members of any division and not in any case being nominated in a divisional capacity, who shall be elected by Congregation	Professor Anne Trefethen Ms Tania Boyt Mr Richard Ovenden Professor Sir Rory Collins	To 30 September 2018 From 1 October 2018 Throughout Throughout
<b>External members</b>		
	Dame Kate Barker Sir David Norgrove Mr Charles Harman Mr Nicholas Kroll	Throughout To 30 September 2018 Throughout From 1 January 2019
<b>Co-opted members</b>		
	Professor Ian Walmsley Professor Anne Trefethen	To 31 August 2018 From 1 October 2018

## Governance – continued

### Committees of Council

**Council is advised by a range of committees, including nine committees which report directly to it on core business.**

The primary responsibilities of the nine committees are as follows:

the **Education Committee** is responsible for the educational philosophy, policy and standards of the University; and for the oversight of activities relating to teaching, learning and assessment; and student-related equality matters;

the **Personnel Committee** is responsible for the development and review of employment policies, for staff relations and for all personnel and staff-related equality matters;

the **Planning and Resource Allocation Committee** is responsible for setting, and monitoring performance against, the University's annual income and expenditure budget; and for a three-year rolling capital budget for capital projects under £15m and centrally run IT projects;

the **Research and Innovation Committee** is responsible for University policy relating to research, knowledge exchange, innovation, commercial and social entrepreneurship and public engagement with research; and facilitates the preparation of external reviews of the University's research;

the **Audit and Scrutiny Committee** reviews the adequacy and effectiveness of the University's arrangements for risk management, internal control, value for money, data quality and governance. It considers the annual financial statements, considers the appropriateness of the audit processes of the Press and receives an annual report from the Press Audit Committee; and, under Council, oversees the University's arrangements to detect and prevent fraud and irregularity. The Committee's remit also includes responsibility for the appointment of the University's external auditors (subject to Council's approval) and for the University's internal audit arrangements;

the **Finance Committee** is responsible for the consideration of the financial resources available to the University, and for recommending to Council the five-year financial strategy for the University, including overall income and expenditure budget, capital expenditure budget and expenditure on strategic capital investments. The Committee is also responsible for the review of the University's annual financial statements and annual accounts of the Delegates of the Press;

the **Investment Committee** is responsible, under Council, for the management of the University's investment portfolio;

the **Committee to Review the Salaries of Senior University Officers** is responsible for making recommendations to Council on the salaries on appointment of the Vice-Chancellor, the Registrar and the Director of Finance; for determining the salaries on appointment of the Pro-Vice-Chancellors with portfolio and the Heads of Divisions; and for reviewing the salaries of those office-holders thereafter; and

the **General Purposes Committee** advises Council on policy in respect of issues or activities which are University-wide, and do not fall wholly within the remit of the other committees of Council. Its remit includes responsibility for keeping under review procedures for identifying and managing risks across the University's activities.

## Charitable Status

**The University's strategic priorities include a commitment to share knowledge with the wider world, thus providing public benefit and fulfilling the University's charitable objectives.**

The University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. Since 1 April 2018, OfS has been 'principal regulator' (replacing HEFCE) for charity law purposes of those English universities which are exempt charities.

The members of Council, the University's executive body, are the trustees of the charity. In that capacity they have had regard to the Charity Commission's guidance on public benefit and the supplementary guidance on the advancement of education, in particular, the key principles that there must be an identifiable benefit or benefits and that the benefit must be to the public or a section or sections of the public. Whilst students, both undergraduate and graduate, are immediate beneficiaries of the University's charitable objectives, the public as a whole benefits considerably from the contributions that

the University's teaching and research make to society and the economy.

Further information about the University's activities over the last year can be found in the Annual Review, available on the University website at: [www.ox.ac.uk/about/organisation/annual-review](http://www.ox.ac.uk/about/organisation/annual-review).

The Annual Report of the Delegates of the University Press sets out how Oxford University Press ('the Press') has furthered the University's charitable purposes for the public benefit. This report is available at: [www.oup.com/about/annualreport](http://www.oup.com/about/annualreport).

Any private benefit arising from commercially funded research and knowledge transfer activity is incidental to the University's principal objects. The University's trustees are aware of their obligations in respect of these public benefit principles and ensure that the University has procedures and policies in place to cover the creation of intellectual property and the management of conflicts of interest.

# STAKEHOLDER ENGAGEMENT

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**The University works with students, staff and stakeholders to enable it to progress towards achieving its strategic objectives.**

## Students

The University seeks to ensure that the welfare and development of students informs its strategy and operations. Council, the University's executive governing body, is attended by three student representatives; the Planning and Resource Allocation Committee is attended by one student representative. The Joint Sub-Committee with Student Members acts as the formal link between the University and the Student Union.

## Staff

Holders of permanent academic posts and senior non-academic staff participate in the governance of the University through membership of Congregation – the sovereign body of the University. In addition, members of staff have the opportunity to be elected as members of Council. Open forum Q&A sessions are held regularly on topics as diverse as Brexit, commercialisation of research and housing in Oxford.

## Research funders

Research funding is a critical source of income to the University and as well as a critical channel through which the benefits of research are shared. Relationships with our research funders and partners are built and managed by senior academic and research staff and supported by the University's Research Services department, the Development Office and the office of the Pro-Vice-Chancellor for Research and Innovation.

## Office for Students

The Office for Students (OfS) is the University's regulator and a significant funder. The University is committed to ensuring it meets the requirements of the OfS in both of these roles.

## The city and the local community

The Oxford Strategic Partnership, convened by Oxford City Council, includes representatives of the University, the county, the voluntary sector, businesses and public services. The Partnership is currently working on a programme to improve the economic, environmental and social conditions in Oxford. The University is particularly mindful of its responsibility towards the local community in ensuring that it is informed, consulted and involved where buildings and planning are concerned.

## National Health Service

The University has worked productively with the NHS in the Thames Valley region for many years, including a long-established relationship with Oxford Health NHS Foundation Trust. In 2013 the University signed a Joint Working Agreement with its largest NHS partner, the Oxford University Hospitals (OUH) NHS Foundation Trust.

## Alumni

The University is working to increase and enhance engagement amongst its global network of alumni. The University helps alumni to connect with each other all over the world through the Oxford Alumni Community web platform. There are many ways in which alumni support the University, from the donation of time (as a mentor to a current student or as a speaker, for example) to the provision of financial support.



## UNDERSTANDING OUR RISKS

The University monitors areas of high risk and has a programme of activities to minimise the impact of those risks.

Risk area	Key features	What are we doing to manage the risk?
<b>Education</b>	<p>Risks relating to the ability to attract and admit students from all backgrounds with outstanding academic potential and the ability to benefit from an Oxford education.</p> <p>Risks relating to the ability to offer an excellent academic and pastoral experience for all our students, and to ensure that Oxford equips graduates to excel in whatever they choose to do.</p>	<p>New bridging and foundation programmes aimed at students studying in their first year of further education and graduates have been launched.</p> <p>The Access and Participation Plan, which includes ambitious targets for access and progression, has been accepted by the Office for Students.</p> <p>A University-wide Student Wellbeing and Mental Health Strategy and campaign has been launched.</p> <p>The University is working on the adoption and embedding of inclusive teaching practice to narrow attainment gaps.</p> <p>Education Committee has set a priority to provide an extra 3,000 internship opportunities.</p>
<b>Research</b>	<p>Challenges in maintaining the University's position as a global leader in research, and promoting and enabling ambitious research of exceptional quality.</p> <p>Failure to maximise and demonstrate the impact of research.</p> <p>Risks around the ability to continue to grow our capacity to pump-prime and match-fund major research initiatives.</p>	<p>The University is establishing a Strategic Research Fund.</p> <p>A review of cost recovery on industry contracts has made recommendations which are being implemented.</p> <p>A new incentive scheme for research commercialisation being developed.</p> <p>Oxford is preparing for the 2021 Research Excellence Framework (REF 2021) and has completed a dry run of its submission process.</p>
<b>People</b>	<p>The critical need to be able to attract, recruit and retain the highest calibre academic, academic-related, professional services and administrative staff, both internationally and locally.</p> <p>Risks of failing to continue progress towards a diverse staffing profile and to embed a supportive, inclusive culture and an environment that promotes free speech whilst also respecting the diverse values, opinions and beliefs of staff and students.</p> <p>Failure to support staff in personal and professional development, to ensure fair opportunities in employment, and to develop the skills and resources necessary for effective management, leadership, and succession.</p>	<p>A Staff Health and Wellbeing Programme Board will be created.</p> <p>A review of the Variation of Duties scheme, to meet the needs of academic staff holding joint appointments, has taken place and its recommendations will be implemented.</p> <p>Reviewed and agreed the principles which will form the basis of the criteria for allocating new staff accommodation.</p> <p>Work is also progressing on several aspects of personal and career development including a professional services development scheme.</p> <p>The University is responding to Brexit with appropriate support and guidance on visa and immigration matters.</p> <p>The University is continuing to engage with Congregation and USS on pensions matters.</p>

## Understanding our Risks – continued

Risk area	Key features	What are we doing to manage the risk?
<b>Engagement and partnerships</b>	<p>Challenges regarding the ability to work with partners to create a world-class regional innovation ecosystem.</p> <p>Failure to build a stronger and more constructive relationship with our local and regional community.</p> <p>Failure to engage with the public, policy makers, alumni and others to shape our research and education and to encourage the widest possible use of our research findings and expertise.</p> <p>Inability to respond to the impact of Brexit on access to EU research partnerships and EU Framework programmes, on our ability to host ERC grants, co-ordinate projects and host infrastructures, and influence future research agendas.</p>	<p>The long term partnership with Legal &amp; General will fund the development of research and innovation districts.</p> <p>International collaborations such as OSCAR in Suzhou, China, and the Berlin partnership have been taken forward.</p> <p>Public engagement with research programme, outreach activities and industry partnership are in place and being developed to demonstrate value for the University's work to the local and national economy.</p> <p>The University website has guidance for staff that is updated regularly. This guidance includes information concerning a range of subjects including immigration and visas, research contracts, pay and purchasing and other matters. The University actively engages with the Government to inform the conduct of negotiations and will assist in the development of strategies to enable the UK to adapt as effectively as possible to change.</p>
<b>Resources</b>	<p>Failure to manage our financial resources to ensure the collegiate University's long-term sustainability.</p> <p>Failure to ensure that our estate provides an environment which promotes world-class research and education, and minimises our environmental impact, conserves our historic built environment, and improves our space utilisation.</p> <p>Inability to continue to invest in our information technology capability to enhance the quality of our research and education and to streamline our administrative processes.</p> <p>Inability to raise funds to support our students, invest in our staff and their work and provide new resources and infrastructure.</p>	<p>A key feature of the University Strategic Plan 2018–23 is the commitment to manage financial resources to ensure the collegiate University's long-term sustainability.</p> <p>Forecasting, budgeting and planning are well-established processes and controls include a cycle of monitoring and corrective action. The University has adopted a number of detailed measures to enhance cost control. Supported by these measures, budget targets are being met.</p> <p>Ambitious capital programme and partnerships to ensure the University's estate supports world-class teaching and learning.</p> <p>A new IT Strategy has been developed and an Implementation Plan will be in place by the end of 2019.</p> <p>A Student Number Planning Working Group has recommended growth in UG student numbers for 2020/21 and 2021/22.</p> <p>Establishment of Parks College providing for growth in the postgraduate population.</p> <p>Mechanisms to assure financial sustainability, in particular through the generation of a sufficient distributable surplus to invest in strategic priorities are being identified.</p> <p>Working with Oxford University Press to ensure that the risks to the annual financial transfer from the Press are well managed and have been thoroughly tested.</p>

# STATEMENT OF INTERNAL CONTROL

Council is responsible for determining the system of internal control operated by the University and for monitoring its adequacy and effectiveness. The University's objectives for internal control are:

- ▶ to manage the principal risks to the efficient and effective achievement of the University's aims and objectives;
- ▶ to safeguard the assets for which Council is responsible, including public funds and other assets; and
- ▶ to ensure that liabilities incurred are recorded and managed effectively.

The University's internal control arrangements are also designed to prevent and detect corruption, fraud, bribery and other irregularities.

This statement of internal control relates to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.

## Control environment

Council accepts that it is neither possible nor desirable to build a control environment that is free from risk. There is a tension between the acknowledged advantages of the University's highly devolved operating model and the risks inherent in such a devolved structure. The devolved nature of authority and responsibility can present a challenge to the achievement of internal control. The University's system of internal control can therefore provide reasonable but not absolute assurance over the governance, operational, compliance, management, quality, reputational and financial risks to the University.

The University's Financial Regulations set out processes designed to ensure the safeguarding of assets and the effective management of liabilities. The University has established policies and supporting processes designed to prevent and detect corruption, fraud, bribery and other irregularities.

The Finance Committee of the Press is responsible under Council for the Press's system of risk management and internal control and for reviewing its effectiveness. The Press's system of internal controls is designed to manage rather than eliminate the risk of failure to meet the operational objectives, and inevitably can only provide reasonable and not absolute assurance against material misstatement or loss.

## Risk management

Risk management is a significant, ongoing part of the University's system of internal control. The University's objectives for risk management are:

- ▶ to align risk management with the University's objectives;
- ▶ to appraise and manage risks and opportunities in a systematic, structured and timely manner, in accordance with best practice;
- ▶ to strengthen decision-making, prioritisation and planning;
- ▶ to achieve the appropriate balance between stability and innovation; and
- ▶ to assign accountability and responsibility for risk within the University.

Council recognises that risk management cannot eliminate all risk, particularly where risks are outside the University's control. Risk management procedures cover governance, management, quality, reputational and financial risks; focus on the key risks; and produce a balanced portfolio of risk exposure.

The University maintains a Strategic Risk Register which captures the key risks to achieving the objectives in the University's Strategic Plan, and considers the effectiveness of risk mitigation and internal controls. Risk registers are also maintained by the major committees of Council, other committees with a particular risk focus, the academic divisions, departments and faculties, the professional services, including IT and Estates services, and the subsidiary companies. The Strategic Risk Register therefore combines the top-down, strategic identification of risks with the consideration of bottom-up, local risks from across the University. Risk management is incorporated into committee business and the annual planning cycle.

The Press has implemented a global risk-based approach to the design, application and review of its risk management systems and internal controls. The Press's risk assessment practices are incorporated into its wider business planning, budgeting and financial reporting processes. A risk register has been developed for all of the Press's operations, including major overseas branches and subsidiaries; this register identifies, evaluates and manages all the material risks facing the Press.

## Statement of Internal Control – continued

### Review processes over internal control

The following processes have been established to review the adequacy and effectiveness of the system of internal control for the University:

- ▶ **Council** meets at least eight times during the year to consider the strategic direction and the effective administration of the University.
- ▶ Council receives regular reports from the **Audit and Scrutiny Committee** on internal control and the business of the Committee.
- ▶ **Council** reviews the University's Strategic Risk Register, and considers risk identification, evaluation and the effectiveness of control and mitigation in the management of strategic risks.
- ▶ The **General Purposes Committee of Council** is responsible for reviewing the procedures for identifying and managing governance, management, quality, reputational and financial risks across the University.
- ▶ **Divisional and departmental risk reporting and risk management** is embedded in the University's five-year planning process.
- ▶ **Council** confirms that it is responsible for ensuring that a sound system of internal control is maintained. It has reviewed the effectiveness of these arrangements and confirms that the University's system of internal control has been in place during the year ended 31 July 2019, and up to the date of approval of the audited financial statements. The system of internal control has generally been operating as intended. The University is taking actions to improve control significantly in discrete areas of the following: asbestos management; post-award monitoring of research grants; and IT disaster recovery.
- ▶ The **Finance Committee of the Press** regularly reviews the effectiveness of the Press's system of risk management and internal control. The Finance Committee's monitoring covers all controls including financial, operational and compliance controls. It is based primarily on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled,

and whether any significant weaknesses are promptly remedied or need extensive monitoring.

- ▶ The **Audit and Scrutiny Committee** meets four times during the year. It carries out regular and detailed monitoring of internal controls on behalf of Council. The Committee agrees a programme of work for the internal audit function; receives regular reports from the internal auditors and from management on the adequacy and effectiveness of internal controls; receives reports from the external auditors; and agrees the actions necessary to implement recommended improvements, among other matters.

The Audit Committee of the Press receives reports on internal control from the Press internal audit function and reports regularly to the Finance Committee of the Press and annually to the University Audit and Scrutiny Committee.

The Audit and Scrutiny Committee is of the opinion that the Statement of Internal Control, as incorporated in the financial statements, contains an accurate description of the principal features of the University's system of risk management and internal control.

- ▶ **PricewaterhouseCoopers LLP** ('PwC') provides internal audit services for the University; the scope of these services excludes educational publishing activities carried out by the Press: the Press has its own internal audit function. PwC provides an annual opinion on the adequacy and the effectiveness of internal controls and risk management across the University.
- ▶ **KPMG LLP** ('KPMG') provides external audit services for the University, including educational publishing activities carried out by the Press. KPMG provides an annual opinion on whether funds (including public funds) have been applied for the intended purposes. The external auditors also refer in their annual report to any control deficiencies arising from the audit.

# INDEPENDENT AUDITOR'S REPORT



## Independent auditor's report to Council of the University of Oxford

### Report on the audit of the financial statements

#### 1. Opinion

We have audited the financial statements of the University of Oxford ("the University") for the year ended 31 July 2019 which comprise the Consolidated and University Statements of Comprehensive Income, the Consolidated and University Statements of Changes in Reserves, the Consolidated and University Statements of Financial Position, and the Consolidated Cash Flow and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019 and of the Group's and the University's income and expenditure, gains and losses, and of the Group's cash flows, for the year then ended;
- ▶ have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and with the 2015 Statement of Recommended Practice – *Accounting for Further and Higher Education*; and
- ▶ meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students, other than where the University has applied the allowance to early adopt the requirements of paragraph 12(d) of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

#### Overview

**Materiality:** £22.6m (2018: £22.5m)  
group financial statements as a whole 1% (2018: 1%) of Group total income

**Coverage** 89% of Group total income

#### Key audit matters vs 2018

<b>Recurring risks</b>	Research Grants and Contract Income	◀ ▶
	Pension Obligations	◀ ▶
<b>Event Driven</b>	<b>New:</b> The impact of uncertainties due to the UK exiting the European Union on our audit	



## Independent Auditor's Report – continued

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### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Scrutiny Committee.

We were appointed as auditor by Council on 9 May 2013. The period of total uninterrupted engagement is for the seven financial years ended 31 July 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### 3. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

We continue to perform procedures over publishing income and income from postgraduate and professional and non-matriculated courses. However, following our risk assessment procedures this year, we have not assessed these two areas as amongst the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year.

Additionally, the financial statements for the year ended 31 July 2018 was the first year the Group included the activities of the Oxford University Press. Therefore it is no longer assessed as a key audit matter for the current year audit.



## Independent Auditor's Report – continued

	The risk	Our response
<p><b>Group and Parent University: The impact of uncertainties due to the UK exiting the European Union on our audit</b></p> <p><i>Refer to pages 30–31 (principal risks), and page 19 (viability statement).</i></p>	<p><b>Unprecedented levels of uncertainty</b></p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in <i>Pension Obligations</i> below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the group's future prospects and performance.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> <li>► <b>Our Brexit knowledge:</b> We considered Council's assessment of Brexit-related sources of risk for the group's business and financial resources compared with our own understanding of the risks. We considered Council's plans to take action to mitigate the risks.</li> <li>► <b>Sensitivity analysis:</b> When addressing <i>Pension Obligations</i> and other areas that depend on forecasts, we compared Council's analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.</li> <li>► <b>Assessing transparency:</b> We considered all of the Brexit related disclosures together, including those in the operational review, financial review and governance statement, comparing the overall picture against our understanding of the risks.</li> </ul> <p>However, no audit should be expected to predict the unknowable factors or all possible future implications for an organization and this is particularly the case in relation to Brexit.</p>

## Independent Auditor's Report – continued

	The risk	Our response
<b>Group and Parent University : Research Grants and Contract Income</b>  <i>(£624.8million (2018:£579.1 million))</i> <i>Refer to page 49 (accounting policy)</i> <i>and page 60 (financial disclosures).</i>	<p><b>2018–19 vs 2019–20 income</b></p> <p>Research grants and contracts income is accounted for under the performance model. In most cases expenditure on the grant purpose is presumed to be the performance condition and therefore income is generally recognised in line with the related expenditure, including apportioned overhead costs. There is a significant risk that inappropriate apportionment of overhead costs over time, can result in recognition of income in the incorrect accounting period. The University also receives a number of non-standard grants which do not have any performance conditions and therefore there is a significant risk that income may be inappropriately recognised in line with related expenditure, rather than when the grant is received or receivable.</p> <p><b>Accounting application</b></p> <p>There is a related significant risk that non-compliance with grant terms and conditions, for example claiming for ineligible expenditure, results in income not being recognised in line with the University's accounting policies or relevant accounting standards. Non-compliance with grant terms and conditions may also result in the recovery of funding by research funders.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▶ <b>Control design:</b> Assessing the design of the control framework for monitoring the research projects ledger and research grants and contract income, including the approval to set up new projects, review of research expenditure and confirmation that overhead rates are apportioned in accordance with the contract terms.</li> <li>▶ <b>Tests of details:</b> <ul style="list-style-type: none"> <li>▶ Analysing research project data to identify projects with income, expenditure, debtor or creditor balances meeting certain criteria (such as value, length of project, start and end dates) during the year and considering whether the accounting treatment for those projects is in line with accounting standards by reference to grant agreements and other supporting documentation.</li> <li>▶ Assessing research activity by funder for any results that were inconsistent with our understanding of the University's research activity in the year.</li> <li>▶ For a sample of research projects, testing whether expenditure was in line with the terms and conditions of the relevant contract and overhead rates were set at the level specified in the grant agreement, to assess whether associated income was included in the correct period and accounted for in accordance with the requirements of the relevant accounting standards.</li> <li>▶ Assessing the outcomes of inspection visits by research funders, for a sample of research projects to identify potential recovery of funds recognised in year.</li> </ul> </li> </ul> <p><b>Our results:</b></p> <ul style="list-style-type: none"> <li>▶ We found the timing of recognition of income from research grants and contracts to be acceptable (2018 result: acceptable).</li> <li>▶ We found the accounting application for income from research grants and contracts to be acceptable (2018 result: acceptable).</li> </ul>

## Independent Auditor's Report – continued

	The risk	Our response
<b>Group and Parent University: Pension Obligations</b>  <b>Group and Parent University:</b> (Oxford University Press Group Pension Scheme: Present value of funded defined benefit obligations £842.8 million (2018: £758.9 million)  <b>Group:</b> USS and OSPS: Deficit recovery plan provisions £467.9 million (2018: £178.3 million))  <b>Parent University</b> USS and OSPS: Deficit recovery plan provisions £462.5 million (2018: £174.8 million)  <i>Refer to pages 51 (accounting policy) and page 92 (financial disclosures).</i>	<b>Subjective valuation</b>  The Group is a member of a number of defined benefit schemes, including the Universities Superannuation Scheme (USS), Oxford Staff Pension Scheme (OSPS) and the Oxford University Press Group Pension Scheme.  Small changes in the assumptions and estimates used to value the Group's and Parent University's gross pension obligations (including deficit recovery plan liabilities) would have a significant effect on the Group's and Parent's pension obligations.  The effect of these matters is that, as part of our risk assessment, we determined that the gross value of pension obligations as at 31 July 2019 has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 37) disclose the sensitivities estimated by the Group.	<b>Our procedures included:</b>  <ul style="list-style-type: none"> <li>▶ <b>Control design:</b> Assessing the control framework regarding monitoring of the assumptions used to calculate the pension obligations.</li> <li>▶ <b>Benchmarking assumptions:</b> <ul style="list-style-type: none"> <li>▶ Challenging, with the support of our own actuarial specialists, the key assumptions applied in the valuation of the Oxford University Press Group Pension Scheme obligation, being the discount rate, inflation rate and mortality/life expectancy; and the discount rate applied in the valuation of the USS and OSPS deficit recovery plan provisions, against externally derived data.</li> </ul> </li> <li>▶ <b>Historical comparison:</b> <ul style="list-style-type: none"> <li>▶ Evaluating the track record of key assumptions applied in the valuation of the USS and OSPS deficit recovery plan provisions, being future salary inflation and staff numbers, against the historic accuracy of forecasts used in the calculation.</li> </ul> </li> <li>▶ <b>Assessing transparency:</b> Considering the adequacy of the disclosures in respect of the sensitivity of the pension obligations to these assumptions.</li> </ul> <b>Our results:</b> <ul style="list-style-type: none"> <li>▶ We found the valuation of the pension obligations to be acceptable. (2018 result: acceptable).</li> </ul>

## Independent Auditor's Report – continued

### 4. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £22.6 m (2018: £22.5m), determined with reference to a benchmark of group total income of £2,450.1m (2018: £2,237.0m), of which it represents 0.9% (2018: 1%).

Materiality for the University financial statements was set at £20.0m (2018: £20.0m), determined with reference to a benchmark of University total income of £2,219.6m (2018: £2,007.6m), of which it represents 0.9% (2018: 1%).

We consider total income, rather than a surplus-related benchmark, to be the appropriate benchmark as the University is a not-for-profit organisation.

We agreed to report to the Audit and Scrutiny Committee any corrected or uncorrected identified misstatements exceeding £675k (2018: £675k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 63 (2018: 63) reporting components, we subjected 8 (2018: 9) to full scope audits for group reporting purposes.

The reporting components subject to full scope audits for group reporting purposes within the scope of our work accounted for the following percentages of the group's results: 89% (2018: 88%) of Group total income and 95% (2018: 98%) of Group total assets.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £6.0m to £13.5m, having regard to the mix and size and risk profile of the Group across the components. The work on 7 of the 8 components (2018: 8 of the 9 components) was performed by component auditors, with the audit of the academic University being performed by the Group team. None of the other components individually represented more than 3% of total group revenue, or total group assets.

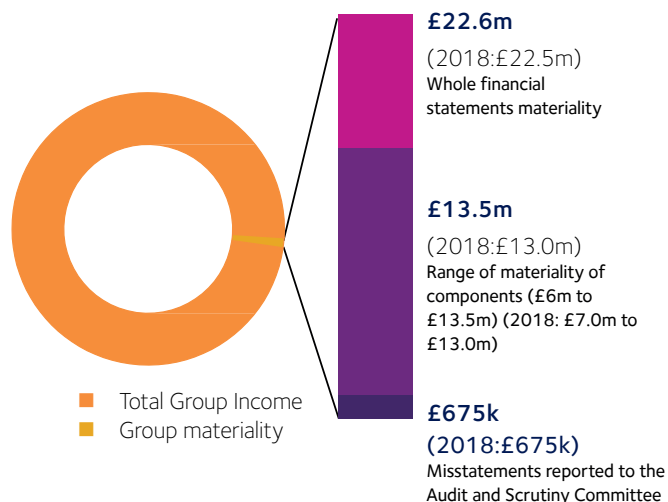
For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these components.

#### Group total income

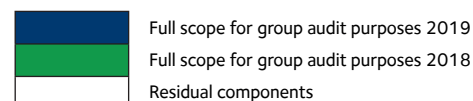
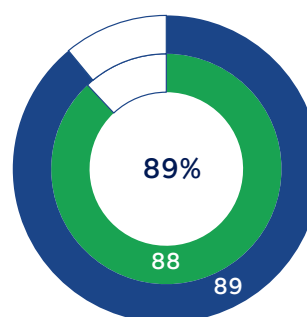
£2,450.1m (2018: £2,237.0m)

#### Group materiality

£22.6m (2018: £22.5m)



#### Group total income





## Independent Auditor's Report – continued

### 5. We have nothing to report on going concern

Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or to cease its operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of Council's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

In our evaluation of Council's conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Statement of Accounting Policies on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

### 6. Report on the other information in the Financial Statements to 31 July 2019

Council is responsible for the other information, which comprises the Operational Review, Financial Review, Governance Statement, and Statement of Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work, we have not identified material misstatements in the other information.

### 7. Respective responsibilities

#### Council responsibilities

As described more fully in their statement set out on page 25, Council is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Group and

University'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 they either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

#### Auditor responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other

## Independent Auditor's Report – continued

irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **Irregularities – ability to detect**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with Council and senior management (as required by auditing standards), and from inspection of the University's regulatory and legal correspondence.

We had regard to laws and regulations in areas that directly affect the financial statements including higher education financial reporting regulations and legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

In addition we considered the impact of laws and regulations in the specific areas of higher education and charity law, recognising the nature of the University's activities. As required by auditing standards, our work in respect of these was limited to enquiry of Council and senior management, and inspection of regulatory and legal correspondence.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level, with a request to report on any indications of potential existence of non-compliance with relevant laws and regulations (irregularities) in these areas, or other areas directly identified by the component team.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Report on other legal and regularity requirements**

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- ▶ funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ▶ income has been applied in accordance with the University's Statutes;
- ▶ funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Council of the University in accordance with the University's Statutes. Our audit work has been undertaken so that we might state to Council 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 University and Council for our audit work, for this report, or for the opinions we have formed.

#### **Michael Rowley**

**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

One Snowhill  
Snow Hill Queensway Birmingham  
B4 6GH

6 December 2019



# FINANCIAL STATEMENTS

## Consolidated and University Statements of Comprehensive Income

For the year ended 31 July 2019

	Note	Consolidated		University	
		2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Income</b>					
Tuition fees and education contracts	1	354.0	332.5	340.8	319.3
Funding body grants	2	193.1	186.9	193.1	186.9
Research grants and contracts	3	624.8	579.1	612.8	575.7
Publishing services	4	809.2	798.0	665.0	646.2
Other income	5	251.8	227.8	195.6	166.3
Investment income	6	104.6	18.3	100.3	18.8
<b>Total income before donations</b>		<b>2,337.5</b>	<b>2,142.6</b>	<b>2,107.6</b>	<b>1,913.2</b>
Donations and endowments	7	97.7	93.2	97.1	93.2
Donation of assets	7,15	14.9	1.2	14.9	1.2
<b>Total Income</b>		<b>2,450.1</b>	<b>2,237.0</b>	<b>2,219.6</b>	<b>2,007.6</b>
<b>Expenditure</b>					
Staff costs	8	1,051.2	1,001.0	979.3	932.1
Staff costs – movement in pensions provision	27,8	285.9	(18.7)	284.0	(18.2)
Operating expenditure	10	1,066.8	1,024.0	939.6	908.9
Depreciation/amortisation	10,13,14	145.2	145.5	139.7	142.4
Interest and other finance costs	9	33.1	28.6	33.1	28.0
<b>Total Expenditure</b>		<b>2,582.2</b>	<b>2,180.4</b>	<b>2,375.7</b>	<b>1,993.2</b>
<b>(Deficit)/Surplus before other gains</b>		<b>(132.1)</b>	<b>56.6</b>	<b>(156.1)</b>	<b>14.4</b>
Gains on investments	6	237.1	308.3	233.4	303.8
Share of (deficit)/surplus on joint ventures	17	(2.4)	1.3	(2.9)	2.5
<b>Surplus before tax</b>		<b>102.6</b>	<b>366.2</b>	<b>74.4</b>	<b>320.7</b>
Taxation	11	(5.4)	(11.3)	0.5	(1.9)
Minority interest		(3.0)	(0.2)	-	-
<b>Surplus after tax</b>		<b>94.2</b>	<b>354.7</b>	<b>74.9</b>	<b>318.8</b>
Changes in defined benefit pension scheme liability	27	4.8	32.3	4.8	32.3
Currency translation differences on foreign currency net investments		2.7	(0.9)	1.2	2.0
Effective portion of changes in fair value of cash flow hedges	26	(5.3)	3.8	(5.3)	3.8
<b>Total Comprehensive Income</b>		<b>96.4</b>	<b>389.9</b>	<b>75.6</b>	<b>356.9</b>
<b>Represented by:</b>					
Unrestricted comprehensive income for the year		28.8	214.7	11.8	183.3
Endowment comprehensive income for the year		56.4	171.2	52.9	169.6
Restricted comprehensive income for the year		10.9	4.0	10.9	4.0
Non-controlled interest for the year		0.3	-	-	-
		<b>96.4</b>	<b>389.9</b>	<b>75.6</b>	<b>356.9</b>

## Consolidated and University Statements of Changes in Reserves

For the year ended 31 July 2019

Consolidated	Endowment Reserves		Income and Expenditure Reserves		Total excl Non-Controlling Interest	Non-Controlling Interest	Total Group
	Permanent	Expendable	Restricted	Unrestricted			
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
<b>Balance at 1 August 2017 – restated</b>	<b>828.7</b>	<b>160.7</b>	<b>88.0</b>	<b>2,615.8</b>	<b>3,693.2</b>	<b>1.5</b>	<b>3,694.7</b>
Income	5.0	36.1	24.4	2,171.5	2,237.0	-	2,237.0
Expenditure	(16.7)	(6.4)	(20.4)	(2,136.9)	(2,180.4)	-	(2,180.4)
<b>Surplus/(deficit)</b>	<b>(11.7)</b>	<b>29.7</b>	<b>4.0</b>	<b>34.6</b>	<b>56.6</b>	<b>-</b>	<b>56.6</b>
Other comprehensive income	121.1	37.0	-	175.2	333.3	-	333.3
Reserves transfer	(15.4)	10.5	-	4.9	-	-	-
<b>Balance at 1 August 2018</b>	<b>922.7</b>	<b>237.9</b>	<b>92.0</b>	<b>2,830.5</b>	<b>4,083.1</b>	<b>1.5</b>	<b>4,084.6</b>
Income	61.6	18.9	33.7	2,335.9	2,450.1	-	2,450.1
Expenditure	(27.6)	(5.2)	(22.8)	(2,526.6)	(2,582.2)	-	(2,582.2)
<b>Surplus/(deficit)</b>	<b>34.0</b>	<b>13.7</b>	<b>10.9</b>	<b>(190.7)</b>	<b>(132.1)</b>	<b>-</b>	<b>(132.1)</b>
Other comprehensive income	72.9	14.7	-	140.6	228.2	0.3	228.5
Reserves transfer	(34.3)	(44.6)	-	78.9	-	-	-
<b>Balance at 31 July 2019</b>	<b>995.3</b>	<b>221.7</b>	<b>102.9</b>	<b>2,859.3</b>	<b>4,179.2</b>	<b>1.8</b>	<b>4,181.0</b>
<b>University</b>							
<b>Balance at 1 August 2017 – restated</b>	<b>759.8</b>	<b>160.7</b>	<b>88.0</b>	<b>2,613.4</b>	<b>3,621.9</b>	<b>-</b>	<b>3,621.9</b>
Income	5.2	36.1	24.4	1,941.9	2,007.6	-	2,007.6
Expenditure	(16.8)	(6.4)	(20.4)	(1,949.6)	(1,993.2)	-	(1,993.2)
<b>Surplus/(deficit)</b>	<b>(11.6)</b>	<b>29.7</b>	<b>4.0</b>	<b>(7.7)</b>	<b>14.4</b>	<b>-</b>	<b>14.4</b>
Other comprehensive income	116.7	37.0	-	188.8	342.5	-	342.5
Reserves transfer	(12.7)	10.5	-	2.2	-	-	-
<b>Balance at 1 August 2018</b>	<b>852.2</b>	<b>237.9</b>	<b>92.0</b>	<b>2,796.7</b>	<b>3,978.8</b>	<b>-</b>	<b>3,978.8</b>
Income	61.6	18.9	33.7	2,105.4	2,219.6	-	2,219.6
Expenditure	(24.8)	(5.2)	(22.8)	(2,322.9)	(2,375.7)	-	(2,375.7)
<b>Surplus/(deficit)</b>	<b>36.8</b>	<b>13.7</b>	<b>10.9</b>	<b>(217.5)</b>	<b>(156.1)</b>	<b>-</b>	<b>(156.1)</b>
Other comprehensive income	66.3	14.7	-	150.6	231.6	-	231.6
Reserves transfer	(34.0)	(44.6)	-	78.6	-	-	-
<b>Balance at 31 July 2019</b>	<b>921.3</b>	<b>221.7</b>	<b>102.9</b>	<b>2,808.4</b>	<b>4,054.3</b>	<b>-</b>	<b>4,054.3</b>

Prior to 2017/18, the financial statements of the University did not include the transactions and balances of the Oxford University Press. The reserves at 1 August 2017 in these statements have been restated to include the balances of Oxford University Press, as if the University had always included the balances of the Oxford University Press. Further details are included in note 39.

## Consolidated and University Statement of Financial Position

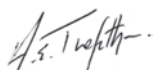
For the year ended 31 July 2019

	Note	Consolidated		University	
		2019 £'m	2018 £'m	2019 £'m	2018 £'m
<b>Non-current assets</b>					
Intangible assets and goodwill	13	73.9	75.4	73.2	72.4
Property, plant and equipment	14	1,447.0	1,454.6	1,429.7	1,445.1
Heritage assets	15	93.1	86.8	93.1	86.8
Investments	16	3,711.0	3,589.6	3,729.6	3,601.4
		<b>5,325.0</b>	<b>5,206.4</b>	<b>5,325.6</b>	<b>5,205.7</b>
<b>Current assets</b>					
Intangible assets – pre-publication	18	20.9	19.2	19.8	18.4
Inventories and work-in-progress	18	77.6	76.8	57.9	58.6
Trade and other receivables					
– due within one year	19	562.8	510.1	483.9	460.8
– due after one year	20	5.3	6.1	32.2	27.2
Investments	21	176.1	160.5	141.5	108.8
Cash and cash equivalents	22	507.7	335.0	471.8	291.5
		<b>1,350.4</b>	<b>1,107.7</b>	<b>1,207.1</b>	<b>965.3</b>
<b>Creditors: amounts falling due within one year</b>	24	(854.4)	(842.5)	(826.4)	(788.5)
<b>Net current assets</b>		<b>496.0</b>	<b>265.2</b>	<b>380.7</b>	<b>176.8</b>
<b>Total assets less current liabilities</b>		<b>5,821.0</b>	<b>5,471.6</b>	<b>5,706.3</b>	<b>5,382.5</b>
<b>Creditors: amounts falling due after more than one year</b>	25	(1,003.2)	(1,007.6)	(1,025.6)	(1,029.3)
<b>Provisions for liabilities</b>					
Pension provisions – deficit recovery plans	27	(467.9)	(178.3)	(462.5)	(174.8)
Pension provisions – defined benefit schemes	27	(147.9)	(168.4)	(147.9)	(168.4)
Other provisions	28	(21.0)	(32.7)	(16.0)	(31.2)
<b>Total net assets</b>		<b>4,181.0</b>	<b>4,084.6</b>	<b>4,054.3</b>	<b>3,978.8</b>
<b>Reserves</b>					
<b>Endowment Reserves</b>					
– Permanent	29	995.3	922.7	921.3	852.2
– Expendable	29	221.7	237.9	221.7	237.9
		<b>1,217.0</b>	<b>1,160.6</b>	<b>1,143.0</b>	<b>1,090.1</b>
<b>Restricted reserves</b>					
– Income and expenditure reserve	30	102.9	92.0	102.9	92.0
<b>Unrestricted reserves</b>					
– Income and expenditure reserve	31	2,859.3	2,830.5	2,808.4	2,796.7
		<b>2,962.2</b>	<b>2,922.5</b>	<b>2,911.3</b>	<b>2,888.7</b>
Minority Interests		1.8	1.5	-	-
<b>Total reserves</b>		<b>4,181.0</b>	<b>4,084.6</b>	<b>4,054.3</b>	<b>3,978.8</b>

The Financial Statements were approved by Council on 2 December 2019 and signed on its behalf by:



Prof L. Richardson  
Vice-Chancellor



Prof A. Trefethen  
Pro-Vice-Chancellor



L. Pearson  
Director of Finance



## Consolidated Statement of Cash Flows

For the year ended 31 July 2019

Consolidated		2018/19	2017/18
Cash flows from operating activities	Note	£'m	£'m
<b>Surplus for the year</b>		<b>96.4</b>	<b>389.9</b>
<i>Adjustment for:</i>			
Depreciation	10, 14	110.0	118.4
Amortisation of intangibles	13	35.2	27.1
(Gain) on investments		(237.1)	(308.3)
(Increase)/decrease in pre-publication cost	18	(1.6)	0.4
(Increase)/decrease in inventories	18	(0.9)	3.9
(Increase) in receivables	19, 20	(51.9)	(12.0)
Increase in payables	24, 25	36.9	75.5
(Decrease)/increase in other provisions	28	(11.9)	4.1
Increase/(decrease) in pension provisions	27	269.2	(47.8)
Donations of assets	15	(14.9)	(1.2)
Taxation payable		5.4	11.3
Decrease in non-controlling interest		3.0	0.2
Unrealised exchange rate (gain)/loss		(1.9)	2.6
<i>Adjustment for investing or financing activities:</i>			
Investment income	6	(104.6)	(18.3)
Interest payable	9	33.1	28.6
New endowments	7	(55.4)	(47.9)
Capital grant income	2, 3, 5	(55.0)	(59.6)
(Profit) on disposal of property, plant and equipment	14	(12.8)	(0.3)
<b>Net cash flows from operating activities</b>		<b>41.2</b>	<b>166.6</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipment		20.3	2.4
Capital grants receipts		42.8	47.8
Proceeds from sale of intangible fixed assets	13	0.2	0.2
Taxation recovered (paid)	11	(11.2)	20.8
Payments to acquire heritage assets	15	(0.1)	(0.3)
Payments to acquire property, plant and equipment	14	(91.0)	(156.2)
Payments to acquire intangible assets	13	(33.3)	(22.9)
Net disinvestment in current investments	21	16.3	73.4
Net disinvestment/(investment) in non-current investments	16	114.6	(1,012.4)
Investment income	6	102.2	14.8
<b>Net cash flows from investing activities</b>		<b>161.0</b>	<b>(1,032.4)</b>
<b>Cash flows from financing activities</b>			
Interest paid on borrowings and finance leases	9	(33.1)	(7.9)
Endowment cash received		30.4	47.9
Repayment of borrowings	25	(2.7)	(2.5)
New borrowings	25	-	744.7
<b>Net cash flows from financing activities</b>		<b>(5.4)</b>	<b>782.2</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>196.8</b>	<b>(83.6)</b>
Cash and cash equivalents at beginning of year		458.8	542.9
Effect of foreign exchange rate changes		3.0	(0.5)
<b>Cash and cash equivalents at end of year</b>		<b>658.6</b>	<b>458.8</b>
<b>Reconciliation to cash and cash equivalents</b>			
Cash at bank and in hand	22	507.7	335.0
Term deposits		150.9	123.8
<b>Cash and cash equivalents</b>	<b>22</b>	<b>658.6</b>	<b>458.8</b>

# Statement of Accounting Policies

## 1. Basis of Accounting

The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value in accordance with the applicable accounting standard FRS 102 2015 (Financial Reporting Standard 102) and the Statement of Recommended Practice on Accounting for Further and Higher Education 2015 (FEHE SORP).

The University is a public benefit entity and has applied the relevant public benefit requirements of FRS 102.

The functional currency of the University is Pounds Sterling, the currency of the United Kingdom, the primary economic environment the University operates in. The consolidated Financial Statements are also presented in Pounds Sterling, rounded to the nearest £100,000. Foreign operations are included in accordance with the policies set out in policy 3.

Judgements made by management in the application of these accounting policies that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed at the end of these sections. The University has complied with the requirements of FRS 102, the FEHE SORP, and OfS accounts guidance in the preparation of the Financial Statements.

### Inclusion of Oxford University Press

After the activities of Oxford University Press (Press or OUP) have been brought into these statements, greater clarification of the University's accounting policies has been included for matters in which the Press is a material part of the University.

The University has complied with the requirements of FRS 102, the FEHE SORP, and OfS accounts guidance in preparation of the Financial Statements.

## 2. Scope of the Financial Statements

### Basis of consolidation

The Financial Statements (apart from the University's own statement of financial position, comprehensive income statement and related notes) consolidate the accounts of the University and of its subsidiary undertakings for the financial year to 31 July 2019.

The Financial Statements include the activities of Oxford University Press (the Press) and its subsidiaries. For the purposes of the tables in these Financial Statements,

"University" consists of the academic divisions, libraries, museums, administrative support and the Press;

"Consolidated" includes the subsidiaries and associates of both the academic University and the Press. A full list of the subsidiaries and associates can be found in note 17.

The results of subsidiaries acquired or sold in the current or prior years are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the purchase method.

The Financial Statements do not consolidate the accounts of the Oxford University Student Union and its subsidiary company, as they are separate and independent legal entities in which the University has no financial interest and it does not exercise direct control or dominant influence over their policy decisions.

The Financial Statements do not consolidate the accounts of those colleges of the University that are separate and independent legal entities. The accounts of Kellogg College, St Cross College and Parks College are included as they are departments of the University.

Non-company charitable subsidiaries, including trusts, are aggregated into the University accounts where they meet the definition of a 'Special Trust' as per section 287 of the Charities Act 2011. Where a trust does not meet the definition of a Special Trust, but control can be demonstrated by the University, it is consolidated.

Investment funds where the University is the majority investor, but does not exercise any management control are excluded from consolidation in accordance with the provisions of section 9 of FRS 102, and accounted for as Investment Assets.

Joint ventures are accounted for using the 'Equity Method'. They are initially recognised at transaction cost adjusted each year to reflect the University's share of the joint ventures' Comprehensive Income, recognised through Other Comprehensive Income. The joint ventures are reviewed to ensure that the investment is worth the carrying amount and a provision against the value created, if necessary.

Associated undertakings are accounted for using the 'Equity Method'. They are initially recognised at transaction cost adjusted each year to reflect the University's share of the associates' Comprehensive Income, recognised through Other Comprehensive Income.

## Statement of Accounting Policies – continued

### Going concern

Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future.

The University prepares budgets and forecasts on an annual basis and operates an ongoing five-year forecast sustainability review in line with OfS guidance. The going concern nature of the University has been considered for a period of greater than 12 months from the date of approval of the Financial Statements.

Detailed cash flow forecasts covering a period of greater than 12 months have been prepared and the University is satisfied that it can meet its day-to-day working capital needs out of cash and liquid investments. Council is not aware of any material uncertainties which would prevent the University from continuing as a going concern.

For these reasons, it continues to adopt the going concern basis in preparing the accounts.

### 3. Foreign Currencies

Transactions in foreign currencies are recorded in the local currency of the entity at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the date of the Statement of Financial Position. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

The results of overseas operations are translated at the average rates of exchange during the period and their Statement of Financial Position at the rates prevailing at the date of the Statement of Financial Position. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

The University, and in particular the publishing and investment functions, undertake hedging activity for foreign exchange.

The University designates certain derivatives as hedging instruments in respect of the foreign exchange risk of forecast cash flows.

At the inception of the hedge relationship, the University documents the relationship between the hedging

instruments and the hedged cash flows, along with the clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge and on a continual basis the University assesses whether the hedging instrument is effective in offsetting the designated hedge risk.

The effective portion of changes in the fair value of the designated hedging instrument is recognised in Other Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts previously recognised in Other Comprehensive Income and included in the reserves are reclassified to the Statement of Comprehensive Income in the periods in which the hedged item affects the Statement of Comprehensive Income or when the hedging relationship ends.

Hedge accounting is discontinued when the University revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss included in the reserves at that time is reclassified to the Statement of Comprehensive Income when the hedged item is recognised in the Statement of Comprehensive Income. When a forecast cash flow is no longer expected to occur, any gain or loss that was recognised in Other Comprehensive Income is reclassified immediately to the Statement of Comprehensive Income.

## Statement of Accounting Policies – continued

### 4. Income

University income falls into eight main categories:

- ▶ tuition fees and educational contracts
- ▶ provision of other goods and services
- ▶ publishing services
- ▶ royalty income
- ▶ investment income
- ▶ research grants and contracts
- ▶ funding body grants
- ▶ donated and endowment income.

Income recognition is determined by the nature of the transaction, income source, and whether or not the transaction has commercial substance.

#### Transactions with commercial substance

Where a transaction has commercial substance it is accounted for as a revenue transaction. Income is recognised in line with the provision of the associated goods or services, with reference to the terms of the contract.

#### Tuition fees and educational contracts

Fee income is stated gross of any expenditure and credited to the Statement of Comprehensive Income over the period students study. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Tuition and other course fees relate directly to the provision of specific academic and non-academic courses. Income is recognised on a pro-rata basis across the length of the course, in line with the provision of the courses to students.

Professional course fees and other educational contracts are accounted for as service contracts below:

#### Provision of other goods and services

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customer.

Where services are being rendered, but are not complete at the end of the period, income is recognised with reference to the stage of completion/degree of provision of the service, as determined on an appropriate basis for each contract.

#### Publishing services

Income is stated net of trade discounts and VAT and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Income from the sale of goods is recognised when the goods are physically delivered to the customer. Income from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Provision has been made for expected sales returns after the date of the Statement of Financial Position on the basis of the historical level of such returns augmented by additional provisions made in accordance with FRS 102, where in the opinion of management these are required. The movement in the returns provision is recognised within income and other operating expenses.

#### Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of relevant agreements.

#### Investment income

Refer to policy 13 for investment income recognition policy.

#### Agency income

Funds which the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk.

#### Transactions without commercial substance

Where the University receives income on a basis that is without commercial substance it accounts for this on a Non-Exchange Transaction basis. A Non-Exchange Transaction is defined as when:

“An entity receives value from another entity without directly giving approximately equal value in exchange”.

#### Performance model

Income is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and performance-related conditions specified in the agreement are met. In the absence of performance conditions income is recognised in full as soon as it becomes receivable.

Performance conditions are defined as follows:

“A condition that requires the performance of a particular level of service or units of output to be delivered, with

## Statement of Accounting Policies – continued

payment of, or entitlement to, the resources conditional on that performance”.

Resources received in advance of completion of performance conditions are recognised on the Statement of Financial Position as deferred income and released to the Statement of Comprehensive Income as conditions are met. Where grants are received in arrears, accrued revenue or receivable assets are recognised in line with income.

### Government grants

Both revenue and capital government grants are accounted for under the Performance Model.

For OfS / Research England funding grants relating to a single academic year, income is recognised in full in the period to which the grant relates. Grants relating to more than a single year are recognised pro-rata across the term of the grant.

### Non-government grants, donations and endowments

Grant and donation income received from a non-governmental source is accounted for under the Performance Model.

Income is recognised as Donation and Endowment income, with the exception of funding for the purposes of research which is recognised as ‘Research Grants and Contracts’ income.

Non-government grant and donation income is split into four classes:

- ▶ Non-government grants and donated income with performance conditions
  - ▶ Income is recognised within the Statement of Comprehensive Income when receivable (legal/contractual commitment) and performance conditions have been met.
- ▶ Donations with restrictions
  - ▶ A donation is considered to have a restriction when the gift agreement contains; “a requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance-related condition.”
  - ▶ Income with restrictions, but no performance conditions, is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and recorded within restricted reserves.

- ▶ As the funding is expended against the restriction it is transferred to unrestricted reserves by way of a reserves transfer.

#### ▶ Donations without restrictions

- ▶ Income with neither restrictions nor performance conditions is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and recorded within unrestricted reserves..
- ▶ The University on occasion receives donations and endowments which either take the form of a bequeathment which will be paid upon the death of donor or will be paid in a series of tranches. It is the University’s policy to recognise the income on these donations and endowments once it has a legal or constructive right to receive them, with the amounts due from the donors recognised on the Statement of Financial Position as Donations and Endowments Receivable.
- ▶ Endowments
  - ▶ Refer to policy 5 for income recognition policy for endowments.

### Capital grants

Both government and non-government grants, for the purpose of purchasing or constructing specific assets, are recognised as income upon the asset being brought into use, or in line with phase completion of large construction projects. Grants where the University has discretion over the assets purchased/built are recognised in full as income when the grant becomes receivable. Government grants are taken as income as they become receivable.

Grant income is only recognised across the useful life of an asset to the extent that the grant specifically funds the operation/maintenance of the asset.

### Research income

Income recognition for research funding is dependent upon the source of the funding and the nature of the transaction. Income is classified as ‘Research Grants and Contracts’ regardless of source when it meets the Frascati definition of research.

The following specific research income recognition criteria have been applied:

- ▶ Research funding from United Kingdom Research Councils, and the European Commission is received on the basis of reimbursing the University for costs incurred in performance of the research. Income is

## Statement of Accounting Policies – continued

recognised in line with expenditure which creates a right to receive funding from these bodies.

- Funding from charities and industry is recognised on bases set out in the terms of individual funding agreements. In the majority of cases income is recognised on a reimbursement basis, with income recognised as costs are incurred for which the University has a right to reimbursement.

The following specific research income recognition criteria have been applied:

- Where funding is from a government body, expenditure on the grant purpose is presumed to be the performance condition unless specifically disallowed under the funding agreement.
- Funding from charities and industry is accounted for as non-government grant income unless it is demonstrable that a revenue transaction has taken place with near equal value being exchanged.

### 5. Endowments

Endowments are a class of donation where the donor requires the original gift be invested, with the return to be spent against the donor's charitable aims. The donor can specify that the capital can be spent (expendable endowment) or maintained in perpetuity (permanent endowment).

Endowments are classified as 'Non-Exchange Transactions' and are accounted for under the Performance Model. The original endowment gift is recognised as 'Donation and Endowment' income when receivable.

#### Permanent endowments

- **Permanent restricted**  
Donor has indicated the original gift be maintained in perpetuity, with investment income spent on restricted purposes defined by the donor.
- **Permanent unrestricted**  
Donor has indicated the original gift be maintained in perpetuity, with investment income spent on the general purposes of the University.

Upon initial income recognition, permanent endowments are recorded as endowment capital within permanent endowment reserves.

Investment income and endowment spend is accounted for under the Total Return model.

#### Total Return

The University operates a Total Return endowment investment management policy for permanent endowments and an associated Total Return Accounting policy. Total Return Accounting allows the spending of permanent endowment investment gains regardless of whether they are realised/unrealised capital gains or dividend/interest income.

Investment gains on permanent endowment assets are recognised in the Statement of Comprehensive Income as accrued. The gains are recorded within the University's permanent endowment reserves as unapplied return.

For permanent restricted endowments, unapplied return is transferred to unrestricted reserves as expenditure is incurred against the charitable purposes of each endowment.

For permanent unrestricted endowments, unapplied return is transferred to unrestricted reserves under a spend rule based on the estimated long-term investment real rate of return. This is calculated as a percentage (currently 4.0%) of the value of the brought forward endowment.

#### Indexation of permanent endowment capital

UK charity law requires the University to maintain the charitable benefit of all permanent endowments in perpetuity. The University has adopted a policy of indexing brought forward permanent endowment capital by CPI to maintain the original capital value in real terms. A transfer is made on an annual basis from unapplied return to an indexation reserve (a subset of permanent endowment capital).

#### Expendable endowments

- **Expendable restricted**  
The donor has indicated the original gift may be spent, but unspent funds be invested. The original gift and investment gains are to be spent on restricted purposes defined by the donor.

Expendable restricted endowments upon initial income recognition are recognised within expendable endowment reserves.

Investment income is recognised within the Statement of Comprehensive Income as accrued and recorded as accumulated income within expendable endowment reserves.

Accumulated income is released to unrestricted reserves as a reserves transfer in line with spend against the restricted purposes of each endowment.



## Statement of Accounting Policies – continued

### 6. Employee Benefits

#### Short-term employee benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year employees render service to the University. A liability is recognised at each date of the Statement of Financial Position to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Statement of Comprehensive Income.

#### Post-employment benefits (pensions)

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the OUP Group Pension Scheme ('OUP Group') and the University of Oxford Staff Pension Scheme (OSPS). The University also contributes on behalf of its employees to a number of other pension schemes including; Superannuation Arrangements of the University of London (SAUL), Medical Research Council Pension Scheme (MRCPS), overseas schemes and NHS Pension Scheme.

The principal schemes are all defined benefit schemes, which are externally funded and until April 2016 were contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries. However, the defined benefit portion of the OSPS scheme is no longer available to new members.

USS, OSPS, SAUL, and MRCPS are multi-employer schemes for which it is not possible to identify the assets and liabilities belonging to individual institutional members due to the mutual nature of the schemes and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

The OUP Group Scheme is not a multi-employer scheme and is therefore accounted for as a defined benefit scheme under FRS 102 section 28.

The University contributes to USS, OUP Group, OSPS, SAUL, and MRCPS at rates set by the scheme actuaries and advised to the University by the scheme administrators. The University contributes to the NHS Pension Scheme at rates in accordance with the Government's actuary's report on the scheme.

The amount charged to the Statement of Comprehensive Income represents the contributions payable to each scheme in respect of the accounting period, excluding any extra costs incurred related to clearing scheme deficits already provided for.

For defined benefit schemes which are not accounted for as multi-employer schemes, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Comprehensive Income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The net interest cost on the net defined benefit liability is reported as other finance expense in the Statement of Comprehensive Income. Actuarial gains and losses, together with the return on plan assets, are recognised immediately as Other Comprehensive Income.

Most defined benefit schemes are funded, the assets of the schemes being held separately from those of the group in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each date of the Statement of Financial Position. The resulting defined benefit asset or liability, net of any related deferred tax, is presented separately after other net assets on the face of the Statement of Financial Position.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the multi-employer schemes as determined by the scheme management. The associated expense is recognised in the Statement of Comprehensive Income.

## Statement of Accounting Policies – continued

### 7. Leases and Service Concession Arrangements

#### Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

Leased assets acquired by finance lease and associated lease liability are stated at the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The University recognises finance leases only for agreements of £100k or above in line with the minimum value at which Property, Plant and Equipment is capitalised.

#### Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Future commitments under operating leases are disclosed in note 35.

Any lease premiums or incentives are recognised as a reduction in expense spread evenly over the minimum lease term. The difference between expenditure recognised and cash flow benefits received is recognised as a liability released to the Statement of Comprehensive Income over the lease term.

#### Service concession arrangements

Service concession arrangements are finance lease arrangements whereby the lessor also provides services (e.g. maintenance and operation) alongside provision of the assets. Service concession arrangements are accounted for on the same basis as finance leases except for the apportionment of payments.

Payment under the service concession arrangement is allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

### 8. Intangible Assets and Goodwill

#### Goodwill

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired, and the fair value of its separable net assets at the date of acquisition.

Goodwill is amortised over its estimated useful life of between five and ten years on a straight-line basis. A full year of amortisation is taken in the year of acquisition.

Goodwill is assessed for indicators of impairment at each date of the Statement of Financial Position. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of goodwill is the present value of the future cash flows of the cash-generating units of which the goodwill is a part.

Negative goodwill relating to non-monetary assets is released to the Statement of Comprehensive Income as those assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets is released to the Statement of Comprehensive Income in the period in which the non-monetary assets are recovered.

#### Acquired licences

Acquired publishing lists in intangible assets are amortised on a straight-line basis over their estimated economic life deemed to be between three and ten years, in accordance with FRS 102, the period being determined by the nature of the list acquired.

Assets are assessed for indicators of impairment at each date of the Statement of Financial Position (FRS 102 section 27). If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a Fixed Asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss on assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised.

#### Software licences

Software licenses costing over £25k and with a longer than 12 month life are capitalised as intangible assets. The licences are then amortised over the useful life of up to five years or the remaining length of the licence, whichever is shorter.

## Statement of Accounting Policies – continued

### Intangible current assets – pre-publication (FRS 102 section 18)

Pre-publication external costs attributable to individual print publications are capitalised and amortised over 12 months from the date of publication. Editorial salaries and the related overheads are not included.

### Other internally generated intangibles

No internally generated intangibles are capitalised as the future inflow of economic benefits cannot be shown to be probable.

Research and development costs are written off to the Statement of Comprehensive Income as incurred.

## 9. Property, Plant and Equipment

Property, Plant and Equipment (PPE) consists of equipment, software and vehicles costing over £25k and capital building projects over £100k, land and completed buildings having a useful economic life of greater than one year and not intended for resale.

Property, Plant and Equipment (other than properties held for investment purposes) is stated at cost and depreciated on a straight-line basis over the following periods:

- Freehold buildings 30–50 years
- Building plant and equipment 20 years
- Buildings on National Health Service sites 50 years
- Leasehold properties 50 years or the period of the lease, if shorter
- Refurbishment on leasehold properties 20 years or the period of the lease, if shorter
- Equipment 3–10 years unless the research project life or expected asset life is lower

Freehold land and assets in the course of construction are not depreciated.

Assets are assessed for indicators of impairment at each date of the Statement of Financial Position. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a PPE asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss on assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised.

### Borrowing costs

Borrowing costs relating to purchase or construction of PPE assets are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

## 10. Heritage Assets

Works of art and other valuable artefacts (heritage assets) acquired since 1 August 1999 and valued at over £25k are capitalised and recognised in the Statement of Financial Position at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Due to the scale and uniqueness of many of the heritage assets, it is not possible to value the University's heritage assets acquired prior to 1999.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## 11. Donated Assets

The University receives benefits in kind such as gifts of equipment, works of art and property. Items of a significant value donated to the University, which, if purchased, the University would treat as Property, Plant and Equipment, are capitalised at their current value and depreciated in accordance with the policy set out above. The value of the donation is included in the Statement of Comprehensive Income in the year they are received.

## 12. Repairs and Maintenance

Expenditure to ensure that a Property, Plant and Equipment asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income in the period in which it is incurred. The University has a planned maintenance programme, which is reviewed annually.

## Statement of Accounting Policies – continued

### 13. Investments Basis of Valuation

All investments will initially be recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment.

Investments in listed shares and venture capital vehicles (where shares are publicly traded or their fair value can be reliably measurable) are measured at market value.

Investment properties are measured at fair value, based on the valuation undertaken by an independent Chartered Surveyor and updated annually for market movement. A selection of properties are visited and revalued each year, with every property revalued every three years, with other properties valued by a desk based review by the independent Chartered Surveyor.

Investments in subsidiaries and associated undertakings are accounted for under the Cost Model and recognised at transaction cost less accumulated impairment losses.

Following the formation of a Charitable Unauthorised Unit Trust (CUUT) to hold The Oxford Funds in June 2018 the dividend received from The Oxford Funds has been recognised in investment income. This accounting policy is based on the new CUUT being held as part of an investment portfolio and meets the criteria in FRS 102 section 9.9(b) to be held at fair value. An interest is held as part of an investment portfolio if its value to the investor is through fair value as part of a directly or indirectly held basket of investments rather than the media through which the investor carries out business. Since the University invests in the CUUT primarily for fair value gains and the CUUT is not the method through which the University carries out its business (teaching and research), this is therefore held as part of an investment portfolio. For note 16, the Statement of Financial Position shows the fair values of the University's portion of the CUUT. The University Cash Flow Statements will show any cash movements relating to the investing in the CUUT such as redemptions or purchases, in 'Cash flows from investing activities'. Any cash flows from the underlying investments to the CUUT are not visible nor is dividend or interest income directly from the investments in the CUUT included in the University accounts.

#### Revaluation

All gains and losses on investment assets, both realised and unrealised are recognised in the Statement of Comprehensive Income as they accrue.

### External entities

Until the creation of the Oxford Collegiate Feeder Fund on 1 July 2018, external entities such as Colleges and other bodies closely associated with the University could invest in the Oxford Endowment and Oxford Capital Funds.

Since it was not possible to show the specific investments of these entities in the various funds, the amounts held on their behalf by the University were shown as a deduction from the University's Investment Assets. Since 1 July 2018, the external entities can invest directly in the Oxford Collegiate Feeder Fund and no deduction is required.

### 14. Inventories and Work in Progress

Stock and Work in Progress are valued at the lower of cost and selling price less costs to sell. Cost includes all direct expenditure except that, in the case of finished books and work in progress, editorial salaries and the related overheads are not included. Development costs associated with the compilation of major new reference works, the revenues from which are long deferred, are written off as they are incurred. Development costs associated with electronic publications are also written off as they are incurred.

Selling price less costs to sell is the amount for which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition.

Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Consumables are charged to the Statement of Comprehensive Income as purchased or released from stores.

### 15. Taxation Status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is listed as a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 472–488 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

Most of the University's principal activities are exempt from Value Added Tax (VAT), but publishing sales, certain

## Statement of Accounting Policies – continued

activities and other ancillary supplies and services are liable to VAT at various rates. Expenditure includes VAT charged by suppliers to the University where it is not recoverable and is likewise included in the cost of fixed assets.

The publishing activities have current tax, which is wholly composed of non-United Kingdom tax, provided at amounts expected to be paid (or recovered) using the taxation rates and laws which have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the Statement of Financial Position, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the date of the Statement of Financial Position. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Commercial trading activities undertaken by the University are operated through its subsidiary companies. This income will attract applicable VAT and the profits are liable to Corporation Tax. However, the taxable profits made by these companies are mostly covenanted to the University and paid under Gift Aid, to the extent that the companies have distributable reserves, which negates that liability.

However, commercial activity undertaken outside the UK may be subject to tax in these jurisdictions.

### 16. Cash and Cash Equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits and other instruments held as part of the University's treasury management activities.

Cash and cash equivalents contains sums relating to endowment reserves which the University is restricted as to how they are disbursed. Note 29 summarises the assets restricted in their use.

### 17. Financial Instruments

As allowable under FRS 102 the University has adopted the option to apply the recognition, measurement and disclosure requirements of sections 11 and 12 of FRS 102.

Financial assets are assessed for indicators of impairment at each date of the Statement of Financial Position. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

The University has debt instruments through long-term unsecured Bonds issued in December 2017 and listed on the London Stock Exchange. The Bonds were initially recognised at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the Bonds are measured at amortised cost using the effective interest rate method. Under this method the transaction costs are accounted for as additional expense over the term of the Bonds (see note 25).

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

### 18. Intra-Group Transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity; the part relating to the University's share is eliminated.

## Statement of Accounting Policies – continued

### 19. Public Benefit Concessionary Loans

Where loans are made at below the prevailing market rate of interest, not repayable on demand and made for the purpose of furthering the objectives of the University, they are classified as concessionary loans.

Concessionary loans are initially measured at the amount paid and adjusted at the period end to reflect any accrued income receivable. Should a loan be judged as irrecoverable it is written off to the Statement of Comprehensive Income in the period in which it becomes irrecoverable.

### 20. Segment Information

The University operates in a number of different classes of business. For the purpose of segmental reporting, classes of business have been identified by reference to the nature of the activity and management organisation (see note 12).

### 21. Accounting for Jointly Controlled Entities, Assets, and Operations

#### Jointly controlled entities

The University accounts for its share of jointly controlled entities using the equity method.

Investments in jointly controlled entities are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the Profit or Loss and Other Comprehensive Income of the joint operation.

The joint ventures are reviewed to ensure that the investment is worth the carrying amount and a provision against the value created, if necessary.

#### Jointly controlled assets and operations

The University accounts for jointly controlled assets and operations based upon its share of costs incurred, and recognises its share of liabilities incurred pro-rata. Income and expenditure is recognised based upon the University's share.

### 22. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

- a) the University has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

### 23. Legal Form

The University is a civil corporation established under common law, which was formally incorporated by the Act for Incorporation of Both Universities 1571 under the name of 'The Chancellor Masters and Scholars of the University of Oxford'.

The University is incorporated in the United Kingdom.

### Principal Office

University of Oxford  
University Offices  
Wellington Square  
Oxford  
OX1 2JD



## Accounting Judgements and Estimates

The University prepares its consolidated financial statements in accordance with FRS 102 as issued by the Financial Reporting Council, the application of which often requires judgements to be made by management when formulating the consolidated financial position and results. Under FRS 102, management is required to adopt those accounting policies most appropriate to the circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the University; it may later be determined that a different choice would have been more appropriate.

Management considers that certain accounting estimates and assumptions relating to revenue, debtors, fixed assets and provisions are its critical accounting estimates. A discussion of these critical accounting estimates is provided below and should be read in conjunction with the disclosure of the Group's significant accounting policies provided on page 46–56. Management has discussed its critical accounting estimates and associated disclosures with the external auditors, its Finance Committee and its Audit and Scrutiny Committee. In the case of the Press any estimates and disclosures have been discussed with relevant Press and University committees.

A provision has been made for the expected costs to remove the asbestos and for the demolition of the current Tinbergen building and additionally for the related costs to provide alternative services in different buildings for students and staff.

Investment valuations are shown at the latest funding valuation provided by third parties.

Spinout valuations are shown at the latest funding valuation but are reviewed for any potential impairment.

Inventory is reviewed for obsolete, slow-moving or defective stock and a provision is made as necessary.

In the Press, provision has been made for expected sales returns after the balance sheet date on the basis of the historical level of such returns augmented by additional provisions made in accordance with FRS 102, where in the opinion of management these are required. The movement in the returns provision is recognised within turnover and cost of sales.

Pension provisions include key assumptions on discount rates, salary inflation and staff numbers in the future.

Sensitivity analysis has been provided in the Pension note on changes in these assumptions. The costs of the USS and OSPS deficit recovery plans have been estimated based on a model devised by USS and the British Universities Finance Directors Group. The model uses the additional costs included in the deficit recovery plan, adjusts accordingly for management judgement of estimated changes in staffing levels and pay increases, and is discounted based on corporate bond levels having a maturity of a similar length to the recovery plan. The scheme actuary reviews the funding of the USS every year and undertakes a formal actuarial valuation every three years, at which time the deficit recovery plan may be amended.

The 2017 actuarial valuation of USS has been included in the financial statements. There however is now a new valuation post year end based on March 2018 which results in a decrease in the consolidated provision of £190.8m and of £189.2m in the University provision for the obligation to fund the deficit on the USS pension which would instead be £231.1m for the consolidated provision and £227.3m for the University provision. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

For the OUP Group Pension Scheme key assumptions (Note 37) have been provided, and costs estimated using actuarial information.

Investment properties are revalued every three years on a rolling basis.

Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the related assets. The economic lives of assets are based on the assessment of useful economic life of assets given the specialist nature of many assets acquired.

A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but necessarily requires a degree of estimation. Specific provision is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.



## Accounting Judgements and Estimates – continued

JUDGEMENTS	NOTE	ESTIMATION UNCERTAINTIES AND ASSUMPTIONS	
Amortisation of Intangible Fixed Assets	13	Calculation of short-term employee benefit accrual	8
Depreciation of Property, Plant and Equipment	14	Calculation of the provision for funding	
Investment valuations	16	of pension deficits	27
Valuation of investment properties	16	Calculation of the provision for funding of pensions	
Provision for obsolete or defective inventory	18	under defined benefit schemes	27
		Calculation of Tinbergen Building provision	28



MBA students walk across  
Radcliffe Square

# Notes to the Financial Statements

## 1. Tuition fees and education contracts

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Full-time students</b>				
Home	97.9	97.8	97.9	97.8
EU	20.0	20.4	20.0	20.4
Overseas and other fees	109.3	99.7	109.3	99.7
<b>Part-time students</b>				
Home	7.5	8.3	7.5	8.3
EU	3.1	1.7	3.1	1.7
Overseas and other fees	21.2	21.4	21.2	21.4
<b>Other Fees and education contracts</b>				
Professional and non-matriculated courses	42.3	36.8	29.1	23.6
Examination and other fees	1.4	1.4	1.4	1.4
Research training support grants	51.3	45.0	51.3	45.0
	<b>354.0</b>	<b>332.5</b>	<b>340.8</b>	<b>319.3</b>

## 2. Funding body grants

	Consolidated		University	
	2018/19 £'m	2017/18 restated £'m	2018/19 £'m	2017/18 restated £'m
<b>Recurrent grants</b>				
OfS	13.6	13.8	13.6	13.8
Research England	145.9	142.2	145.9	142.2
<b>Specific grants</b>				
Museums, Galleries and Collections Fund	3.6	3.6	3.6	3.6
Higher Education Innovation Fund	3.7	5.2	3.7	5.2
OfS capital grants	1.3	1.5	1.3	1.5
Research England capital grants	20.2	18.8	20.2	18.8
Other	4.8	1.8	4.8	1.8
	<b>193.1</b>	<b>186.9</b>	<b>193.1</b>	<b>186.9</b>

Prior to 31 March 2018, the Higher Education Council for England (HEFCE) had responsibility for these grants. After 31 March 2018 the HEFCE closed with responsibilities being transferred to the Office for Students (OfS) and Research England. The allocations received during the period to 31 March 2018 have been allocated to the relevant successor body above.

The OfS/Research England recurrent grant is the annual funding for the purposes of Teaching, Research and Knowledge Exchange. Each grant relates to a specific academic year and each grant is recognised in full in the year to which it relates.

The Museums, Galleries and Collections Fund is provided by Research England to support museums and galleries

in the HE sector that have research significance beyond their home institution. Within the University, grant funding is provided to support the Ashmolean, Pitt Rivers Museum, Museum of Natural History and the Museum of the History of Science. Grants are awarded on an academic year basis to fund specific operations of each of the museums. Income is recognised in full in the academic year in which the operations have been performed.

The Higher Education Innovation Fund (HEIF) is provided by Research England to support Knowledge Exchange between members of the HE Sector and the wider-community. HEIF funding is allotted on an annual basis and becomes receivable once the University has provided



## Notes to Financial Statements – continued

an approved Knowledge Exchange strategy for the funding. Income is recognised on an annual basis once the strategy has been approved.

Capital grants are those grants from OfS/Research England provided for the purposes of purchasing or building of capital assets. They generally do not specify particular assets and income is recognised in full once the University has a right to receive the grant.

### 3. Research grants and contracts

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>UK funders</b>				
Research Councils	162.0	153.2	162.0	153.2
UK government and health authorities	77.7	77.2	77.7	77.2
UK charities	154.5	153.2	154.5	153.2
UK industry and commerce	27.3	25.3	27.3	25.3
<b>EU funders</b>				
European Commission and other EU government bodies	65.1	62.6	64.7	62.5
EU based charities	2.3	2.3	2.3	2.3
EU based industry and commerce	27.9	16.7	27.9	16.7
<b>Non-EU funders</b>				
Other government	37.5	22.4	26.0	20.6
Other charities	30.8	26.9	30.8	26.9
Other industry and commerce	39.7	38.2	39.6	36.7
Research development expenditure credit	-	1.1	-	1.1
	<b>624.8</b>	<b>579.1</b>	<b>612.8</b>	<b>575.7</b>

Research grants and contract income includes £15.9m (2018: £20.4m) in respect of capital funding. Research grants and contracts excludes funding body quality research income.

### 4. Publishing services

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
Publishing Services – UK	110.3	117.2	110.3	172.7
Publishing Services – Asia Pacific	244.4	226.7	228.4	156.8
Publishing Services – North America	182.1	177.4	182.6	173.4
Publishing Services – Europe	157.5	153.5	101.6	97.0
Publishing Services – Latin America	43.2	47.9	14.6	13.5
Publishing Services – Central Asia, Middle East, North Africa	28.4	36.5	23.8	28.9
Publishing Services – Sub-Saharan Africa	43.3	38.8	3.7	3.9
	<b>809.2</b>	<b>798.0</b>	<b>665.0</b>	<b>646.2</b>

This represents income of the Press and associated subsidiaries and shows the sales in each geographical region that the Press operates in.

## Notes to Financial Statements – continued

### 5. Other income

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
Residences, catering and conferences	5.9	5.1	5.5	4.6
Other services rendered	59.9	54.2	10.3	8.4
Profits on sale of fixed assets	12.5	0.5	12.5	0.5
National Health Service	15.1	15.0	15.1	15.0
Foreign exchange gain	5.1	5.3	4.5	5.7
Royalty income	56.0	50.7	45.1	37.0
Receipts from educational activities	14.0	13.9	14.0	13.9
Rental income from operating leases	17.9	16.3	17.8	16.1
Other income	47.7	47.5	53.1	45.6
Capital grants	17.7	19.3	17.7	19.3
<b>Other income</b>	<b>251.8</b>	<b>227.8</b>	<b>195.6</b>	<b>166.1</b>
Transfer from the Press	-	-	-	0.2
	<b>251.8</b>	<b>227.8</b>	<b>195.6</b>	<b>166.3</b>

Capital Grant income is external funding other than research grants or from OfS/Research England for assets capitalised in year and includes grants for £11.2m for the Innovation Building, (2018: Physics Beecroft Building £13.3m, Bioescalator [City Deal] £11.0m and the Iffley Road Sports Centre £5.5m).

#### Total rentals receivable under operating leases

	Land and Buildings			
	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
Receivable during the year	18.0	15.1	17.8	14.9
<b>Future minimum lease receivables due:</b>				
Not later than 1 year	16.6	12.6	16.5	12.6
Later than 1 year and not later than 5 years	13.9	12.7	13.9	12.7
Later than 5 years	9.0	21.1	9.0	21.1
<b>Total future lease receivables due</b>	<b>39.5</b>	<b>46.4</b>	<b>39.4</b>	<b>46.4</b>

## Notes to Financial Statements – continued

### 6. Investment income

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
Profit on disposal of spinout company investments	10.0	4.0	8.1	4.0
Dividend from The Oxford Funds	79.1	4.8	76.0	4.7
Other income and interest from investments	15.5	9.5	16.2	10.1
	<b>104.6</b>	<b>18.3</b>	<b>100.3</b>	<b>18.8</b>

Profit on disposal of spinouts includes:

- ▶ £6.6m realised profit on disposal of the University's entire shareholding in Nightstar Therapeutics which was acquired by Biogen in June 2019. The University received proceeds of £21.0m yielding profit on the original cost of shares of £19.9m. Of this total profit of £19.9m, £13.3m of unrealised gains were recognised through investment gains in previous years to reflect the fair value of the shares at each reporting date and £6.6m is recognised in 2018/19.
- ▶ £0.8m (2018: £0.8m) release of deferred income from Technikos LLP for the right to purchase a percentage share of share capital in spinout companies formed by the Institute of Biomedical Engineering (see note 25).
- ▶ £2.0m (2018: £2.7m) release of deferred income from Oxford Sciences Innovation plc for the right to purchase a percentage share of share capital in spinout companies formed by the University (see note 36).

Following the formation of a Charitable Unauthorised Unit Trust (CUUT) to hold The Oxford Funds in June 2018 the dividend received from The Oxford Funds has been recognised in investment income (£79.1m 2018–19,

£4.8m 2017–18 representing one month of income). In prior years the income from The Oxford Funds was recognised as part of Investment Gains based on the previous legal structure. The new CUUT is held as part of an investment portfolio and meets the criteria in FRS 102.9.9(b) to be held at fair value. An interest is held as part of an investment portfolio if its value to the investor is through fair value as part of a directly or indirectly held basket of investments rather than the media through which the investor carries out business. Since the University invests in the CUUT primarily for fair value gains and the CUUT is not the method through which the University carries out its business (teaching and research), this is therefore held as part of an investment portfolio. In note 16, the University Statement of Financial Position shows the fair value of the University's portion of the CUUT. The University Cash flow statements will show any cash movements relating to the investing in the CUUT such as redemptions or purchases, in 'Cash flows from investing activities'. Any cash flows from the underlying investments to the CUUT are not visible nor are dividend or interest income directly from the investments in the CUUT be included in the University accounts.

### Investment gains

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Analysis of gains on investments</b>				
Investments held in the Oxford Funds	119.9	174.0	116.9	169.3
Strategic Capital Account	57.0	32.3	57.0	32.3
Spinouts	24.6	36.9	24.6	36.9
Investment properties held directly	9.7	44.6	9.6	44.6
Other investments	25.9	20.5	25.3	20.7
	<b>237.1</b>	<b>308.3</b>	<b>233.4</b>	<b>303.8</b>

All investment gains are on assets held at fair value through profit or loss.

The Strategic Capital Account is structured to allow the University to regularly draw down from holdings in global equities, global corporate bonds and UK focussed short-term sovereign bonds.



## Notes to Financial Statements – continued

### 7. Donations and endowments

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Donations</b>				
Donations with restrictions	27.4	24.4	27.4	24.4
Donations without restrictions	14.9	20.9	14.3	20.9
<b>Endowments</b>				
New endowments and transfers	55.4	47.9	55.4	47.9
<b>Total Donations and Endowments</b>	<b>97.7</b>	<b>93.2</b>	<b>97.1</b>	<b>93.2</b>
Donation of assets	14.9	1.2	14.9	1.2
	<b>112.6</b>	<b>94.4</b>	<b>112.0</b>	<b>94.4</b>

Details of material Heritage Assets donated in the year can be found in note 15.

Donations totalling £1.6m (2018: £2.7m) have been received but not recognised as income during the year due to as yet unfulfilled conditions contained in the gift agreements. These donations include gifts to support academic posts, scholarships, and outreach and other academic activities.



UNIQ students taking part in a lecture

## Notes to Financial Statements – continued

### 8. Staff costs

Note	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Staff costs:</b>				
Wages and salaries	852.7	810.7	790.4	750.3
Social security costs	77.3	73.3	72.8	68.7
Pension costs as paid	121.2	117.0	116.1	113.1
	1,051.2	1,001.0	979.3	932.1
Pension provisions 37	285.9	(18.7)	284.0	(18.2)
<b>Total staff costs</b>	<b>1,337.1</b>	<b>982.3</b>	<b>1,263.3</b>	<b>913.9</b>

	2018/19 FTE	2017/18 FTE
<b>Average staff numbers by major category:</b>		
Academic	1,804	1,769
Research	4,545	4,577
Teaching and Research Support	778	602
Departmental Support Services	2,526	2,365
Library and Museum Services	497	501
Publishing	5,958	5,971
Central Support Services	1,740	1,678
Technical and Crafts	574	582
Ancillary	511	502
	18,933	18,547
Subsidiaries – Academic	223	281
<b>Average number of full-time equivalent staff</b>	<b>19,156</b>	<b>18,828</b>

	2018/19 £'000	2017/18 £'000
<b>The emoluments of the Vice-Chancellor who served during the year were:</b>		
Basic salary	367	360
Benefits – taxable		
Membership of private healthcare scheme	5	5
Travel for dependents	-	5
<b>Total taxable emoluments of the Vice-Chancellor</b>	<b>372</b>	<b>370</b>
Pension contributions and payments in lieu of pension contributions	52	59
Non-taxable benefits	28	18
	<b>452</b>	<b>447</b>

## Notes to Financial Statements – continued

### 8. Staff costs continued

The Committee to Review the Salaries of Senior University Officers is the Committee responsible for setting and reviewing the pay of the Vice-Chancellor. Full details of the committee membership, remuneration policy and other associated policies can be found on the University website at <http://hr.admin.ox.ac.uk/crssuo>.

- ▶ The basic salary for the role of Vice-Chancellor was set by the Remuneration Committee in 2007/08. Since that time the University has improved its relative standing; since 2016 it has ranked first in the Times Higher Education global rankings. The University has also grown in size and complexity, with revenue increasing by 97% to more than £2.4 bn today. Despite this considerable increase in standing, size and complexity, the salary for the role of Vice-Chancellor has been adjusted only for the nationally negotiated pay awards applied to all non-clinical staff.
- ▶ The Committee reviews the salaries of Senior Officers on a biennial basis. The Vice-Chancellor's salary was not reviewed in 2018/19 but was adjusted for the 2% nationally negotiated pay award applied to the salaries of all non-clinical staff.
- ▶ Non-taxable benefits include the provision of accommodation and travel for dependents (note, travel for dependants previously treated as a taxable benefit). The role of Vice-Chancellor is required to reside in a specified property whilst in post to enable the post holder to fulfil a number of duties ("representative occupier"). The value of the residential element of the property was £21,533 (2017/18: £18,310) and this is reflected in 'non-taxable benefits' above.

There is no performance-related salary paid to the Vice-Chancellor nor to key management personnel of the Academic University. The current Vice-Chancellor does not receive income from any external appointments.

The Vice-Chancellor's basic salary and total remuneration expressed as a multiple of median basic salary (and total remuneration, including both taxable and non-taxable benefits) is as follows:

#### Pay Ratios

Academic staff: 5.8 times median basic salary (5.9 times median total remuneration – for all other than the Vice-Chancellor this excludes college allowances or benefits such as housing and private medical insurance).

Academic University and subsidiary staff (14,559 employees): 9.8 times median basic salary (9.9 times total remuneration).

All staff (22,313 employees): 10.7 times basic salary (10.6 times total remuneration). "All staff" comprises "Academic University and subsidiary staff" listed above plus 5,999 staff employed in educational publishing activities (of which 3,744 are employed overseas) plus 1,755 staff employed on temporary contracts through the University's Temporary Staffing Services (TSS) or on contracts with no fixed hours.

#### Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2018:£Nil). The total expenses paid to or on behalf of trustees were £323 (2018: £1,122). This represents travel and other expenses incurred in attending Council and related meetings.

The figures for 2018/19 have been prepared based on early adoption of the Accounts Direction issued by OfS on 25 October 2019. The comparatives for 2017/18 have not been adjusted.

## Notes to Financial Statements – continued

### 8. Staff costs continued

#### Salary banding

Below are the numbers of members of staff throughout the University whose emoluments exceeded £100,000. Following the OFS guidance amounts reimbursed by the National Health Service, bonus payments, employer pension contributions, compensation for loss of office and payments under early retirement schemes are not included in these figures. The Vice-Chancellor is excluded from this table and disclosed above. The number of

employees whose emoluments exceeded £100,000 grew by 69 to 400 in 2018/19. Of this increase of 69, 22 related to the effect of cost of living awards for clinical staff whose emoluments did not exceed £100,000 in 2017/18 and 31 related to publishing staff. The remainder related primarily to professor and senior research staff appointments.

Salary banding	2018/19 Number of employees			2017/18 Number of employees		
	Non Clinical	Clinical	Total	Non Clinical	Clinical	Total
£100,000 to £104,999	42	1	43	43	60	103
£105,000 to £109,999	42	81	123	27	-	27
£110,000 to £114,999	42	-	42	27	-	27
£115,000 to £119,999	16	-	16	17	-	17
£120,000 to £124,999	22	-	22	18	-	18
£125,000 to £129,999	15	-	15	19	-	19
£130,000 to £134,999	8	-	8	15	-	15
£135,000 to £139,999	16	-	16	8	-	8
£140,000 to £144,999	12	-	12	9	-	9
£145,000 to £149,999	10	-	10	11	-	11
£150,000 to £154,999	13	-	13	11	-	11
£155,000 to £159,999	10	1	11	6	1	7
£160,000 to £164,999	8	-	8	9	-	9
£165,000 to £169,999	3	-	3	2	-	2
£170,000 to £174,999	5	-	5	6	-	6
£175,000 to £179,999	7	-	7	5	-	5
£180,000 to £184,999	3	-	3	3	-	3
£185,000 to £189,999	5	-	5	2	-	2
£190,000 to £194,999	1	-	1	1	-	1
£195,000 to £199,999	2	-	2	3	-	3
£200,000 to £204,999	3	-	3	5	-	5
£205,000 to £209,999	2	-	2	4	-	4
£210,000 to £214,999	3	-	3	1	-	1
£220,000 to £224,999	2	-	2	2	-	2
£225,000 to £229,999	2	-	2	3	-	3
£230,000 to £234,999	3	-	3	-	-	-
£235,000 to £239,999	1	-	1	1	-	1
£240,000 to £244,999	1	-	1	-	-	-
£245,000 to £249,999	3	-	3	1	-	1
£250,000 to £254,999	1	-	1	1	-	1
£255,000 to £259,999	1	-	1	1	-	1
£260,000 to £264,999	1	-	1	-	-	-
£270,000 to £274,999	2	-	2	-	-	-
£275,000 to £279,999	1	-	1	-	-	-
£295,000 to £299,999	-	-	-	1	-	1
£310,000 to £314,999	1	-	1	1	-	1
£325,000 to £329,999	1	-	1	-	-	-
£340,000 to £344,999	1	-	1	-	-	-
£345,000 to £349,999	1	-	1	-	-	-
£355,000 to £359,999	1	-	1	2	-	2

## Notes to Financial Statements – continued

### 8. Staff costs continued

Salary banding continued	2018/19 Number of employees			2017/18 Number of employees		
	Non Clinical	Clinical	Total	Non Clinical	Clinical	Total
£360,000 to £364,999	-	-	-	2	-	2
£370,000 to £374,999	1	-	1	-	-	-
£375,000 to £379,999	-	-	-	1	-	1
£385,000 to £389,999	1	-	1	-	-	-
£390,000 to £394,999	1	-	1	1	-	1
£645,000 to £649,999	-	-	-	1	-	1
£660,000 to £664,999	1	-	1	-	-	-
	<b>317</b>	<b>83</b>	<b>400</b>	<b>270</b>	<b>61</b>	<b>331</b>

### Compensation for loss of office

	2018/19 £'000	2017/18 £'000
<b>Compensation for loss of office:</b>		
Voluntary Redundancy Scheme: Number of staff receiving payment under the voluntary redundancy scheme 2018/19 : 0 (2017/18 : 46)	-	746
Other compensation payments: number of staff receiving payment 2018/19: 480 (2017: 370)	3,780	4,851
<b>Compensation payable</b>	<b>3,780</b>	<b>5,597</b>

The compensation payments were paid in cash funded from general income and expenditure reserves and were made under University policy as approved by its Personnel Committee with any individual severance payments in excess of standard severance terms being approved by the University's Individual Severance Arrangement Panel.

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. This includes compensation paid to key management personnel defined as: the Registrar, Pro-Vice-Chancellors with portfolio, Heads of Division, the Chief Executive of the Press and the Director of Finance. The Vice-Chancellor is excluded from this figure and disclosed above.

	2018/19 £'000	2017/18 £'000
<b>Key management personnel – total remuneration</b>	<b>3,114</b>	<b>3,283</b>
Number of staff	12.2	12.0
<b>Key management personnel – average remuneration</b>	<b>255</b>	<b>274</b>

### Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require us to publish information on Trade Union facility time relating to a specific 12 month period. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities. There is a statutory entitlement to reasonable paid time off for undertaking union duties.

The number of University employees who were Trade

Union officials during the period from 1 April 2018 to 31 March 2019 was 31 (26.12 FTE). The percentage of time spent by them on facility time was between 1% and 50%. The cost of this activity amounts to £9,508 representing 0.001% of the total pay bill in the relevant period. Of the total paid facility time, the proportion of hours spent on paid Trade Union activities (i.e. activities other than the duties for which there is a statutory entitlement to reasonable paid time off) was 67.41%.

## Notes to Financial Statements – continued

### 9. Interest and other finance costs

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
Interest on loans	6.4	8.1	6.4	7.5
Net charge on pension schemes	3.7	3.4	3.7	3.4
Interest on bond	19.1	12.3	19.1	12.3
Net charge on Press pension schemes	3.9	4.8	3.9	4.8
<b>Total interest and other finance costs</b>	<b>33.1</b>	<b>28.6</b>	<b>33.1</b>	<b>28.0</b>

### 10. Operating expenditure

	2018/19		2018/19	2017/18
	Staff £'m	Non-Staff £'m	Total £'m	Total £'m
Academic departments	319.4	147.4	466.8	429.3
Research grants and contracts	305.9	219.2	525.1	492.6
Academic services	38.8	22.5	61.3	56.9
Publishing	206.9	405.3	612.2	603.7
Residence, catering and conferences	0.7	0.7	1.4	0.9
Bursaries and scholarships	-	73.7	73.7	68.5
Premises	21.2	70.3	91.5	93.3
Administration	80.5	73.9	154.4	131.3
Payments to colleges	-	56.9	56.9	55.6
Other expenses	7.0	12.5	19.5	30.2
Tinbergen provision adjustment	-	(3.1)	(3.1)	3.9
Donation of assets	-	-	-	17.2
<b>Total University</b>	<b>980.4</b>	<b>1,079.3</b>	<b>2,059.7</b>	<b>1,983.4</b>
Subsidiary companies – HE	21.5	39.1	60.6	60.2
Subsidiary companies – publishing	49.3	93.6	142.9	126.9
Movement in pensions provision	285.9	-	285.9	(18.7)
Interest and other finance costs	-	33.1	33.1	28.6
<b>Total Consolidated</b>	<b>1,337.1</b>	<b>1,245.1</b>	<b>2,582.2</b>	<b>2,180.4</b>

Depreciation and amortisation of £145.2m, operating expenditure of £1,066.8m, and interest and other finance costs of £33.1m are combined in the non-staff figures of £1,245.1m.

In 2018 the University agreed that a third party would take over the operation of research assets which had been funded by a government grant received and recorded in the accounts of previous years. This resulted in a write-down of £17.2m of freehold land and equipment during 2017/18.



## Notes to Financial Statements – continued

### 10. Operating expenditure continued

#### Other operating expenses include:

	Consolidated	
	2018/19 £'000	2017/18 £'000
Remuneration paid to auditors during the year was in respect of the following services:		
Audit services (Academic University audit)	270	242
Audit of the Academic University subsidiaries' annual financial statements	106	126
Audit services (inclusion of OUP)	271	375
Audit services (OUP for the year ended 31 March)	776	799
The Oxford Fund audit and associated services	64	54
Audit services (Oxford Endowment Management Limited and associated entities for the year ended 31 December)	18	14
<b>Total audit fees</b>	<b>1,505</b>	<b>1,610</b>
Services related to taxation	-	95
EU (FP7 and Horizon 2020) and DfE teacher training grant audits	108	225
Other non-audit services	25	86
<b>Total non-audit fees</b>	<b>133</b>	<b>406</b>
<b>Total fees to auditors</b>	<b>1,638</b>	<b>2,016</b>

### 11. Taxation

	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Current Tax</b>				
UK Corporation Tax	0.4	0.7	-	-
Non-UK Corporation Tax	5.0	10.6	(0.5)	1.9
<b>Taxation charge for the year</b>	<b>5.4</b>	<b>11.3</b>	<b>(0.5)</b>	<b>1.9</b>

Within Taxation, amounts are included in respect of the following matters:

Oxford University Press Pakistan, a branch of the University, obtained a Supreme Court decision confirming its exemption from taxation on its profits for the period 1979–2013. Related tax provisions have therefore been released.

The Indian Tax Authority has assessed the Indian

branch as “resident” since 1993, whereas in the view of management it should be assessed as non-resident. Provisions are held reflecting the potential impact of differing interpretations of Oxford University Press India's tax status.

There were no material reconciling items to average applicable rates relating to items in respect of prior years.

## Notes to Financial Statements – continued

### 11. Taxation continued

Factors affecting the tax charge	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
Total Comprehensive Income	96.4	389.9	75.6	356.9
Surplus on ordinary activities multiplied by the standard rate of corporation tax of 19% (2018: 19%)	18.3	74.1	14.4	67.8
Less tax due on surplus falling within charitable exemption	(14.9)	(65.7)	(13.6)	(66.5)
Effect of overseas tax rates	2.8	4.1	0.8	1.2
Permanent differences	(0.8)	(1.2)	(2.1)	(0.6)
<b>Taxation charge for the year</b>	<b>5.4</b>	<b>11.3</b>	<b>(0.5)</b>	<b>1.9</b>

## 12. Segmental information

The reportable segments for the combined Group are:

University – Academic: Teaching and research divisions with associated services and administration, investment and subsidiaries

University – Press: Publishing and related services, carried out by Oxford University Press

Year to 31 July 2019	University – Academic £'m	University – Press £'m	Eliminations and adjustments £'m	Total £'m
<b>INCOME</b>				
<b>External</b>	<b>1,583.9</b>	<b>866.2</b>	<b>-</b>	<b>2,450.1</b>
Transfers between segments	45.7	-	(45.7)	-
Total income	1,629.6	866.2	(45.7)	<b>2,450.1</b>
Total Comprehensive Income for the year	38.8	103.3	(45.7)	<b>96.4</b>
<b>Included in surplus for the year:</b>				
Investment income	97.1	7.5	-	<b>104.6</b>
Depreciation and amortisation	108.5	36.7	-	<b>145.2</b>
Interest payable	29.1	4.0	-	<b>33.1</b>
Gain on investments	236.4	0.7	-	<b>237.1</b>
(Increases)/decreases in pension provisions	(289.6)	20.5	-	<b>(269.1)</b>
Additions to non-current assets	140.6	(22.0)	-	<b>118.6</b>
<b>Assets</b>	<b>5,780.2</b>	<b>895.2</b>	<b>-</b>	<b>6,675.4</b>
<b>Liabilities</b>	<b>(2,071.7)</b>	<b>(422.7)</b>	<b>-</b>	<b>(2,494.4)</b>
<b>Net Assets</b>	<b>3,708.5</b>	<b>472.5</b>	<b>-</b>	<b>4,181.0</b>

## Notes to Financial Statements – continued

### 12. Segmental Information continued

Year to 31 July 2018	University – Academic	University – Press	Eliminations and adjustments	Total
	£'m	£'m	£'m	£'m
<b>INCOME</b>				
<b>External</b>	<b>1,386.9</b>	<b>850.1</b>	<b>-</b>	<b>2,237.0</b>
Transfers between segments	205.6	-	(205.6)	-
Total income	1,592.5	850.1	(205.6)	<b>2,237.0</b>
Total Comprehensive Income for the year	437.5	158.0	(205.6)	<b>389.9</b>
<b>Included in surplus for the year:</b>				
Investment income	13.1	5.2	-	<b>18.3</b>
Depreciation and amortisation	112.1	33.4	-	<b>145.5</b>
Interest payable	22.4	6.2	-	<b>28.6</b>
Gain on investments	285.3	22.1	0.9	<b>308.3</b>
Decreases in pension provisions	18.7	32.3	-	<b>51.0</b>
Additions to non-current assets	1,203.8	122.3	21.1	<b>1,347.2</b>
<b>Assets</b>	<b>5,483.6</b>	<b>830.5</b>	<b>-</b>	<b>6,314.1</b>
<b>Liabilities</b>	<b>(1,813.9)</b>	<b>(415.6)</b>	<b>-</b>	<b>(2,229.5)</b>
<b>Net Assets</b>	<b>3,669.7</b>	<b>414.9</b>	<b>-</b>	<b>4,084.6</b>

### Eliminations and adjustments

The following eliminations and adjustments reconcile the total of segment amounts to the consolidated amounts in these financial statements.

The Press makes a transfer to the academic University. In 2019 it was £45.7m (2018: £205.6m including a triennial transfer).



## Notes to Financial Statements – continued

## 13. Intangible assets and goodwill

Consolidated	Negative goodwill £'m	Goodwill £'m	Software licences £'m	Acquired lists £'m	Total £'m
<b>Cost</b>					
As at 1 August 2018	(5.8)	111.5	103.1	133.3	342.1
Additions	-	-	25.9	7.8	33.7
Disposals	-	-	(2.2)	(1.0)	(3.2)
As at 31 July 2019	(5.8)	111.5	126.8	140.1	372.6
<b>Amortisation</b>					
As at 1 August 2018	(5.6)	93.6	68.8	109.9	266.7
Charge for Year	-	12.6	12.1	10.5	35.2
Disposals	-	(0.2)	(2.2)	(0.8)	(3.2)
As at 31 July 2019	(5.6)	106.0	78.7	119.6	298.7
<b>Carrying Amount</b>					
As at 31 July 2019	(0.2)	5.5	48.1	20.5	73.9
As at 1 August 2018	(0.2)	17.9	34.3	23.4	75.4

The negative goodwill arose on the acquisition of the Edward Jenner Institute for Vaccine Research on 1 November 2005 and the Gray Cancer Institute on 20 June 2006.

University	Goodwill £'m	Software licences £'m	Acquired lists £'m	Total £'m
<b>Cost</b>				
As at 1 August 2018	99.0	93.9	131.4	324.3
Additions	-	25.5	7.7	33.2
Disposals	-	(2.1)	(1.0)	(3.1)
As at 31 July 2019	99.0	117.3	138.1	354.4
<b>Amortisation</b>				
As at 1 August 2018	83.2	60.7	108.0	251.9
Charge for Year	10.5	11.3	10.4	32.2
Disposals	-	(2.1)	(0.8)	(2.9)
As at 31 July 2019	93.7	69.9	117.6	281.2
<b>Carrying Amount</b>				
As at 31 July 2019	5.3	47.4	20.5	73.2
As at 1 August 2018	15.8	33.2	23.4	72.4

## Notes to Financial Statements – continued

### 14. Property, Plant and Equipment

Consolidated	Land and Buildings		Equipment & machinery	Assets under construction	Total
	Freehold	Leasehold			
	£'m	£'m	£'m	£'m	£'m
<b>Cost</b>					
<b>As at 1 August 2018</b>	<b>1,824.1</b>	<b>27.3</b>	<b>235.7</b>	<b>103.2</b>	<b>2,190.3</b>
Additions	33.4	0.4	29.5	64.2	<b>127.5</b>
Transfers (to)/from Investment properties	(20.7)	0.1	-	-	<b>(20.6)</b>
Completed	89.1	7.6	10.8	(107.5)	-
Disposals	(6.8)	(1.6)	(80.9)	-	<b>(89.3)</b>
<b>As at 31 July 2019</b>	<b>1,919.1</b>	<b>33.8</b>	<b>195.1</b>	<b>59.9</b>	<b>2,207.9</b>
<b>Depreciation</b>					
<b>As at 1 August 2018</b>	<b>580.6</b>	<b>9.3</b>	<b>145.8</b>	-	<b>735.7</b>
Charge for the year	57.3	7.1	45.6	-	<b>110.0</b>
Transfers (to)/from Investment properties	(0.8)	-	-	-	<b>(0.8)</b>
Disposals	(2.9)	(0.5)	(80.6)	-	<b>(84.0)</b>
<b>As at 31 July 2019</b>	<b>634.2</b>	<b>15.9</b>	<b>110.8</b>	-	<b>760.9</b>
<b>Net book value</b>					
<b>As at 31 July 2019</b>	<b>1,284.9</b>	<b>17.9</b>	<b>84.3</b>	<b>59.9</b>	<b>1,447.0</b>
<b>As at 1 August 2018</b>	<b>1,243.5</b>	<b>18.0</b>	<b>89.9</b>	<b>103.2</b>	<b>1,454.6</b>
Leased assets included above:					
<b>Net book value</b>					
<b>As at 31 July 2019</b>	-	<b>17.9</b>	-	-	<b>17.9</b>
<b>As at 1 August 2018</b>	-	<b>18.0</b>	-	-	<b>18.0</b>

All Property, Plant and Equipment are stated at historic cost.

Land and buildings (Consolidated and University) includes £104.0m (2018: £84.4m) of freehold land on which no depreciation is charged. During the year, land at the Churchill Hospital site was purchased for £18.6m.

There are 'claw back' provisions within the agreement on the Radcliffe Observatory Quarter (ROQ) site with the NHS should the University at some point in the future decide to change the designated use of the site and dispose of part of it for development.

Land and buildings (Consolidated and University) include properties financed and occupied by the University on NHS sites with a net book value of £20.4m (2018: £16.5m).

Equipment additions include £3.7m (2018: £1.4m) of labour capitalisation relating to internal IT resource, which

has been applied to major IT projects. The largest spend on a single project was the Graduate Skills Training and Progress Reporting.

The University agreed in 2017/2018 that a third party will take over the operation of research assets which had been funded by a government grant received and recorded in the accounts of previous years. This resulted in a write-down of £17.2m of freehold land and equipment in 2017/2018 but the legal documentation has not yet been signed, with a date of November 2019 now envisaged for the exchange of contracts.

In November 2000, the University entered into a leasing arrangement with the Saïd Foundation in respect of the Saïd Business School. In accordance with FRS 102, at 31 July 2019 the fixed assets of the University included a cost of £62.7m (2018: £62.7m) in respect of the building.

## Notes to Financial Statements – continued

### 14. Property, Plant and Equipment continued

University	Land and Buildings		Equipment & machinery	Assets under construction	Total
	Freehold	Leasehold			
	£'m	£'m	£'m	£'m	£'m
<b>Cost</b>					
<b>As at 1 August 2018</b>	<b>1,813.5</b>	<b>27.3</b>	<b>220.0</b>	<b>103.2</b>	<b>2,164.0</b>
Additions	33.1	0.4	27.3	55.8	<b>116.6</b>
Transfers (to)/from Investment properties	(20.7)	0.1	-	-	<b>(20.6)</b>
Completed	89.1	0.1	10.8	(100.0)	<b>-</b>
Disposals	(6.2)	(1.6)	(79.9)	-	<b>(87.7)</b>
<b>As at 31 July 2019</b>	<b>1,908.8</b>	<b>26.3</b>	<b>178.2</b>	<b>59.0</b>	<b>2,172.3</b>
<b>Depreciation</b>					
<b>As at 1 August 2018</b>	<b>576.0</b>	<b>9.3</b>	<b>133.6</b>	<b>-</b>	<b>718.9</b>
Charge for the year	56.8	6.7	44.0	-	<b>107.5</b>
Transfers (to)/from Investment properties	(0.8)	-	-	-	<b>(0.8)</b>
Disposals	(2.7)	(0.5)	(79.8)	-	<b>(83.0)</b>
<b>As at 31 July 2019</b>	<b>629.3</b>	<b>15.5</b>	<b>97.8</b>	<b>-</b>	<b>742.6</b>
<b>Net book value</b>					
<b>As at 31 July 2019</b>	<b>1,279.5</b>	<b>10.8</b>	<b>80.4</b>	<b>59.0</b>	<b>1,429.7</b>
<b>As at 1 August 2018</b>	<b>1,237.5</b>	<b>18.0</b>	<b>86.4</b>	<b>103.2</b>	<b>1,445.1</b>
Leased assets included above:					
<b>Net book value</b>					
<b>As at 31 July 2019</b>	<b>-</b>	<b>10.8</b>	<b>-</b>	<b>-</b>	<b>10.8</b>
<b>As at 1 August 2018</b>	<b>-</b>	<b>18.0</b>	<b>-</b>	<b>-</b>	<b>18.0</b>



## Notes to Financial Statements – continued

### 15. Heritage assets

The University of Oxford collections relate to museums, libraries, and other collections. The University objectives are to make the collections a focus for research, teaching, and collection-based scholarship within the University. The collections are used as a research resource for a wide range of scholarly users, a facility for interaction between the University and the public and an active contributor to the region's cultural development.

The cost of new heritage asset acquisitions in 2018/19 was £0.1m (2018:£0.3m). This acquisition was the Sculpture of Dr John Radcliffe for a total of £0.1m, paid for by private donations. Disposals are unlikely as most donations have conditions preventing disposal, and there were no disposals in 2018/19. The costs of donated assets are based on valuations by experts in the relevant field.

Heritage assets	2014/15 £'m	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m
<b>Brought forward</b>	<b>66.6</b>	<b>77.0</b>	<b>80.5</b>	<b>85.3</b>	<b>86.8</b>
Acquisitions purchased with specific donations	0.3	-	1.5	0.3	0.1
Acquisitions purchased with University funds	0.1	1.3	0.1	-	-
<b>Total cost of acquisitions purchased</b>	<b>0.4</b>	<b>1.3</b>	<b>1.6</b>	<b>0.3</b>	<b>0.1</b>
<b>Value of acquisitions by donation</b>	<b>10.0</b>	<b>2.2</b>	<b>3.2</b>	<b>1.2</b>	<b>6.2</b>
<b>Carried forward</b>	<b>77.0</b>	<b>80.5</b>	<b>85.3</b>	<b>86.8</b>	<b>93.1</b>

Heritage assets of £6.2m were donated in the year (2018: £1.2m). The largest donation was £2.5m for Roelandt Savery's 'Still Life of a Rose, Snowdrop, Heartsease, & Iris'. These donations are shown as a separate item in the

Statement of Comprehensive Income.

Expenditure required to preserve heritage assets is recognised in the Statement of Comprehensive Income when incurred.

## Notes to Financial Statements – continued

### 16. Non-current investments

Note	Consolidated		University	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
<b>Investments stated at market value:</b>				
Spinout companies	171.4	155.0	167.4	155.0
Investment property	222.2	209.2	221.8	209.2
Oxford Funds	2,356.1	2,115.0	2,284.6	2,056.3
Global and Private equities	276.3	336.4	275.9	332.5
Pledges	13.7	18.5	13.7	18.5
Third-party managed	137.2	109.7	137.1	109.3
Bonds	520.1	640.5	520.1	640.5
<b>Investments stated at cost:</b>				
Subsidiary and associated undertakings	14.0	7.6	109.0	104.4
	<b>3,711.0</b>	<b>3,591.9</b>	<b>3,729.6</b>	<b>3,625.7</b>
Less: amounts attributable to outside bodies	-	(2.3)	-	(24.3)
<b>Total at end of year</b>	<b>3,711.0</b>	<b>3,589.6</b>	<b>3,729.6</b>	<b>3,601.4</b>
<b>Investment assets held are split between reserves as follows:</b>				
Income and expenditure reserves	2,549.7	2,533.6	2,639.8	2,604.6
Endowment reserves 29	1,161.3	1,056.0	1,089.8	996.8
	<b>3,711.0</b>	<b>3,589.6</b>	<b>3,729.6</b>	<b>3,601.4</b>
Held on behalf of outside bodies	-	2.3	-	24.3
	<b>3,711.0</b>	<b>3,591.9</b>	<b>3,729.6</b>	<b>3,625.7</b>

The University has appointed a corporate body as the trustee for investments managed by OUEM and therefore only the University's interest in The Oxford Funds is shown in investments stated at market value.

The investment market value gain is shown in note 6.

Investment properties are measured at fair value, based on the valuation undertaken by an independent Chartered Surveyor and updated annually for market movement. A selection of properties are visited and revalued each year, with every property revalued every three years, with other properties valued by a desk based review by the independent Chartered Surveyor.

## Notes to Financial Statements – continued

### 16. Non-current Investments continued

Investment properties	Total	
	Consolidated £'m	University £'m
<b>Fair value at 1 August 2018</b>	<b>209.2</b>	<b>209.2</b>
Capital expenditure	3.6	3.4
Exchange adjustments	0.2	0.1
Transfer in	19.8	19.8
Transfer out	(0.4)	(0.4)
Disposal	(18.3)	-
Gain/(loss) on fair value adjustments	8.1	(10.4)
<b>Fair value at 31 July 2019</b>	<b>222.2</b>	<b>221.7</b>

The investment in Oxford Funds is split into the following investment types:	2019 £'m	2018 £'m
Investments stated at market value:		
Investment property	7%	5%
Global and Private equities	24%	23%
Credit	9%	10%
Public equity	54%	52%
Directly held securities	6%	10%

## Notes to Financial Statements – continued

### 17. Investment in subsidiaries and associates

#### Subsidiaries

As at 31 July 2019 the University exercised control of the following subsidiary undertakings (excluding dormant undertakings):

	Country of incorporation	Nature of activity	% Interest
Endowment Estates Ltd	England	Investment management services	100
Instruct Academic Services Ltd	England	Scientific facilities-sharing infrastructure services	100
James Martin 21st Century (UK) Trust <sup>4</sup>	England	Endowment management	100
Kingston (City) Estates Trading Ltd (in liquidation) <sup>5</sup>	England	Investment property activities	100
OUC Investments Ltd	England	Head office activities	100
Oxford Ltd	England	Retail and other trading activities	100
Oxford Advanced Research Centres Ltd	England	Head office activities	100
Oxford in Berlin gGmbH	Germany	Head office activities	100
Oxford Mutual Ltd <sup>1</sup>	England	Provision of discretionary cover	100
Oxford Research South Africa Ltd <sup>3</sup>	England	Social policy research	100
Oxford Saïd Business School Ltd	England	Executive education	100
Oxford University (Beijing) Science & Technology Co. Ltd (in liquidation)	China	Clinical research	100
Oxford University Development (North America), Inc.	United States of America	Office administration	100
Oxford University Endowment Management Ltd	England	Investment management services	100
Oxford University Fixed Assets Ltd	England	Building management and utilities	100
Oxford University Innovation Ltd	England	Commercial exploitation of intellectual property	100
Oxford University Innovation (Hong Kong) Ltd <sup>2</sup>	China (Hong Kong)	Commercial exploitation of intellectual property	100
Oxford University (Suzhou) Science & Technology Co. Ltd <sup>5</sup>	China	Mathematical, Physical and Life Sciences research	100
Oxford University Trading Ltd	England	General trading activities	100
The Gray Laboratory Cancer Research Trust	England	Radiobiology research	100
TOF Corporate Trustee Ltd <sup>5</sup>	England	Fund management activities	100
University of Oxford China Office Ltd	Hong Kong	Fundraising and alumni relations	100
Voltaire Foundation Ltd	England	Publishing	100
Waxlow Ltd (in liquidation) <sup>5</sup>	England	Investment property activities	100

## Notes to Financial Statements – continued

### 17. Investment in subsidiaries and associates continued

#### Press subsidiaries

	Country of incorporation	Nature of activity	% Interest
bab.la GmbH <sup>5 6</sup>	Germany	Provision of sales to unrelated parties	100
Denting Keajaan Sdn Bhd <sup>6</sup>	Malaysia	Property management	100
Epigeum Ltd <sup>6</sup>	England	Provision of sales to unrelated parties	100
MyMaths Pty Ltd <sup>6</sup>	Australia	Publishing	100
Nelson Thornes Ltd <sup>6</sup>	England	Publishing	100
OUP Property Pty Ltd <sup>6</sup>	Australia	Publishing	100
OUP Pty Ltd <sup>1</sup>	Australia	Publishing	100
OUP Egypt Ltd	Egypt	Sales, marketing and distribution	100
OUP India Private Ltd <sup>5 6</sup>	India	Sales, marketing and distribution	100
OUP Properties SA Proprietary Ltd <sup>3</sup>	South Africa	Property management	100
Oxford University Press Argentina S.A. <sup>5 6</sup>	Argentina	Sales, marketing and distribution	100
Oxford University Press Botswana (Proprietary) Ltd <sup>1 5 6</sup>	Botswana	Publishing	100
Oxford University Press do Brasil Publicacoes Limitada <sup>5 6</sup>	Brazil	Sales, marketing and distribution	100
Oxford University Press (Shanghai) Ltd <sup>5 6</sup>	China	Sales, marketing and distribution	100
Oxford University Press (China) Ltd <sup>6</sup>	Hong Kong	Manufacturing or production	100
Oxford University Press (Cyprus) Ltd <sup>6</sup>	Cyprus	Sales, marketing and distribution	100
Oxford University Press GmbH <sup>5 6</sup>	Germany	Sales, marketing and distribution	100
Oxford University Press India Private Ltd <sup>5 6</sup>	India	Administrative, management or support services	100
Oxford University Press Srl <sup>5 6</sup>	Italy	Sales, marketing and distribution	100
Oxford University Press Kabushiki Kaisha <sup>6</sup>	Japan	Sales, marketing and distribution	100
Oxford University Press East Africa Ltd <sup>5 6</sup>	Kenya	Sales, marketing and distribution	100
Oxford University Press Korea Ltd <sup>5 6</sup>	Korea, Republic of	Sales, marketing and distribution	100
Oxford University Press Lesotho (Proprietary) Ltd <sup>5 6</sup>	Lesotho	Sales, marketing and distribution	100
Oxford University Press (Macau) Ltd <sup>5 6</sup>	Macau	Administrative, management or support services	100
Oxford Publishing (Malaysia) SDN BHD <sup>5 6</sup>	Malaysia	Sales, marketing and distribution	100
Oxford University Press Mexico SA de CV <sup>5 6</sup>	Mexico	Sales, marketing and distribution	100
Oxford University Press Namibia (Proprietary) Ltd <sup>5 6</sup>	Namibia	Sales, marketing and distribution	100
Oxford University Press Polska sp. z o.o. <sup>5 6</sup>	Poland	Sales, marketing and distribution	100
Oxford University Press (Singapore) Pte Ltd <sup>5 6</sup>	Singapore	Sales, marketing and distribution	100
Oxford University Press Orbis Proprietary Ltd <sup>5 6</sup>	South Africa	Sales, marketing and distribution	100
Oxford University Press España S.A. <sup>5 6</sup>	Spain	Publishing	100
Oxford University Press Tanzania Ltd <sup>5 6</sup>	Tanzania, United Republic of	Administrative, management or support services	100
Oxford Yayincilik Limited Sirketi <sup>5 6</sup>	Turkey	Sales, marketing and distribution	100
Oxford University Press Southern Africa Proprietary Ltd <sup>6</sup>	South Africa	Sales, marketing and distribution	75
Oxford Educational Books Tanzania Ltd <sup>1</sup>	Tanzania, United Republic of	Publishing	70
Oxford Fajar SDN BHD <sup>5 6</sup>	Malaysia	Sales, marketing and distribution	70

## Notes to Financial Statements – continued

### 17. Investment in subsidiaries and associates continued

	Country of incorporation	Nature of activity	% Interest
OELT Ltd <sup>6</sup>	England	Sales, marketing and distribution	100
OUP Group Pension Trustee Ltd	England	Administrative, management or support services	100
OUP SA (Properties) Ltd <sup>3</sup>	South Africa	Property management	100
OUP (Developments) Ltd (formerly Oxford Read Write Ltd) <sup>1</sup>	England	Publishing	100
Oxford Information Ltd <sup>6</sup>	England	Sales, marketing and distribution	100
Oxford Publishing Ltd <sup>6</sup>	England	Holding or managing intellectual property	100
Oxford Reference Ltd <sup>6</sup>	England	Sales, marketing and distribution	100
Oxuniprint Ltd <sup>6</sup>	England	Manufacturing or production	100
Oxford University Press LLC <sup>1</sup>	United States	Publishing	100

As part of the CrankStart (formerly Moritz-Heyman (see note 29)) endowment the University invests in the Sequoia Heritage fund through SCHF OU, LP. The University has a majority share of the capital and reserves of SCHF OU, LP but has no demonstrable control so it is not treated as a subsidiary, but instead is recognised as an investment asset.

All subsidiary undertakings have been included within the consolidated Financial Statements.

Subsidiary undertakings prepare accounts to 31 July each year except for; Press subsidiaries as noted above which draw up accounts on 31 March and Oxford University (Beijing) Science and Technology Co Ltd, Oxford (Suzhou) Science and Technology Ltd and Oxford University Clinic LLP, Oxford University Property Development Ltd, Oxford University Endowment Management Ltd and Oxford University Development Ltd which draws up accounts to 31 December each year.

<sup>1</sup> Oxford Mutual Ltd is a company limited by guarantee. The members of Oxford Mutual Ltd are the University, Instruct Academic Services Ltd, Jenner Vaccine Foundation, OUC Investments Ltd, Oxford Advanced Research Centres Ltd, Oxford Ltd, Oxford Research South Africa Ltd, Oxford Said Business School Ltd, Oxford University Endowment Management Ltd, Oxford University Fixed Assets Ltd, Oxford University Innovation Ltd, Oxford University Innovation Centres Ltd, Oxford University Trading Ltd, The Gray Laboratory Cancer Research Trust, and Voltaire Foundation Limited.

<sup>2</sup> Oxford University Innovation (Hong Kong) Ltd is a wholly-owned subsidiary of Oxford University Innovation Ltd

<sup>3</sup> Registered as an external company in South Africa

<sup>4</sup> The James Martin Trust is a charitable trust incorporated in the United Kingdom where the University has the power to appoint the majority of the trustees.

<sup>5</sup> Owned by a subsidiary undertaking

<sup>6</sup> Year-end of 31 March – management accounts used to provide 31 July results

University holdings in subsidiaries	£'m
<b>Cost</b>	
As at 1 August 2018	104.4
Capital reduction	-
Addition	4.6
<b>As at 31 July 2019</b>	<b>109.0</b>



## Notes to Financial Statements – continued

### 17. Investment in subsidiaries and associates continued

#### Joint ventures

University joint ventures	Proportion of nominal value of ordinary shares held	Country of incorporation	Value as at 1 August 2018	Capital Additions	Share of surplus/deficit for year	Value as at 31 July 2019
	%	£'m	£'m	£'m	£'m	£'m
ITEXT Limited	50	England	0.5	-	-	0.5
Oxford International AQA Examinations Ltd	50	England	-	-	(1.3)	(1.3)
African Research Collaboration for Health Ltd	50	Kenya	4.4	-	0.5	4.9
Jenner Vaccine Foundation	50	England	0.6	-	-	0.6
Oxford University Clinic LLP	50	England	-	7.3	(1.6)	5.7
Oxford University Property Development Ltd	50	England	-	-	-	-
<b>Total</b>			<b>5.5</b>	<b>7.3</b>	<b>(2.4)</b>	<b>10.4</b>

#### Associates

As at 31 July 2019 the University exerted significant influence but not control or joint control over the following associated undertakings (excluding any dormant undertakings).

	Country of incorporation	Nature of activity	% Interest
SugarOx Ltd	England	Commercial exploitation of intellectual property	50
Designer Carbon Materials Ltd	England	Commercial exploitation of intellectual property	47
Lime Biosciences Ltd	England	Research and experimental development in biotechnology	40
Oxford University Innovation Technology Transfer (Changzhou) Co. Ltd <sup>4</sup>	China	Technology transfer	40
PalaeoPi Ltd	England	Information technology consultancy activities	33
Smith Institute (limited by guarantee)	England	Knowledge transfer	33
Vaccine Manufacturing and Innovation Centre UK Ltd (limited by guarantee)	England	Manufacture of pharmaceutical products	33
Oxford Ancestors Ltd	England	Commercial exploitation of intellectual property	32
Oxford University Innovation Technology Transfer (Suzhou) Co. Ltd <sup>5</sup>	China	Technology transfer	30
ReOx Ltd	England	Commercial exploitation of intellectual property	28
Oxford Electromagnetic Solutions Ltd	England	Commercial exploitation of intellectual property	26
Shenzhen Zhongjin International Technology Transfer Center Ltd <sup>6</sup>	China	Technology transfer	25
TDeltaS Ltd	England	Commercial exploitation of intellectual property	25
Kepler Energy Ltd	England	Commercial exploitation of intellectual property	22
Minervation Ltd	England	Commercial exploitation of intellectual property	21
NightstaRx Ltd	England	Commercial exploitation of intellectual property	21
Aurox Ltd	England	Commercial exploitation of intellectual property	20
Rogue Interrobang Ltd	England	Training and consultancy	20

The associated undertakings prepare accounts to various year-ends.

<sup>4</sup> Oxford University Innovation (Hong Kong) Limited has entered into a joint venture with the Changzhou government in China.

<sup>5</sup> Oxford University Innovation (Hong Kong) Limited has established a Sino-foreign joint venture in partnership with the Suzhou city government and Oxlink Investment Consulting Co. Ltd (Oxlink). Oxlink is a company registered in PRC.

<sup>6</sup> Oxford University Innovation (Hong Kong) Limited has established a Sino-foreign joint venture in partnership with Shenzhen City Jinyucheng Science & Technology Co. Ltd (Jinyucheng), and Shenzhen City Guochuang Lianhe Science & Technology Investment Co. Ltd (Guochuang). Jinyucheng and Guochuang are companies registered in PRC.

## Notes to Financial Statements – continued

<b>Associate valuation</b>	<b>Consolidated £'m</b>
<b>Share of net assets of associate undertakings as at 1 August 2018</b>	<b>0.4</b>
Share of surplus/(deficit) of associate undertakings for the year	0.2
<b>Share of net assets of associate undertakings as at 31 July 2019</b>	<b>0.6</b>

### 18. Inventories and work-in-progress

	<b>Consolidated</b>		<b>University</b>	
	<b>2019 £'m</b>	<b>2018 £'m</b>	<b>2019 £'m</b>	<b>2018 £'m</b>
Raw materials for publishing	0.9	1.3	0.2	0.5
Work in progress and printed sheets	6.3	5.9	5.4	4.8
Bound books	67.0	67.0	50.2	51.8
Other goods for resale	3.4	2.6	2.1	1.5
	<b>77.6</b>	<b>76.8</b>	<b>57.9</b>	<b>58.6</b>
<b>Intangible assets pre-publication costs</b>	<b>20.9</b>	<b>19.2</b>	<b>19.8</b>	<b>18.4</b>

There is no material difference between the Statement of Financial Position value of stocks and their replacement cost.

### 19. Trade and other receivables falling due within one year

	<b>Consolidated</b>		<b>University</b>	
	<b>2019 £'m</b>	<b>2018 £'m</b>	<b>2019 £'m</b>	<b>2018 £'m</b>
Research grants receivable	110.1	104.0	110.1	104.5
Prepayments and accrued income	52.3	23.3	45.6	19.7
Derivative financial assets	1.1	2.0	2.0	2.0
Other trade receivables	312.5	278.1	208.3	200.0
Other receivables	86.8	102.7	58.4	117.1
Amounts due from subsidiaries	-	-	59.5	17.5
	<b>562.8</b>	<b>510.1</b>	<b>483.9</b>	<b>460.8</b>

### 20. Receivables amounts falling due after more than one year

	<b>Consolidated</b>		<b>University</b>	
	<b>2019 £'m</b>	<b>2018 £'m</b>	<b>2019 £'m</b>	<b>2018 £'m</b>
Derivative financial assets	0.1	0.3	0.1	0.3
Amounts due from subsidiaries	-	-	26.9	21.1
Other receivables	5.2	5.8	5.2	5.8
	<b>5.3</b>	<b>6.1</b>	<b>32.2</b>	<b>27.2</b>

Other receivables includes loans to staff for housing in conjunction with recruitment and endowments receivable on payment plans over more than one year.

## Notes to Financial Statements – continued

### 21. Current investments

	Consolidated		University	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
As at 1 August	160.5	300.0	108.8	252.9
(Disposals)/additions	15.6	(139.5)	32.7	(144.1)
At 31 July	<b>176.1</b>	<b>160.5</b>	<b>141.5</b>	<b>108.8</b>

### 22. Cash and cash equivalents

Consolidated	At 1st August 2018 £'m	Cash flows £'m	31st July 2019 £'m
Cash and cash equivalents	326.9	179.7	506.6
Investment assets cash	8.1	(7.0)	1.1
	<b>335.0</b>	<b>172.7</b>	<b>507.7</b>

University	At 1st August 2018 £'m	Cash flows £'m	31st July 2019 £'m
Cash and cash equivalents	283.4	187.3	470.7
Investment assets cash	8.1	(7.0)	1.1
	<b>291.5</b>	<b>180.3</b>	<b>471.8</b>

### 23. Consolidated reconciliation of net debt

	£'m
Net debt as at 1 August 2018	(644.5)
Movement in cash and cash equivalents	172.7
Net debt acquired	(6.6)
Other non-cash changes	(2.5)
<b>Net Debt as at 31 July 2019</b>	<b>(480.9)</b>

Analysis of net debt	2019 £'m	2018 £'m
Cash and cash equivalents	507.7	335.0
<b>Borrowings amounts falling due within one year</b>		
Unsecured loans	5.4	4.7
Bank overdraft	6.5	2.2
Derivatives	6.4	2.0
<b>Borrowings amounts falling due after more than one year</b>		
Derivatives	3.4	0.9
Unsecured loans	222.2	225.0
Bonds	744.7	744.7
<b>Net debt</b>	<b>(480.9)</b>	<b>(644.5)</b>

## Notes to Financial Statements – continued

## 24. Creditors: amounts falling due within one year

	Note	Consolidated		University	
		2019 £'m	2018 £'m	2019 £'m	2018 £'m
Research grants creditors		336.1	297.5	332.8	297.5
Accruals and deferred income		252.0	246.2	260.1	216.2
Capital grants with performance conditions		11.2	15.2	11.2	15.2
Unsecured bank loans	25	5.4	4.7	5.4	3.6
Bank overdrafts		6.5	2.2	-	-
Derivative financial liabilities		6.4	2.0	6.4	2.0
Social security and other taxation payable		21.6	52.2	22.0	46.5
Trade payables		215.2	222.5	188.4	207.5
Amounts due to subsidiaries		-	-	0.1	-
		<b>854.4</b>	<b>842.5</b>	<b>826.4</b>	<b>788.5</b>

## 25. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Oxford Sciences Innovation plc	22.9	24.5	22.9	24.5
Technikos	1.7	2.5	1.7	2.5
Grant to Turing Institute	-	1.3	-	1.3
Bank loans	222.2	225.0	222.2	225.0
100-year bonds issued	744.7	744.7	744.7	744.7
Other creditors	5.3	5.7	4.0	3.6
Derivative financial liabilities	3.4	0.9	3.4	0.9
Amounts due to subsidiaries	-	-	23.7	23.8
Loan for Blavatnik School of Government	3.0	3.0	3.0	3.0
	<b>1,003.2</b>	<b>1,007.6</b>	<b>1,025.6</b>	<b>1,029.3</b>

	Consolidated		University	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
<b>Analysis of unsecured bank loans:</b>				
Due between one and two years	5.7	2.8	5.7	2.8
Due between two and five years	24.4	17.6	24.4	17.6
Due in five years or more	192.1	204.6	192.1	204.6
	<b>222.2</b>	<b>225.0</b>	<b>222.2</b>	<b>225.0</b>

## Notes to Financial Statements – continued

### 25. Creditors: falling due after more than one year continued

	Press Loans £'m	Loan 1 £'m	Loan 2 £'m	Loan 3 £'m	Total £'m
<b>Bank Loans</b>					
Amount borrowed	2.6	25.0	25.0	200.0	<b>252.6</b>
Amount outstanding at 31 July 2019	2.6	-	25.0	200.0	<b>227.6</b>
Interest rate	1.925%	5.13 %	5.07 %	2.55%	-
Final repayment date	Sep 2019	April 2019	June 2047	June 2045	-
Amount due within one year	2.6	-	-	2.8	<b>5.4</b>
Amount due between one and two years	-	-	-	5.7	<b>5.7</b>
Amount due between two and five years	-	-	-	24.4	<b>24.4</b>
Amount due after five years	-	-	25.0	167.1	<b>192.1</b>
	<b>2.6</b>	<b>-</b>	<b>25.0</b>	<b>200.0</b>	<b>227.6</b>

During 2007, the University entered into an agreement with Technikos LLP to fund the Institute of Biomedical Engineering over a 15-year period following completion of a new building. The building was completed on 1 October 2007. Cash of £12m had been received from Technikos by July 2010. The total balance that had not been set against costs at 31 July 2019 was £1.7m in Creditors over one year, £0.8m in Creditors under one year.

The University entered into an agreement with Oxford Sciences Innovation plc (OSI) in 2015/16. In return for 50% of its stake in each company spun out from Medical Science and Mathematical, Physical and Life Sciences over a period of 15 years, the University received a 5% non-dilutable stake in OSI. This stake was initially valued at £17.5m but an additional fund raising has taken place since giving the University shares worth £15.0m. The investment is treated as deferred income and is released to the Statement of Comprehensive Income over the 15 year period of the agreement. The amount due to be

released in 2019/20 is included in Creditors: within one year, with the remaining balance included in Creditors due after more than one year.

#### Bond

On 9 December 2017, the University issued £750m of 2.544% unsecured bonds due December 2117. The bonds were issued at 99.3% of their principal amount and the proceeds of issue, less directly attributable transaction costs amounted to £744.7m. The bonds are listed on the London Stock Exchange. Interest at 2.54% is payable in December each year. Unless previously redeemed, the bonds will be redeemed at their principal amount of £750m on 7 December 2117. After initial recognition of the bonds at proceeds of issue less all transactions costs directly attributable to the issue, the bonds are measured at amortised cost using the effective interest rate method. Under this method the discount at which the Bonds were issued and the transaction cost are accounted for as additional interest expense over the term of the bonds.

## Notes to Financial Statements – continued

### 26. Financial instruments

The carrying values of the Group and the University's financial assets and liabilities are summarised by the categories below:

Financial assets	Note	Consolidated	
		2019 £'m	2018 £'m
Measured at fair value through the profit or loss			
Derivative financial assets maturing within 12 months		1.1	2.0
Derivative financial assets maturing after more than 12 months		0.1	0.3
Global & private equities, public equity, spinout companies	16	447.7	491.4
Third party managed	16	137.2	109.7
The Oxford Funds	16	2,356.1	2,115.0
Bonds	16	520.1	640.5
Measured at undiscounted amount receivable			
Trade and other receivables	19	562.8	510.1
Equity instruments measured at cost less impairment			
Current asset unlisted investments	21	176.1	160.5
		4,201.2	4,029.5

Financial liabilities	Note	Consolidated	
		2019 £'m	2018 £'m
Measured at fair value through profit or loss			
Derivative financial liabilities maturing within 12 months		6.4	2.4
Derivative financial liabilities maturing after more than 12 months		3.4	0.9
Measured at amortised cost			
Bond		744.7	744.7
Loans payable	24,25	227.6	229.7
Measured at undiscounted amount payable			
Liabilities due after more than one year		36.3	37.9
Trade and other payables	24	215.2	222.5
		1,233.6	1,238.1

#### Derivative financial instruments

Derivatives that are designated and effective as hedging instruments carried at fair value.

#### Nature and extent of risks arising from financial instruments

In the ordinary course of its activities, the University manages a variety of financial risks including credit risk, liquidity risk, market or interest rate risk and foreign currency risk.



## Notes to Financial Statements – continued

### 26. Financial instruments continued

#### Credit risk

Credit risk is the risk that the University would incur a financial loss if a counterparty were to fail to discharge its obligations to the University. The University is exposed to credit risk in respect of its financial assets held with various counterparties. The University aims to minimise its counterparty credit risk exposure by monitoring the

size of its credit exposure to, and the creditworthiness of, counterparties, including setting appropriate exposure limits and maturities.

Of the financial assets held with counterparties only certain trade debtors, as detailed below were past their due date or were impaired during the year.

	2019 £'m	2018 £'m
Trade debtors: outstanding invoices	330.0	294.2
Less: provision for impairment of receivables	(17.5)	(16.1)
<b>At 31 July 2019</b>	<b>312.5</b>	<b>278.1</b>

Trade debtors that are less than 90 days past their due date are not considered impaired unless they are included in the specific provision. At 31 July 2019 trade debtors with carrying value of £111.8m (2018: £87.2m) were past their due date but not impaired.

	2019 £'m	2018 £'m
Balances against which a provision has been made	19.9	20.7
Balances not past their due date	297.7	281.6
Up to 90 days past due	57.7	48.4
91 to 180 days past due	30.4	24.7
181 to 360 days past due	17.6	8.4
More than 360 days past due	6.1	5.7
<b>At 31 July 2019</b>	<b>429.4</b>	<b>389.5</b>

Term deposits and cash balances held by the University are subject to authorised limits and rating criteria which are subject to quarterly review.

	2019 £'m	2018 £'m
<b>The rating of term deposits and cash balances at 31 July were as follows:</b>		
Fitch credit quality rating (short/long term)		
-/AAA	365.4	251.4
F1+/AA	10.7	10.6
F1+/AA-	37.6	36.8
F1/A+	183.6	20.8
F1/A	18.2	89.0
F2/BBB+	-	5.5
Overseas	23.7	21.0
<b>Total cleared balances</b>	<b>639.2</b>	<b>435.1</b>

## Notes to Financial Statements – continued

### 26. Financial instruments continued

#### Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties raising cash to meet its obligations when they fall due. Obligations are associated with financial liabilities and capital commitments. The University monitors its exposure to liquidity risk by regularly monitoring its liabilities and commitments and holding appropriate levels of liquid assets. The academic University targets a minimum cash balance of £50 million which provides

same day liquidity, and holds other cash resources which provide access to liquidity at short notice. The academic University has debt obligations which are repayable on fixed terms and not subject to repayment on demand. Short term cash and liquidity forecasts are updated daily and longer term forecasts monthly, these forecasts are reviewed by the Head of Treasury on a daily basis and are regularly presented to the Finance Committee of the University.

As at 31 July 2019	Under one year	Between 1 and 5 years	More than 5 years	Total
Bond liabilities	-	-	744.7	744.7
Bank loans	5.4	30.1	192.1	227.6
Bank overdrafts	6.5	-	-	6.5
Other creditors excluding deferred income	569.5	8.6	-	578.1
<b>Total</b>	<b>581.4</b>	<b>38.7</b>	<b>936.8</b>	<b>1,556.9</b>

As at 31 July 2018	Under one year	Between 1 and 5 years	More than 5 years	Total
Bond liabilities	-	-	744.7	744.7
Bank loans	4.7	20.4	204.6	229.7
Bank overdrafts	2.2	-	-	2.2
Other creditors excluding deferred income	572.7	5.2	-	577.9
<b>Total</b>	<b>579.6</b>	<b>25.6</b>	<b>949.3</b>	<b>1,554.5</b>

#### Market and price risk

Market risk is the risk that financial instruments will change in value due to changes in market value. The University seeks to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

The main investment vehicles for the University are The Oxford Funds managed by OUEM. As the investments in The Oxford Funds are held at fair value the changes in price directly affect the University's net assets.

This is a key risk to the University because of the significance of the endowments and funds invested and

the dependence of plans on maintaining the value of the endowment in real terms.

OUEM "constantly evaluate a range of metrics and exposures to ensure that our fundamental views produce an optimal portfolio positioning". OUEM consider performance, liquidity management, currency exposure, sector exposure and environmental, social and governance risks when making investment decisions. Further details can be found in the Annual Report of the Oxford Endowment Funds at [www.ouem.co.uk](http://www.ouem.co.uk).

The University Investment Committee, which consists of people with recent and relevant experience of investment management, meets quarterly to review the work of investment managers and monitor risk.

## Notes to Financial Statements – continued

### 26. Financial instruments continued

#### Foreign currency risk

Foreign currency risk is the risk that the sterling value of financial instruments will change due to exchange rate movements.

The University manages foreign currency transactional exposure in relation to forecast foreign currency sales and purchases and research contracts. In order to manage the foreign currency risk, the University enters into foreign

currency forward contracts and/or foreign exchange swaps, with approved counterparties, to hedge the volatility in cash flows due to fluctuations in exchange rates. The prospective effectiveness of hedging instruments in hedging hedged items is assessed on an economic basis. To the extent that there exist either over-hedging in terms of quantum, or timing, the differences between the hedging instrument and the forecast exposure hedged item, an ineffective portion is calculated.

Consolidated and University	Current		Non-current	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
Forward foreign currency contracts for publishing – assets	1.1	2.0	0.1	0.3
Forward foreign currency contracts for publishing – liabilities	(6.4)	(2.4)	(3.4)	(0.9)
Forward foreign currency contracts for research	31.2	58.0	-	-
	<b>25.9</b>	<b>57.6</b>	<b>(3.3)</b>	<b>(0.6)</b>

These are in the following currencies:

	2019 £'m	2018 £'m
US Dollars	(3.7)	(0.8)
Euros	29.0	57.4
Hong Kong Dollars	0.7	0.5
Other	(3.4)	(0.1)
<b>Total</b>	<b>22.6</b>	<b>57.0</b>

The impact on total recognised gains for the year 2018/19 of additional 10% variations in the principal exchange rates would have been:

	£'m	£'m
10% US Dollar appreciation	(0.4)	(0.1)
10% Euro appreciation	2.9	5.7
10% HK Dollar appreciation	0.1	0.1

## Notes to Financial Statements – continued

### 26. Financial instruments continued

Such contracts are initially recognised at fair value on the date on which the contract is entered into and are subsequently re-measured to fair value. Forward currency contracts are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value are recognised in the Statement of Comprehensive Income. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The nominal value of current research hedging contracts in place at 31 July 2019 was £31.2m and the contracts when marked to market showed an unrealised gain of £0.7m. In 2018 the value was £53.6m and the contracts, when marked to market, showed an unrealised gain of £1.3m.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e. a hedge against a highly probable forecast cash flow) is recognised in the Effective portion of changes in fair value of cash flow hedges. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness recognised in the Statement of Comprehensive Income.

#### Interest rate risk

The University is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. The University takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions. The University's main financing relates to 100 year bonds. The interest rate attached to the bond is fixed over the term.

The Group's cash flow interest rate risks relates to:

- ▶ fixed rate financial instruments where benefits of interest rate decreases are lost – a 1% basis point rate reduction gives a lost benefit of £5.2m

#### Fair values

Debtors and current liabilities are stated at book value which are not materially different from fair values. The fixed interest Bond liabilities are measured at amortised cost of £744.7m (2018: £744.7m).

#### Fair value measurements

The following tables categorise the fair values of the University's investment assets and liabilities based on the inputs to the valuation. Within the hierarchy, categorisation has been determined on the basis of lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1: Valued using quoted prices in active markets for identical assets.

Level 2: Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

## Notes to Financial Statements – continued

### 26. Financial instruments continued

Valuation at 31 July 2019	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Spinout companies	18.4	-	153.0	171.4
Investment properties	-	-	222.2	222.2
The Oxford Funds*	-	2,356.1	-	2,356.1
Global and private equities	238.7	-	37.6	276.3
Pledges	13.7	-	-	13.7
Third-party managed	-	-	137.2	137.2
Bonds	520.1	-	-	520.1
Associated undertakings	-	-	14.0	14.0
<b>Total</b>	<b>790.9</b>	<b>2,356.1</b>	<b>564.0</b>	<b>3,711.0</b>

\*The Oxford Funds are recorded as Level 2 investments as the University can buy or sell these investments at the quoted price from The Oxford Funds.

Valuation at 31 July 2018	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Spinout companies	38.1	-	116.9	155.0
Investment properties	-	-	209.2	209.2
The Oxford Funds*	-	2,115.0	-	2,115.0
Global and private equities	292.6	-	43.8	336.4
Pledges	18.5	-	-	18.5
Third-party managed	-	-	109.7	109.7
Bonds	640.5	-	-	640.5
Associated undertakings	-	-	7.6	7.6
<b>Total</b>	<b>989.7</b>	<b>2,115.0</b>	<b>487.2</b>	<b>3,591.9</b>

A reconciliation of the opening and closing balances for Level 3 assets measured at fair value is below:

	2019 £'m	2018 £'m
Fair value at 1 August	487.2	399.1
Purchases less sales proceeds	14.6	17.1
Total gains	62.2	71.0
<b>Fair value at 31 July</b>	<b>564.0</b>	<b>487.2</b>

Level 1:	Valued using quoted prices in active markets for identical assets.
Level 2:	Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
Level 3:	Valued by reference to valuation techniques using inputs that are not based on observable market data.

## Notes to Financial Statements – continued

### 27. Pension scheme provisions

**Deficit recovery plans – provisions re defined benefit pension schemes treated as defined contributions schemes.**

<b>Consolidated</b>	<b>USS £'m</b>	<b>OSPS £'m</b>	<b>Other £'m</b>	<b>Total £'m</b>
<b>At 1 August 2018</b>	<b>131.6</b>	<b>45.8</b>	<b>0.9</b>	<b>178.3</b>
Utilised in year	-	-	-	-
(Release)/additions in year	287.5	(1.6)	-	<b>285.9</b>
Interest release	2.8	0.9	-	<b>3.7</b>
<b>At 31 July 2019</b>	<b>421.9</b>	<b>45.1</b>	<b>0.9</b>	<b>467.9</b>

<b>University</b>	<b>USS £'m</b>	<b>OSPS £'m</b>	<b>Other £'m</b>	<b>Total £'m</b>
<b>At 1 August 2018</b>	<b>128.4</b>	<b>45.6</b>	<b>0.8</b>	<b>174.8</b>
Utilised in year	-	-	-	-
(Release)/additions in year	285.3	(1.3)	-	<b>284.0</b>
Interest release	2.8	0.9	-	<b>3.7</b>
<b>At 31 July 2019</b>	<b>416.5</b>	<b>45.2</b>	<b>0.8</b>	<b>462.5</b>

The University is a member of the Universities Superannuation Scheme (USS) and the Oxford Staff Pension Scheme (OSPS), multi-employer pension schemes both of which are in deficit. The University has recognised a provision for its commitments under the agreed deficit reduction plans for each scheme. In calculating these provisions the University has estimated that staff numbers will increase at an average of 1.6% p.a. for future years for OSPS and 1.6% p.a. for USS and pay and grade inflation rates will increase by 4% p.a. for all staff and the liability is discounted at an appropriate corporate bond rate of 1.6% (2018: 2.2%) for USS and at 1.25% for OSPS. A sensitivity analysis to changes in salary and discount rate changes is shown in note 37 for both schemes.

Since the year end, following the completion of the USS 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 37. As at 31 July 2019, using the discount rate of 1.30% relevant to the length of the new scheme, and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised Consolidated provision of £231.1m, a decrease of £190.8m from the current year end provision, and a revised University provision of £227.3m, a decrease of £189.2m.

The University (including the Press) has also recognised a provision in respect of pension provisions for retired staff members of Federated Superannuation System for Universities and Employees' Pension Scheme who receive pension supplements and other unfunded commitments (see note 37).



## Notes to Financial Statements – continued

### 27. Pension scheme provisions continued

#### Defined benefit pension scheme provisions as defined benefits – Press

	Consolidated £'m	University £'m
At 1 August 2018	168.4	168.4
Employer contributions in excess of service charge	(19.6)	(19.6)
Net interest on net defined benefit liability	3.9	3.9
Remeasurement of liability recognised in comprehensive income	(4.8)	(4.8)
<b>At 31 July 2019</b>	<b>147.9</b>	<b>147.9</b>

#### Press pensions

The Press operates a number of staff retirement benefit schemes throughout the world.

The decrease in the actuarial loss in the year was due to the changes in gilt yields and inflation rates. Further details are shown in note 37.

### 28. Other provisions

Consolidated	Building dilapidation Tinbergen £'m	Building dilapidation Castle Mill £'m	Other £'m	Total £'m
<b>At 1 August 2018</b>	<b>22.0</b>	<b>5.3</b>	<b>5.4</b>	<b>32.7</b>
Transfer(to)/from income and expenditure account	(3.1)	-	9.6	<b>6.5</b>
Utilised in year	(8.3)	(3.4)	(6.5)	<b>(18.2)</b>
<b>At 31 July 2019</b>	<b>10.6</b>	<b>1.9</b>	<b>8.5</b>	<b>21.0</b>

University	Building dilapidation Tinbergen £'m	Building dilapidation Castle Mill £'m	Other £'m	Total £'m
<b>At 1 August 2018</b>	<b>22.0</b>	<b>5.3</b>	<b>3.9</b>	<b>31.2</b>
Transfer (to)/ from income and expenditure account	(3.1)	-	2.6	<b>(0.5)</b>
Utilised in year	(8.3)	(3.4)	(3.0)	<b>(14.7)</b>
<b>At 31 July 2019</b>	<b>10.6</b>	<b>1.9</b>	<b>3.5</b>	<b>16.0</b>

The building dilapidations provisions relate to costs associated with the closure and demolition of the Tinburgen building and remedial work on Castle Mill Graduate Accommodation. The "Other" provision relates to provisions for tax, potential repayments to a sponsor and permanent health insurance provided by the Press and staff costs in a subsidiary company.

## Notes to Financial Statements – continued

### 29. Endowment Reserves

There are no endowments within the Press.

#### Permanent endowments

Consolidated	Unrestricted			Restricted			Total
	Capital	Unapplied return	Total	Capital	Unapplied return	Total	
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Capital – Original gift	80.5	-	80.5	278.2	-	278.2	358.7
Capital – Indexation reserve	27.1	-	27.1	62.7	-	62.7	89.8
Unapplied return	-	169.9	169.9	-	304.3	304.3	474.2
<b>31 July 2018</b>	<b>107.6</b>	<b>169.9</b>	<b>277.5</b>	<b>340.9</b>	<b>304.3</b>	<b>645.2</b>	<b>922.7</b>
Investment income less expenses	-	-	-	-	18.8	18.8	18.8
New endowments	0.9	-	0.9	41.9	-	41.9	42.8
Reserve transfer	-	(3.0)	(3.0)	-	(20.4)	(20.4)	(23.4)
Reclassification	-	12.2	12.2	-	(23.1)	(23.1)	(10.9)
Indexation	2.2	(2.2)	-	6.7	(6.7)	-	-
Market value gains	-	24.3	24.3	-	48.6	48.6	72.9
Released to unrestricted reserves	-	(11.4)	(11.4)	-	(16.2)	(16.2)	(27.6)
<b>Balance as at 31 July 2019</b>	<b>110.7</b>	<b>189.8</b>	<b>300.5</b>	<b>389.5</b>	<b>305.3</b>	<b>694.8</b>	<b>995.3</b>
<b>Represented by:</b>							
Capital – Original gift	81.4	-	81.4	320.1	-	320.1	401.5
Capital – Indexation reserve	29.3	-	29.3	69.4	-	69.4	98.7
Unapplied return	-	189.8	189.8	-	305.3	305.3	495.1
	<b>110.7</b>	<b>189.8</b>	<b>300.5</b>	<b>389.5</b>	<b>305.3</b>	<b>694.8</b>	<b>995.3</b>

University	Unrestricted			Restricted			Total
	Capital	Unapplied return	Total	Capital	Unapplied return	Total	
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Capital – Original gift	29.9	-	29.9	275.5	-	275.5	305.4
Capital – Indexation reserve	15.0	-	15.0	62.7	-	62.7	77.7
Unapplied return	-	162.0	162.0	-	307.1	307.1	469.1
<b>31 July 2018</b>	<b>44.9</b>	<b>162.0</b>	<b>206.9</b>	<b>338.2</b>	<b>307.1</b>	<b>645.3</b>	<b>852.2</b>
Investment income less expenses	-	-	-	-	18.8	18.8	18.8
New endowments	0.9	-	0.9	41.9	-	41.9	42.8
Reserve transfer	-	(3.0)	(3.0)	-	(20.4)	(20.4)	(23.4)
Reclassification	-	12.2	12.2	-	(22.9)	(22.9)	(10.7)
Indexation	0.9	(0.9)	-	6.7	(6.7)	-	-
Market value gains	-	17.8	17.8	-	48.6	48.6	66.4
Released to unrestricted reserves	-	(8.6)	(8.6)	-	(16.2)	(16.2)	(24.8)
<b>Balance as at 31 July 2019</b>	<b>46.7</b>	<b>179.5</b>	<b>226.2</b>	<b>386.8</b>	<b>308.3</b>	<b>695.1</b>	<b>921.3</b>
<b>Represented by:</b>							
Capital – Original gift	30.8	-	30.8	317.4	-	317.4	348.2
Capital – Indexation reserve	15.9	-	15.9	69.4	-	69.4	85.3
Unapplied return	-	179.5	179.5	-	308.3	308.3	487.8
	<b>46.7</b>	<b>179.5</b>	<b>226.2</b>	<b>386.8</b>	<b>308.3</b>	<b>695.1</b>	<b>921.3</b>

## Notes to Financial Statements – continued

As required by Charities Law, to apply Total Return Accounting to permanent endowments the University has made a significant judgement as to the rate at which expenditure can be made against unapplied return. This ensures that benefit can be derived both now and in perpetuity.

This is achieved by the investment of endowment funds within The Oxford Funds: Collegiate Feeder which returns each year a cash dividend of 4% of holding value. The University considers 4% to represent a reasonable estimate of the long-term return on investment

achievable above inflation.

A transfer to unrestricted reserves for restricted permanent endowments expenditure is recognised to the extent of the spend in the year against the restricted purposes and for unrestricted permanent endowments the transfer to unrestricted reserves is based on the long-term real rate of return which is estimated at 4%.

To ensure the preservation of original endowment capital in real terms the University has adopted a policy of indexing brought forward permanent endowment capital each year by the Consumer Price Index ('CPI').

Restricted expendable endowments	Capital	Consolidated Accumulated Income	Total	Capital	University Accumulated Income	Total
	£'m	£'m	£'m	£'m	£'m	£'m
<b>31 July 2018</b>	<b>187.7</b>	<b>50.2</b>	<b>237.9</b>	<b>187.7</b>	<b>50.2</b>	<b>237.9</b>
New endowments	12.6	-	12.6	12.6	-	12.6
Release to unrestricted reserves	-	(6.4)	(6.4)	-	(6.4)	(6.4)
Investment net income	-	6.3	6.3	-	6.3	6.3
Market value gains	-	14.7	14.7	-	14.7	14.7
Reserve transfer	-	(41.7)	(41.7)	-	(41.7)	(41.7)
Reclassification	-	3.5	3.5	-	3.5	3.5
Expenditure	-	(5.2)	(5.2)	-	(5.2)	(5.2)
<b>Balance as at 31 July 2019</b>	<b>200.3</b>	<b>21.4</b>	<b>221.7</b>	<b>200.3</b>	<b>21.4</b>	<b>221.7</b>

The reserve transfers within both the permanent and expendable endowment reserve tables reflects a reclassification of amounts that relate to certain endowment donor matching for teaching posts and graduate scholarships. In earlier years these finds were included as endowments as a result of a divergence between management and financial accounting. While legally restricted for specific teaching posts and graduate scholarships, for financial reporting purposes they are treated as unrestricted reserves and the balances have therefore been transferred to the unrestricted income and expenditure reserve (see note 31).

### Endowment assets

To ensure that endowment gifts provide the greatest benefit possible and where appropriate to ensure that their charitable benefit is maintained in perpetuity the University invests unspent endowment reserves and capital in a mixture of investment vehicles. These balances are recognised on the Statement of Financial Position within the balances held for Investments and Cash and Cash Equivalents as follows:

Investments	Note	Consolidated		University	
		2019 £'m	2018 £'m	2019 £'m	2018 £'m
The Oxford Funds		974.7	951.9	903.2	893.1
Global equities		-	6.2	-	6.2
Investment property		39.5	39.7	39.5	39.7
Pledges		13.4	18.5	13.4	18.5
Third-party managed		132.9	81.6	132.9	81.2
Other assets		0.8	0.7	0.8	0.7
	16	<b>1,161.3</b>	<b>1,098.6</b>	<b>1,089.8</b>	<b>1,039.4</b>
Current asset investments		15.9	17.0	15.9	15.1
Cash and cash equivalents		39.8	45.0	37.3	35.6
<b>Balances as at 31 July</b>		<b>1,217.0</b>	<b>1,160.6</b>	<b>1,143.0</b>	<b>1,090.1</b>

## Notes to Financial Statements – continued

### 29. Endowment funds continued

#### Endowment purposes

Endowments, both permanent and expendable, fall into the following categories for the year to 31 July 2019.

	Restated Balance at 1 August 2018 £'m	Investment gains £'m	Investment income less expenses £'m	New endowments £'m	Expenditure and transfer £'m	Balance at 31 July 2019 £'m
General academic	302.8	17.4	4.8	5.6	(21.2)	309.4
Academic posts	491.2	28.9	12.8	17.5	(41.1)	509.3
Scholarship funds	275.4	34.9	5.3	30.4	(46.9)	299.1
Support for libraries and museums	68.0	4.6	1.7	1.9	(1.6)	74.6
Societies	8.8	0.8	-	-	(0.6)	9.0
Prize funds	14.4	0.8	0.5	-	(0.1)	15.6
<b>Total</b>	<b>1,160.6</b>	<b>87.4</b>	<b>25.1</b>	<b>55.4</b>	<b>(111.5)</b>	<b>1,217.0</b>

The opening balances reflect a new analysis of the purposes of trust funds. The total is unchanged.

#### Material endowments

The following endowment funds are considered to be individually material to the University:

	Nuffield Benefaction £'m	James Martin 21st Century Foundation £'m	CrankStart Scholarship Fund £'m
<b>31 July 2018</b>			
Capital – Original gift	2.8	50.6	49.6
Capital – Indexation reserve	0.8	12.1	3.3
Unapplied return	97.4	7.5	31.4
	<b>101.0</b>	<b>70.2</b>	<b>84.3</b>
New endowments	-	-	25.0
Investment gains and income	9.2	6.5	23.5
Expenditure	(3.2)	(2.8)	-
<b>Balance as at 31 July 2019</b>	<b>107.0</b>	<b>73.9</b>	<b>132.8</b>
Represented by:			
Capital – Original gift	2.8	50.6	49.6
Capital – Indexation reserve	0.8	13.4	4.4
Unapplied return	103.4	9.9	78.8
	<b>107.0</b>	<b>73.9</b>	<b>132.8</b>

The donor for the Nuffield Benefaction was Lord Nuffield (William Morris). Under the terms of the trust deed dated 24 November 1936 the fund is to be used to widen the scope of the Medical School of the University and provide special facilities for research.

The primary purpose of the James Martin 21st Century Foundation (established in 2004) and James Martin 21st Century (UK) Trust (established in 2012) is to support the Oxford Martin School (formerly James Martin 21st Century School) and establish or support any other entity

within the University that advances specialised education relating to the severe problems of the 21st century.

The Moritz–Heyman Scholarship Fund was established in 2012/13 through an endowment gift from the CrankStart Foundation to provide a programme of support for UK resident undergraduate students from disadvantaged backgrounds. Under the terms of the deed of gift, the University is required to commit matching income annually for the same purpose or other projects to support disadvantaged students or applicants. At

## Notes to Financial Statements – continued

### 29. Endowment funds continued

the request of the donor, the fund was renamed as the CrankStart Scholarship Fund on 26 July 2019.

Total return accounting can lead to negative unapplied total return especially in the short term as the total return rate is a long term rate of return. The University reduces

the risk of trust funds eroding their capital by ensuring that accumulated expenditure does not exceed the accumulated income for individual trust funds. There are no trust funds with greater than £0.5m deficit in their unapplied total return (2018: none).

### 30. Restricted Reserves

The University has received charitable donations and gifts with restricted purposes falling into the following categories.

All reserves generated by the Press are for unrestricted purposes.

Consolidated	As at 31 July 2018	New donations & grants	Restricted expenditure	As at 31 July 2019
	£'m	£'m	£'m	£'m
General academic	19.5	14.3	(11.2)	22.6
Academic posts	3.3	2.4	(1.6)	4.1
Scholarship funds	7.2	8.6	(7.0)	8.8
Support for libraries	1.9	1.3	(1.8)	1.4
Support for museums	2.1	0.9	(1.2)	1.8
Donated heritage assets	55.5	6.2	-	61.7
Mixed use buildings	2.5	-	-	2.5
	<b>92.0</b>	<b>33.7</b>	<b>(22.8)</b>	<b>102.9</b>

University	As at 31 July 2018	New donations & grants	Restricted expenditure	As at 31 July 2019
	£'m	£'m	£'m	£'m
General academic	19.5	14.3	(11.2)	22.6
Academic posts	3.3	2.4	(1.6)	4.1
Scholarship funds	7.2	8.6	(7.0)	8.8
Support for libraries	1.9	1.3	(1.8)	1.4
Support for museums	2.1	0.9	(1.2)	1.8
Donated heritage assets	55.5	6.2	-	61.7
Mixed use buildings	2.5	-	-	2.5
	<b>92.0</b>	<b>33.7</b>	<b>(22.8)</b>	<b>102.9</b>

### 31. Unrestricted Income and Expenditure Reserves

	Consolidated £'m	University £'m
Balance as at 31 July 2018	2,830.5	2,796.7
Reserve transfers	78.9	78.6
Unrestricted comprehensive income for the year	(50.1)	(66.9)
<b>Balance as at 31 July 2019</b>	<b>2,859.3</b>	<b>2,808.4</b>

The unrestricted income and expenditure reserves include £1,409.3m (2018: £1,217.9m) of funds that are held in the University of Oxford Development Trust Fund and certain special purpose trusts of the University. Although these funds are accounted for as income, and for

accounting purposes are treated as unrestricted, for legal purposes the funds are held as expendable endowment, and £353.7m (2018: £324.5m) is legally restricted for specific teaching posts and graduate scholarships.

## Notes to Financial Statements – continued

### 32. Linked Charities

The University administers, either directly or indirectly, a number of charitable institutions. Under paragraph 28(1) of Schedule 3 of the Charities Act 2011, these institutions are referred to as “paragraph 28” or “linked” charities. They fall under the umbrella of the University’s charitable status and are exempt from registration with the Charities Commission. The University maintains a detailed register of its linked charities and for those with income of more than £100k publishes information via

its gateway page at: [www.ox.ac.uk/about/organisation/university-as-a-charity](http://www.ox.ac.uk/about/organisation/university-as-a-charity). The financial results of those linked charities are disclosed below.

The Colleges of the University are specifically excluded from being Connected Charities under the 2011 Charities Act, being established as charitable entities in their own right.

	As at 31 July 2018	Incoming resources including investment gains	Outgoing resources and expenditure	As at 31 July 2019
	£'m	£'m	£'m	£'m
James Martin 21st Century (UK) Trust	70.2	6.5	(2.8)	73.9
The Gray Laboratory Cancer Research Trust	(0.1)	1.3	(1.0)	0.2
Aggregated into the University Financial Statements:				
University of Oxford Development Trust Fund	1,325.1	231.8	(20.0)	1,536.9
Oxford University Law Foundation	0.7	0.2	-	0.9
Excluded from the University and Group accounts as they are not controlled by the University:				
Oxford University Boat Club	3.9	0.2	(0.3)	3.8
Oxford University Rugby Club	0.1	0.3	(0.4)	-
Oxford University Women's Boat Club	0.1	0.2	(0.2)	0.1
Out of the Blue	-	-	-	-
Smaller sports charities	0.4	1.5	(1.5)	0.4
Smaller non-sports charities	0.6	0.7	(0.7)	0.6
Excluded from the University and Group accounts as the University does not derive direct benefits from their activities:				
Nuffield Dominions Trust	37.1	(0.3)	(0.3)	36.5
College Contributions Fund	72.1	6.1	(2.8)	75.4

### 33. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2019.

	Consolidated		University	
	2019 £'m	2018 £'m	2019 £'m	2018 £'m
At the end of the year the University had major capital commitments for building projects as follows:				
Contracted for:	111.4	40.6	111.4	40.6



## Notes to Financial Statements – continued

### 34. Contingent liabilities

The University has entered into an agreement with the Trustees of the Oxford Staff Pension Scheme ('OSPS') to eliminate the scheme deficit over a period of years. As security for the payment of the agreed contributions into the Scheme, the University has granted a floating charge in favour of the Trustees of OSPS over certain assets, which are located in the United Kingdom, subject to the value not falling below £100m.

On 29 June 2007, the University entered into an agreement with the Trustees of the Oxford University Press Group Pension Scheme to eliminate the scheme deficit over a period of years. As security for the payment

by the University of its agreed contributions to the Oxford University Press Group Pension Scheme, the University has granted a floating charge of up to £50m over certain assets held by the Press. The charge was increased from £50m to £75m on 15 April 2019 as part of the recovery plan following the technical provision valuation of the Scheme at 31 March 2018.

The University as a whole is subject to a number of legal claims and other matters, the outcomes of which are uncertain and may give rise to liabilities or other adverse consequences which cannot currently be quantified.

### 35. Lease obligations

#### Total rentals payable under operating leases:

	Land and buildings			
	Consolidated		University	
	2018/19 £'m	2017/18 Restated £'m	2018/19 £'m	2017/18 Restated £'m
<b>Payable during the year</b>	<b>14.8</b>	<b>14.5</b>	<b>9.4</b>	<b>9.2</b>
<b>Future minimum lease payments due:</b>				
Not later than 1 year	12.1	11.9	7.5	6.7
Later than 1 year and not later than 5 years	30.9	27.6	21.8	21.2
Later than 5 years	32.8	37.5	31.0	36.4
<b>Total lease payments due</b>	<b>75.8</b>	<b>77.0</b>	<b>60.3</b>	<b>64.3</b>

For 2017/18, the Payable during the year figure has been restated to include amounts due on publishing assets omitted in error.

	Other equipment			
	Consolidated		University	
	2018/19 £'m	2017/18 £'m	2018/19 £'m	2017/18 £'m
<b>Payable during the year</b>	<b>4.7</b>	<b>4.3</b>	<b>3.6</b>	<b>3.3</b>
<b>Future minimum lease payments due:</b>				
Not later than 1 year	1.6	1.8	1.0	1.1
Later than 1 year and not later than 5 years	1.1	1.8	0.7	1.0
Later than 5 years	-	-	-	-
<b>Total lease payments due</b>	<b>2.7</b>	<b>3.6</b>	<b>1.7</b>	<b>2.1</b>

## Notes to Financial Statements – continued

### 36. Related Parties

During the year ended 31 July 2019 the University had transactions with entities and individuals which fell within the definition of Related Parties under section 33 of FRS 102. Transactions are disclosed where key management personnel, including all members of Council and other senior members of staff, disclose an interest in a body with which the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party. Due to the nature of the University's operations and the composition of Council (being drawn from colleges and other private and public sector organisations), it is inevitable that transactions

in the normal course of business will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the University's financial regulations and normal procurement procedures.

Included in the Financial Statements are the following transactions between the University and Related Parties where a member of the University Council or Senior Officer was also a director or trustee of the Related Party. This excludes the colleges which are separate legal entities.

Related party	Nature of relationship	Income	Expenditure / transfers	Balance due to/ (from) the University
		£'000	£'000	£'000
Academy of Medical Sciences	Member of Council is a member of Academy's council	616	8	34
Academy of Social Sciences	Member of Council is a fellow	-	6	-
Agency for the Legal Deposit Libraries	Member of Council is a director	-	135	-
British Academy	Head of Division is a fellow	4,958	128	131
British Heart Foundation	A pro-vice-chancellor a trustee	12,511	6	2,871
Constellium	A pro-vice-chancellor is a consultant and a member of Scientific Council	10	-	-
Council on Library and Information Resources	Member of Council is a board member	5	27	-
House of Lords	Member of Council is a member of House of Lords	-	4	(1)
JISC	A pro-vice-chancellor is a trustee	18	1,607	(41)
John Wiley & Sons Ltd	Member of Council is a senior journal editor	273	1,139	(40)
Modality Partnership	Member of Council is a partner at GP practice	-	1	-
Oxford Archaeology	Member of Council is a trustee	14	83	4
Oxford Preservation Trust	Member of Council is chairman	8	15	-
Oxford University Clinic LLP	Member of Council is a non-executive director	15	-	-
Oxford University Development North America, Inc	A pro-vice-chancellor and a member of council are directors	-	396	-
People's History Museum	Member of Council is a director and chair of trustees	-	4	-
Radioactive Waste Management Ltd	A pro-vice-chancellor is a non-executive director	10	-	-
Rolls Royce plc	A pro-vice-chancellor is a consultant and a member of Materials, Manufacturing and Structures Advisory Board	2,978	-	327
Royal Academy of Music	Member of Council is a governor	-	6	-
The Company of Biologists Ltd	Member of Council is chairman	-	18	-
The Russell Group of Universities	Vice-Chancellor is a board member	-	80	-
UK Biobank	Member of Council is CEO	1,439	3,060	214
Universities UK	Vice-Chancellor is a member of the board of directors	15	17	-
University and College Union (UCU)	Member of Council is a member of UCU	41	-	10
<b>Transactions with joint ventures and associates:</b>				
Jenner Vaccine Foundation		70	-	3

## Notes to Financial Statements – continued

### 36. Related parties continued

The results have been restricted to a minimum limit of £10k for either Income or Expenditure.

There were no transactions in the year between the University and key management personnel other than remuneration.

#### Research Councils

In common with many universities, senior members of the University sit on Research Councils, other NHS Trust

boards and other grant awarding bodies which have their own internal procedures to avoid potential conflicts of interest. Members of Council also sit on Research Councils and their sub-committees including the Engineering and Physical Sciences Research Council, the Science and Technology Facilities Council, the Medical Research Council and the Arts and Humanities Research Council.

Income from these Councils is detailed below:

Income	2019 £'m	2018 £'m
Medical Research Council	56.3	58.3
Science and Technology Facilities Council	11.3	11.6
Engineering and Physical Sciences Research Council	50.6	42.7
Arts and Humanities Research Council	2.7	3.5
Biotechnology and Biological Sciences Research Council	14.3	12.6
Natural Environmental Research Council	6.7	7.7
Economic and Social Research Council	6.0	5.9
	<b>147.9</b>	<b>142.3</b>

#### Colleges

The 36 external colleges of the University of Oxford are independent legal institutions and are therefore not included in the financial results of the University. Whilst the University has no financial responsibility for the colleges, the collegiate nature of Oxford gives rise to financial interaction between the University and colleges. During the year the University paid £56.9m to the colleges via its Joint Resource Allocation Method (JRAM) (see note 10) out of OfS/Research England funding and fee income (2018: £55.6m).

The University made a final payment of £1.0m to the College Contributions Fund in 2018. The Fund finances a scheme which provides support to colleges with relatively low assets. The University agreed to make these payments to help build up a permanent endowment to provide income grants. In 2019, the University provided a £3.0m grant to a new College Contribution Fund scheme designed to support graduate scholarships. The University will provide accounting and other support to the Fund.

#### Other related parties

The University of Oxford, in the form of 'The Chancellor Masters and Scholars of the University of Oxford', is the ultimate controlling entity of the group consolidated into these Financial Statements. It has a number of wholly owned subsidiaries, as set out in note 17, which as per section 33 of FRS 102 are not considered to be related parties.

During the year, the University made grants and other payments totalling £748k (2018: £733k) to the Oxford SU (formerly OUSU) and its wholly-owned subsidiary.

The Alan Turing Institute: The Institute has been created as a government initiative to fund a national centre for data science and analysis, and is a joint venture between five universities who are all making grants to the Institute. The University as a founding partner has agreed to make a grant of £5m to the new Institute. The unpaid commitment has been recorded as a creditor at 31 July 2019.

Oxford Sciences Innovation plc (OSI): The University has signed a 15 year agreement with OSI for the funding and development of spinout companies based on research from the Mathematical, Physical and Life Sciences and Medical Sciences Divisions. The University has a 5% equity non-dilutable stake in OSI and a further indirect holding of 4% through the Oxford Funds: Collegiate Feeder.

Oxford University Hospitals NHS Foundation Trust: On 1 November 2011, a Joint Working Agreement between the University and Trust came into effect, building on existing working relationships between the two organisations. As a consequence of this close working relationship, there are recharges between the University and the Trust and senior staff of the University may also hold senior positions in it.

The University provides support to spinout companies in which it has invested via Oxford University Innovation Ltd.

## Notes to Financial Statements – continued

### 36. Related parties continued

#### Other areas of interaction with the colleges are as follows:

General trading takes place between the University (including the Press) and colleges, including the provision of research, accommodation, and teaching facilities. These arrangements are undertaken on a commercial basis.

Other external funds/trusts: Certain external trusts provide research and other funding to the University and some colleges. A number of these trusts (note 29) are allowed to participate in the Oxford Funds: Collegiate Feeder.

### 37. Pension schemes

The University participates in three principal pension schemes for its staff – the Universities Superannuation Scheme (USS), the University of Oxford Staff Pension Scheme (OSPS) and the Oxford University Press (OUP) Group scheme (for UK employees). The 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 to the scheme). The assets of the schemes are each held in separate trustee-administered funds. USS and OSPS are multi-employer schemes and the University is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, the University 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 OUP Group scheme is a single employer scheme under FRS102 and is therefore accounted for as a defined benefit scheme.

In the event of the withdrawal 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 participating employers and reflected in the next actuarial valuation of the scheme.

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

As the only employer in the OUP Group scheme, any funding shortfall falls on the University.

The University also has a small number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS), the Superannuation Arrangements of the University of London (SAUL) and the Medical Research Council Pension Scheme (MRCPS). The University's participation in NHSPS is in respect of employees who meet certain eligibility criteria, including being an active member of the scheme prior to joining the University. The University's participation in SAUL is in respect of employees of the Gray Laboratory Cancer Research Trust which was acquired by the University on 30 June 2006. The University's participation in MRCPS is in respect of employees whose units transferred from other MRC funded institutions. Pension schemes are also provided for employees contracted in other countries according to the laws and regulations of those countries.

The University has made available a National Employment Savings Trust (NEST) for non-employees who are eligible under automatic enrolment regulations to pension benefits.

#### Schemes accounted for under FRS 102 paragraph 28.11 as defined contribution schemes

##### Actuarial valuations

The last full actuarial valuation of the NHSPS was performed as at 31 March 2016. The 2016 valuation reported scheme liabilities of £297.5 billion. There are no underlying assets, and therefore no surplus or deficit was reported except on a purely notional basis. An accounting valuation of the scheme liability is carried out annually by the scheme actuary, whose report forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. The actuary agreed that the employer contributions rate would increase from 14.3% from 1 April 2015 to 20.6% from 1 April 2019. The increase in costs is split between foreseen costs of a 2.5 percentage point increase in employer contributions, with the remaining 3.8 percentage points constituting the unforeseen costs. Employers, such as the University, have continued to pay 14.3% since 1 April 2019 with the Department of Health and Social Care (DHSC) paying the balance. However, the 2.5% foreseen cost will be recouped by a corresponding reduction to the funding the University will receive. The DHSC is currently considering the optimum way of recouping the costs for those organisations which do not directly receive funding from the DHSC. The University will receive funding support for the unforeseen costs in

## Notes to Financial Statements – continued

### 37. Pension schemes continued

2019–20. NHSPS is in a similar position to USS in that in the event of the withdrawal of a participating employer the remaining participating employers will assume responsibility for any increased contributions arising.

The last full actuarial valuation of SAUL was performed as at 31 March 2017. The 2017 valuation reported a surplus on a technical provisions basis of £56.0m and was 102% funded. From 1 April 2016 the employers' contribution rate increased by 3% to 16% for the period to 31 March 2020 in accordance with the deficit recovery plan. On 1 April 2016 a number of changes were made to the benefits provided including closure of the final salary plan, with all

members now building up benefits on a Career Average Revalued Earnings basis at an accrual rate of 1/75ths. In SAUL the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

Qualified actuaries periodically value the USS, OSPS, MRCPS, OUP Group and SAUL schemes 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 are:

	USS	OSPS
Date of valuation:	31/03/2017	31/03/2016
Date valuation results published:	28/01/2019	28/04/2017
Value of liabilities:	£67.5bn	£661m
Value of assets:	£60.0bn	£528m
Funding surplus / (deficit):	(£7.5bn) <sup>a</sup>	(£133m) <sup>f</sup>
Principal assumptions:		
• Investment return	CPI - 0.53% to CPI - 1.32% pa <sup>b</sup>	-
• Rate of interest (periods up to retirement)	-	Gilts' + 1.2%
• Rate of interest (periods up after retirement)	-	Gilts' + 1.2%
• Rate of increase in salaries	CPI + 2%pa <sup>c</sup>	RPI + 1%pa
• Rate of increase in pensions	CPI pa <sup>d</sup>	Average RPI/CPI pa
Mortality assumptions:		
• Assumed life expectancy at age 65 (males)	24.5 yrs	22.4 yrs
• Assumed life expectancy at age 65 (females)	26.0 yrs	24.7 yrs
Funding ratios:		
• Technical provisions basis	89%	80%
• Statutory Pension Protection Fund basis	72%	67%
• 'Buy-out' basis	48%	42%
• Estimated FRS 102 Total Funding level	77% <sup>e</sup>	82% <sup>g</sup>
Recommended employer's contribution rate (as % of pensionable salaries):	18% increasing to 24.2% by 01/04/2020	23% decreasing to 19% from 01/08/2017
Effective date of next valuation:	31/03/2018	31/03/2019

a. USS's actuarial valuation as at 31 March 2017 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the

benefits built up to 31 March 2016 were calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in

## Notes to Financial Statements – continued

### 37. Pension schemes continued

respect of salary up to a salary threshold, initially £55,000 p.a., with the threshold applying from 1 October 2016; member contributions are 8% of salary but will increase in stages from 1 April 2019 to a level of 11.7% from 1 April 2020; a defined contribution benefit for salary above the salary threshold at the total level of 20% of salary in excess of the salary threshold. Further details about the changes may be reviewed on USS' website, [www.uss.co.uk](http://www.uss.co.uk). After allowing for those changes, the actuary established an employer contribution rate of 18% p.a. of salaries for the period from 1 April 2016 to 31 March 2019 19.5% from 1 April to 30 September 2019, 22.5% from 1 October 2019 to 31 March 2020 and a long-term rate of 24.2%. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 5% p.a. of salaries from 1 April 2020. At 31 March 2019 USS reported that the estimated funding deficit was £5.7 bn (92% funded).

b. USS' actuary has assumed that the investment return is CPI - 0.53% in year 1, decreasing linearly to CPI - 1.32% over 10 years. CPI + 2.56% from year 11 reducing linearly to CPI + 1.7% by year 21, remaining at CPI + 1.7%.

c. USS' actuary has assumed that general pay growth will be CPI + 2% in year 1, CPI + 2% in year 2 and thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% p.a. less an inflation risk premium) less RPI/CPI gap of 1.0% p.a.

d. As noted above (note a) the total USS employer contribution rate of 18% of salaries include provisions for the cost of future accrual of defined benefits (DB) (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards defined contribution benefits including employer matching contributions and certain investment management costs relating to the DC section. The 2017 actuarial valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, with which to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

e. The USS 2018 actuarial valuation was finalised after the year-end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year-end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 Valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised consolidated provision of £231.1m, a decrease of £190.8m from the current year-end provision and a lower face change on the Consolidated Statement of Comprehensive Income of £95.6m.

f. OSPS' actuarial valuation as at 31 March 2016 identified a required long-term employer contribution rate of 17.3% of total pensionable salaries, with a funding deficit of £133m. The valuation results reflect a number of changes to benefits that were agreed following an Employers' consultation in early 2017, including from 1 April 2017 a change in indexation based on the average of RPI and CPI; from 1 October 2017 a defined contribution section for new entrants and from 1 April 2018 breaking the final salary link for certain members and increased employee contributions. The actuary has certified that the recovery plan should eliminate the deficit by 30 June 2027. The next triennial valuation is due with an effective date of 31 March 2019.

g. As noted above (note f), the OSPS employer contribution rate required for future service benefits in the defined benefit section alone is 17.3% of total pensionable salaries from 1 April 2018. The employer contribution rate was 23% from 1 August 2016 to 31 July 2017. It was agreed that the employer contribution rate would be 19% for both defined benefits members and defined contributions members who join on or after 1 October 2017. Part of the contribution for defined contribution members would be paid to the defined benefit section to cover the deficit recovery plan, the provision of ill-health and death-in-service benefits and the expenses of administering the defined contribution section.

The latest available complete actuarial valuation of the USS Retirement Income Builder section of the Scheme is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. As at the year-end a valuation as at 31 March 2018 was underway but not yet complete.

## Notes to Financial Statements – continued

### 37. Pension schemes continued

#### Sensitivity of actuarial valuation assumptions

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

<b>USS</b>		
<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on USS liabilities</b>
Initial discount rate	increase / reduce by 0.25%	decrease / increase by £0.8bn
Discount rate in 20 years' time	increase / reduce by 0.25%	decrease / increase by £1.1bn
RPI inflation	increase / decrease by 0.1%	increase / decrease by £0.8bn
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £0.5 bn
<b>OSPS</b>		
<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on OSPS liabilities</b>
RPI Inflation	decrease by 1.0%	decrease / increase by £73m
Rate of salary growth	increase by 0.5%	increase / decrease by £13m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £18m

	<b>2019</b>		<b>2018</b>	
	<b>OSPS</b>	<b>USS</b>	<b>OSPS</b>	<b>USS</b>
Finish date for deficit recovery plan	30/06/2026	31/03/2031	30/06/2026	31/03/2031
Average staff number increase	1.60%	1.60%	3.00%	3.00%
Average staff salary increase	4.00%	4.00%	2.00%	2.00%
Average discount rate over period	1.25%	1.60%	1.95%	2.20%
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Effect of 0.5% change in discount rate	1.1	18.4	2.5	8.3
Effect of 1% growth in pay levels	2.9	36.8	na	na
Effect of 1% change in staff growth	2.2	35.9	3.3	8.3

A provision of £467.9m has been made at 31 July 2019 (2018 – £178.3m) for the present value of the estimated future deficit funding element of the contributions payable under these agreements, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.



## Notes to Financial Statements – continued

### 37. Pension schemes continued

#### Pension charge for the year

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

Scheme	2018/19 £'m	2017/18 £'m
Universities Superannuation Scheme	366.8	59.3
Press Group scheme – UK	14.1	14.1
Press Group – Overseas schemes	7.7	7.7
University of Oxford Staff Pension Scheme	16.2	6.6
NHS Pension Scheme	4.1	3.9
MRC	0.5	0.5
Other schemes – contributions	0.1	0.2
<b>Total</b>	<b>409.5</b>	<b>92.3</b>

These amounts include £14.2m (2018: £10.8m) contributions payable to defined contribution schemes at rates specified in the rules of those plans.

Included in other creditors are pension contributions payable of £12.7m (2018: £11.1m).

#### Defined benefit schemes accounted for as such

##### Press Pensions

The Press operates a number of staff retirement schemes throughout the world. The total pension cost for the group charged to operating profit was £21.8m, of which £7.7m relates to overseas schemes.

Of the amount charged to operating profit £9.9m represents contributions payable to defined contribution schemes at rates specified in the rules of those plans.

Amounts recognised in the balance sheet were as follows:

Scheme	2019 £'m	2018 £'m
<b>Group Pension Scheme</b>		
Present value of funded obligations	(842.8)	(758.9)
Fair value of scheme assets	702.7	597.0
	(140.1)	(161.9)
<b>Overseas schemes</b>		
Present value of funded obligations	(10.3)	(8.3)
Fair value of scheme assets	8.3	7.2
	(2.0)	(1.1)
Present value of unfunded obligations	(5.8)	(5.4)
	<b>(147.9)</b>	<b>(168.4)</b>
<b>Amounts in the balance sheet</b>		
Liabilities	(858.9)	(772.6)
Assets	711.0	604.2
	<b>(147.9)</b>	<b>(168.4)</b>
<b>Amounts recognised in the Statement of Comprehensive Income were as follows:</b>		
Current service cost	(22.6)	(21.8)
Net interest on net defined benefit liability	(3.9)	(4.8)
<b>Total</b>	<b>(26.5)</b>	<b>(26.6)</b>

## Notes to Financial Statements – continued

### 37. Pension schemes continued

Included in employee contributions in the year was £2.8m (2018: £3.0m) relating to the salary sacrifice scheme.

The actuarial net liability at 31 July 2019 was £147.9m (2018: £168.4m) and comprised a net liability relating to the Group Pension Scheme of £140.1m (2018: £161.9m), and net liabilities on other schemes of £7.8m (2018: £6.6m).

The major scheme ('the Group Pension Scheme') is a funded defined benefit pension scheme providing retirement benefits to UK employees based on final pensionable salary and length of service. The assets of the scheme are held in a separate trustee-administered fund. The most recent triennial valuation for funding purposes was performed as at 31 March 2018 revealing a shortfall (technical provisions minus value of assets) of £47.0m. A recovery plan was prepared by the Trustees of the Group Pension Scheme on 28 November 2018 and agreed with The Chancellor Masters and Scholars of the University of Oxford, through the Delegates of the Press trading as Oxford University Press. To eliminate the funding shortfall the Press agreed to pay, under the recovery plan, an additional contribution of £20.0m in January 2019 and

annual contributions of £4.0m from 1 April 2018 until 31 March 2026; the Press also agreed to increase employer contributions from 19% to 19.5% of pensionable salaries from 1 April 2019.

All regular contributions due between 1 August 2018 and 31 July 2019 were collected in full. At the valuation date, based on market conditions at that date, the funding shortfall was expected to be eliminated by 31 March 2026 at the latest. For the year beginning 1 August 2019, based on the estimated pensionable salaries at that date, it is expected that the Press will contribute about £11.3m into the Scheme.

There is a charge in favour of the Trustees over specified Press Delegate's Property and Reserve Fund (DPRF) assets as protection against any outstanding past service deficit. The charge was increased from £50m to £75m on 15 April 2019 as part of the Recovery Plan following the Technical Provision valuation of the Scheme at 31 March 2018.

Changes in the present value of the defined benefit obligation of the Group Pension Scheme were as follows:

Changes in the present value of the defined benefit obligation of the Group Pension Scheme were as follows:	2018/19 £'m	2017/18 £'m
Plan liabilities at 1 August	758.9	769.1
Employer service cost	10.1	11.7
Interest cost	19.3	19.2
Plan participants' contributions	2.9	3.2
Remeasurement of the defined benefit obligation	65.0	(30.1)
Scheme introductions, changes, curtailments and settlements	1.7	-
Benefits paid from plan assets	(15.1)	(14.2)
<b>Plan liabilities at 31 July</b>	<b>842.8</b>	<b>758.9</b>

Changes in the fair value of the Group Pension Scheme assets were as follows:	2018/19 £'m	2017/18 £'m
Market value at 1 April	597.0	579.7
Interest income	15.5	14.5
Return on scheme assets greater/(less) than discount rate	70.7	1.7
Benefits paid from plan assets	(15.1)	(14.2)
Employer contributions	31.7	12.1
Employee contributions	2.9	3.2
<b>Market value at 31 March</b>	<b>702.7</b>	<b>597.0</b>

The group expects to contribute £11.3m to the Group Pension Scheme in the year 2019/20.

## Notes to Financial Statements – continued

### 37. Pension schemes continued

The major categories of the Group Pension Scheme assets as a percentage of total scheme assets were as follows:	2019	2018
Equities	22.4%	23.5%
Corporate bonds	7.9%	5.8%
Gilts	0.5%	0.5%
Property	3.5%	4.5%
Multi-asset funds	18.5%	20.1%
Hedge funds	6.8%	8.0%
Indexed linked bonds	33.3%	34.4%
Cash and other	7.1%	3.2%
	<b>100.0%</b>	<b>100.0%</b>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) in relation to the Group Pension Scheme were:	2019	2018
Discount rate	2.1%	2.6%
Price inflation (RPI)	3.4%	3.4%
Price inflation (CPI)	2.4%	2.4%
Rate of salary increase*	3.9%	3.9%
Pension increases for in-payment benefits	2.4%	2.4%
Pension increases for deferred benefits	2.4%	2.4%
Scheme participant census date	31/03/2018	31/03/2015

\* plus promotional salary scale

### Expected lifetime

The expected lifetime of a participant who is age 60 and the expected lifetime (from age 60) of a participant who will be aged 60 in 15 years are shown in years below. The mortality tables used for the 2018 FRS102 disclosures are the SAPS2 normal tables based on amounts, with

multipliers of 90% for males and 95% for females. Allowance has been made for future improvements in line with CMI core projections (CMI 2014) with a 1.25% p.a. long-term trend from 2007 and CMI 2017 core projections with a 1.25% p.a. long-term trend from 2015.

Age	FRS 102 assumptions			
	Males		Females	
	2019	2018	2019	2018
60	27.0	27.7	29.4	29.3
60 in 15 yrs	28.1	28.8	30.5	30.5

## Notes to Financial Statements – continued

### 37. Pension schemes continued

#### The sensitivities regarding the principal assumptions used to measure the scheme liabilities are estimated below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by c. 2.2%
CPI Inflation	Increase/decrease by 0.1%	Increase/decrease by c. 2.2%
Salary	Increase/decrease by 0.1%	Increase/decrease by c. 0.3%
Base table multipliers	Increase/decrease by 5%	Decrease/increase by c. 1.4%
Future mortality improvements	1.25% p.a. to 1.5% p.a. long-term trend	Increase by c. 1.1%
Commutation	Using revised Scheme factors	Increase by c. 0.5%–1.0%

The actuarial gains and losses recognised in the combined statement of comprehensive income arose from changes in assumptions concerning the discount rate, price inflation, and pension commutation to cash.

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.nhsbsa.nhs.uk/Pensions](http://www.nhsbsa.nhs.uk/Pensions), [www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps/](http://www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps/), [www.saul.org.uk/](http://www.saul.org.uk/), [www.ouppensions.com/](http://www.ouppensions.com/)

### 38. Post balance sheet events

As set out in note 37 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease in the consolidated provision of £190.8m and of £189.2m in the University provision for the obligation to fund the deficit on the USS pension. The revised totals would be £231.1m for the consolidated provision and £227.3m for the University provision. This adjustment will be reflected in the University's financial statements for the year ended 31 July 2020.

### 39. Inclusion of Oxford University Press

The Financial Statements of the University for 2017/18 included the balances and transactions of the Oxford University Press for the first time, recognising the net assets of the Press as a movement in the Statement of Changes in Reserves for the year ended 31 July 2018, with no restatement of the 2016/17 financial information. The opening balances as at 1 August 2017 included in the comparative Statement of Changes in Reserves in these financial statements for the year ended 31 July 2018 have now been restated to include the reserves of Oxford University Press at 1 August 2017, as summarised below. This restatement had no effect on the income statement for the year ended or net assets as at 31 July 2018.

## Notes to Financial Statements – continued

### 39. Inclusion of Oxford University Press continued

	Endowment Reserves		Income and Expenditure Reserves		Total excl Non-Controlling Interest	Non-Controlling Interest	Total Group
	Permanent £'m	Expendable £'m	Restricted £'m	Unrestricted £'m	£'m	£'m	£'m
<b>Consolidated</b>							
<b>Reserves at 1 August 2017 - as originally reported</b>	<b>828.7</b>	<b>160.7</b>	<b>88.0</b>	<b>2,154.9</b>	<b>3,232.3</b>	<b>-</b>	<b>3,232.3</b>
Oxford University Press as at 1 August 2017	-	-	-	460.9	460.9	1.5	462.4
<b>Reserves at 1 August 2017 - as restated</b>	<b>828.7</b>	<b>160.7</b>	<b>88.0</b>	<b>2,615.8</b>	<b>3,693.2</b>	<b>1.5</b>	<b>3,694.7</b>
<b>University</b>							
<b>Reserves at 1 August 2017 - as originally reported</b>	<b>759.8</b>	<b>160.7</b>	<b>88.0</b>	<b>2,156.7</b>	<b>3,165.2</b>	<b>-</b>	<b>3,165.2</b>
Oxford University Press as at 1 August 2017	-	-	-	456.7	456.7	-	456.7
<b>Reserves at 1 August 2017 - as restated</b>	<b>759.8</b>	<b>160.7</b>	<b>88.0</b>	<b>2,613.4</b>	<b>3,621.9</b>	<b>-</b>	<b>3,621.9</b>



### **Photography**

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