



UNIVERSITY OF
OXFORD

2011/12 FINANCIAL STATEMENTS



University of Oxford

Financial Statements 2011/12



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Five Year Summary of Key Statistics

	2008 £'m	2009 £'m	2010 £'m	2011 £'m	2012 £'m
Funding body grants	186.2	195.3	203.0	200.3	203.6
Academic fees and support grants	110.4	122.7	137.3	152.7	173.3
Research grants and contracts	285.3	340.5	367.0	376.7	409.0
Other income	138.9	166.9	147.5	158.4	193.2
Endowment and investment income	42.6	37.1	25.0	31.3	36.7
Donation of heritage assets	4.1	1.1	0.2	0.2	0.3
Total Income	767.5	863.6	880.0	919.6	1,016.1
Total Expenditure	748.8	866.8	884.4	908.2	971.8
Surplus / (Deficit) before exceptional items	18.7	(3.2)	(4.4)	11.4	44.4
Surplus for the Year retained within General Reserves	23.8	1.2	6.2	15.4	52.3
Net cash inflow / (outflow) before management of liquid resources and financing	39.0	(52.4)	(17.3)	(49.9)	54.9
Fixed assets	844.0	1,128.6	1,275.1	1,375.7	1,467.6
Endowment assets	653.5	585.1	628.8	856.2	854.5
Net current assets / (liabilities)	161.5	(22.6)	(30.8)	(50.8)	(60.7)
Long-term creditors / provisions and minority interests	(80.8)	(77.2)	(71.9)	(59.1)	(56.1)
Net Assets	1,578.2	1,613.9	1,801.2	2,122.0	2,205.3
Student Numbers					
Full-time equivalent students - undergraduates	11,917	11,734	11,765	11,723	11,752
Full-time equivalent students - graduates	7,580	8,101	8,701	9,327	9,621
Visiting Students / Other	517	495	461	485	499
Total students at 1st December in the financial year	20,014	20,330	20,927	21,535	21,872
Average number of staff (FTE)	8,427	8,921	9,246	9,140	9,540
Staff costs as a % of expenditure	53.8	50.5	53.0	52.8	51.4
Size of Estate					
Buildings (square metres, thousands)	530	542	570	590	602

The 2008 figures have been restated following the change in accounting policy in 2009, to total return accounting for endowments.

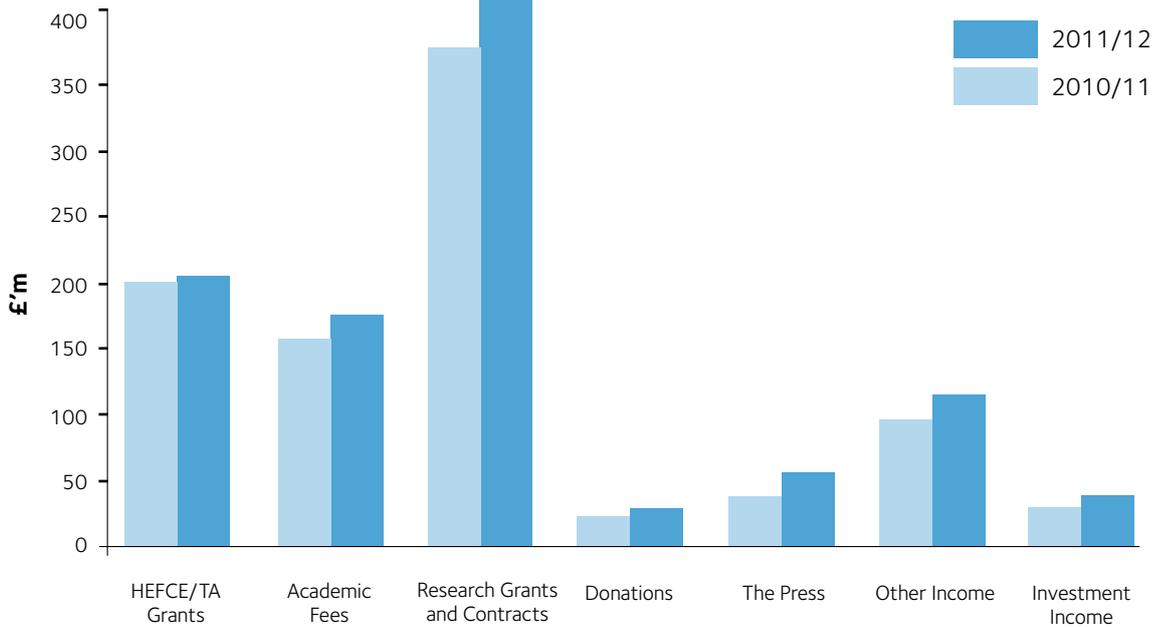
The five year summary excludes the Oxford University Press.

Financial Highlights excluding Oxford University Press

Results for the Year

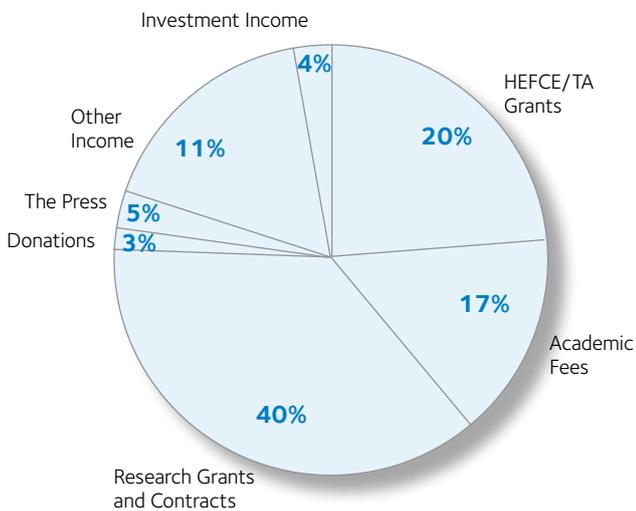
- Total income increased by 10.5% to £1,016.1m (2010/11: £919.6m).
- The largest source of income continued to be research grants and contracts at 40.2% (2010/11: 41.0%).

Year-on-Year Income

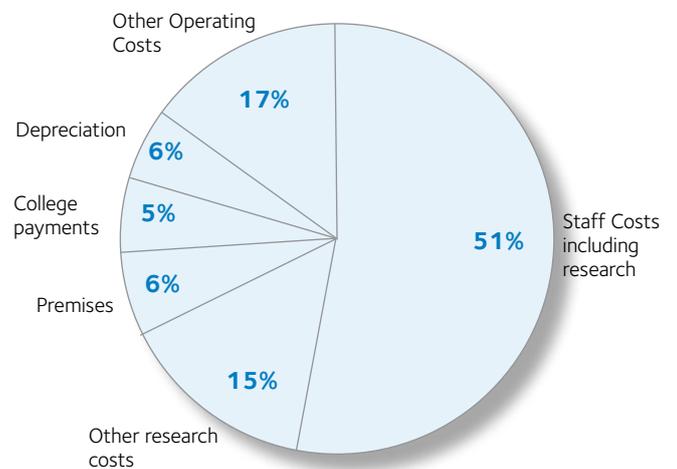


- Total expenditure increased by 7.0% to £971.8m (2010/11: £908.2m).
- Staff costs increased by 4.1% to £499.1m (2010/11: £479.3m) and were equivalent to 51.4% of total expenditure (2010/11: 52.8%).
- The surplus for the year retained within general reserves was £52.3m (2010/11: £15.4m).

Consolidated University Income 2011/12



Consolidated University Expenditure 2011/12



Operating and Financial Review

Introduction

As the oldest English-speaking university in the world, Oxford has a rich and distinguished history. Over the past nine centuries the University has grown and developed an international reputation for the excellent standard of its teaching and research, and for the dissemination of learning. Today, more than 21,800 students, from a diverse range of backgrounds and nationalities, benefit from Oxford's resources, and the University actively promotes its educational aims to benefit the wider world.

Oxford is an independent and self-governing institution, consisting of the University and the colleges. The Council of the University is responsible for the academic policy and strategic direction of the University. Thirty-eight colleges, though independent and self-governing, are related to the University in a federal system. The colleges are separate charities whose financial results are not consolidated into the University's Financial Statements.

Charitable status

The University has charitable status as one of the exempt charities listed in Schedule 2 to the Charities Act. This means that it is exempt from certain requirements of that Act, including the need to register with the Charity Commission. Since 1 June 2010, the Higher Education Funding Council for England ('HEFCE') has been 'principal regulator' 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 and, as such, have regard to the Charity Commission's guidance on public benefit and, in particular, the key principles that there must be an identifiable benefit or benefits, and the benefit must be to the public or a section or sections of the public.

Public benefit

The principal objectives of the University are the advancement of learning by teaching and research and its dissemination by every means. In June 2008, through its Strategic Plan¹, the University agreed six over-arching objectives as the route through which to achieve these aims over the period 2008/09 to 2012/13:

- to provide an exceptional education for both undergraduates and graduates, characterised by the close contact of students with distinguished scholars in supportive collegiate and departmental communities;
- to recruit the very best students nationally and internationally through an equitable process based on achievement and potential;
- to lead the international research agenda across the University's disciplinary spectrum and through interdisciplinary initiatives;
- to make further significant contributions to society, regionally, nationally and internationally, through the fruits of its research and the skills of its alumni, its academic and educational publishing activities, its entrepreneurial and cultural activities and policy leadership, and its work in continuing education;
- to attract, develop and retain academic staff of the highest international calibre and make the University and its colleges employers of choice for all staff in the international, national, and local environments; and
- to deliver outstanding facilities and services and manage them effectively and responsibly for the benefit of staff and students.

The following sections provide further detail as to the progress being made against these aims and specifically how, in so doing, the University provides public benefit and therefore fulfils its charitable objectives.

¹ The University's Strategic Plan is available at:
<http://www.admin.ox.ac.uk/media/global/wwwadminoxacuk/localsites/planningandresourceallocation/documents/planningcycle/strategicplan.pdf>

The University is in the process of developing its next Strategic Plan, as the existing one expires at the end of the current academic year.

Further information about the University's activities over the last year can be found in the *Annual Review*, available on the University website at: http://www.ox.ac.uk/about_the_university/introducing_oxford/annual_review/index.html.

Further, the *Annual Report of the Delegates of the University Press* sets out how Oxford University Press² (the 'Press') has furthered the University's charitable purposes for the public benefit. This report is available at: http://global.oup.com/about/annual_report/?cc=gb.

Objective 1: to provide an exceptional education for both undergraduates and graduates, characterised by the close contact of students with distinguished scholars in supportive collegiate and departmental communities.

Objective 2: to recruit the very best students nationally and internationally through an equitable process based on achievement and potential.

The University seeks to recruit the very best students from the UK and abroad through transparent and fair admissions processes based on achievement and potential. It provides world-class libraries, laboratories and other facilities and services in support of students' studies; and students' understanding of their subjects is enhanced through direct engagement with academic staff undertaking research and scholarship at an international level.

The attainment of the objectives highlighted above includes attracting applications from all individuals with the potential to study at the University; admitting the very best; educating them in a world-class, highly personalised teaching system; and supporting them while at Oxford in terms of finance, welfare and careers advice. These objectives are delivered in partnership between the University (including its four academic divisions and their constituent departments and faculties) and the Oxford colleges.

Student numbers

The figures³ below show the numbers of registered full-time, part-time and visiting students as at 1 December in 2010 and 2011⁴:

As at 1 December:	2011	2010
Undergraduate	11,752	11,723
Postgraduate	9,621	9,327
Visiting Students/Other	499	485
Total Number of Students	21,872	21,535

In addition, around 15,000 students, many studying for the first time, are undertaking a range of more than 600 short courses through the Department for Continuing Education. Courses include evening and weekend classes, residential and summer schools, undergraduate and graduate level qualifications, professional development programmes, and courses delivered online.

Undergraduate admissions, outreach, and funding

For undergraduate applicants, the collegiate University runs a number of outreach and access initiatives to provide information to all and to encourage applications from highly able students from groups who do not typically apply to Oxford. These initiatives include open days, regional teachers' conferences and summer schools. Further information is available at: http://www.ox.ac.uk/admissions/undergraduate_courses/events_and_outreach/index.html.

² In accordance with the Financial Regulations of the University, these Financial Statements do not consolidate the accounts of the Press, although extracts from the separate audited accounts of the Press's Trading Operations and Property and Reserve Fund for the year ended 31 March 2012 are set out on pages 56-60. The rest of this Operating and Financial Review does not include the Press unless expressly stated.

³ From 'Student Numbers 2011' Gazette Supplement (1) to No. 4978, Vol. 141.

⁴ Excluding those undertaking courses through the Department for Continuing Education.

During 2011/12, there were 17,243 undergraduate applications to Oxford (a 0.6% decline from 2010/11). 61% of UK applicants were from schools in the state sector (the same as 2010/11); and, of offers made to UK applicants, 57.9% were to candidates from the state sector. Of those students at the second UNIQ Summer School⁵ in 2011 who applied to Oxford, 41% have places to study at Oxford, double the overall success rate for all applicants to Oxford of 20.5%. Of UK candidates admitted for 2012 (or deferred entry 2013), 34% were in one or more of the target groups outlined in Oxford's Access Agreement with the Office for Fair Access ('OFFA'). 5,408 applications were received from EU/Overseas candidates, an increase of 4% from 2010/11.

The collegiate University was able to provide support for students through the Oxford Opportunity Bursaries Scheme⁶, for UK undergraduate students from households where income is below a certain level (currently £42,600). The Scheme distributed £6.24 million in bursaries and scholarships to 2,654 undergraduate students.

From 2012/13, the University will charge UK and EU undergraduates the maximum permissible fee of £9,000 p.a. However, the collegiate University remains committed to ensuring that any UK student can afford to take up a place at Oxford, and therefore the higher fees will be offset by a generous programme of both fee waivers and bursaries for those from households with lower incomes. As indicated in the University's agreement with OFFA for the period 2012/13, the collegiate University will spend 46% of 'additional income' arising from the fee increases on access measures. In the first year of the new arrangements alone (2012/13), an additional £11.65 million will be spent on financial support, student services and outreach. This spend will increase as more cohorts come under the new regime. Based on current student profiles, one in six UK students at Oxford will receive a fee waiver (those with household incomes under £25,000) and a quarter will receive a bursary (those with household incomes under £42,600). The collegiate University will provide the lowest-income UK students with financial support totalling £10,000 per student in their first year and over £6,000 per student in every later year.

Thanks to a generous pledge, the first tranche of which was received in August 2012, by Michael Moritz and his wife Harriet Heyman, students with household incomes of less than £16,000 may also be eligible for a programme of further support. The Moritz-Heyman Scholarship Programme has been founded on a £75 million future commitment which, with a matched funding challenge to the collegiate University, will seek to generate an unprecedented total of £300 million. This transformative scheme will provide those eligible with additional funding, opportunities to take part in volunteering activities, and at least one internship during the summer vacation.

Graduate admissions and funding

Applications for graduate study rose by 3.7% compared with 2010/11: the application numbers for entry in 2012/13 are not yet complete but over 19,200 applications⁷ for graduate study have been received, exceeding undergraduate application numbers for the fourth year running.

The Graduate Admissions and Funding Office is responsible for managing over 50 scholarship schemes at Oxford, provided by the collegiate University and external organisations including Research Councils, government bodies and charitable foundations. New scholarships offered for 2012/13 entry include: Wolfson Postgraduate Scholarships in the Humanities; Yousef Jameel Scholarships in Oriental Studies; the Generations for Peace Scholarship; and several Blavatnik School of Government Scholarships. The amount of money to be disbursed is the highest amount to date (£13 million in 2012/13 compared with £11.3 million in 2011/12). A significant development is the creation of the Graduate Scholarship Matched Fund, which will offer donors to the collegiate University the opportunity to match their gift with University funds; £40 million will be available over a five-year period to be matched against donor gifts.

At postgraduate level, nearly a third of students are fully supported with competitively won scholarship funding, receiving funding for University tuition fees, college fees and living expenses; and a further 10% are partially supported in this way. At doctoral level, 58% of all students receive full scholarship funding.

⁵ A residential course for high-performing state school students from schools which have little history of sending students to Oxford and/or from areas of socio-economic deprivation

⁶ Further details available at <http://www.ox.ac.uk/feesandfunding/ugcurrent/oob/>

⁷ The figure is accurate as at publication date

This year saw the 10th anniversary of the Clarendon Fund (a major graduate scholarship scheme) and the arrival of the 1,000th scholar was celebrated in Michaelmas Term 2011. As a result of opening up the Clarendon Fund to UK/EU students as well as overseas graduates, an additional 50 Clarendon scholarships have been offered for 2012/13 entry. Seventy-six of the scholarships have been partnered with a record £1.4 million of college awards. A new initiative for 2011/12 provided a framework for colleges to partner with studentships offered by the seven UK Research Councils. To date for 2012/13 entry, over £1 million has been awarded by colleges through this scheme, with over 40 awards made in partnership with Research Council UK funding. This partnership model has been highly successful and it is hoped that it can be extended further in future.

2011/12 also saw an extremely generous pledge from Mica Ertegun to create The Mica and Ahmet Ertegun Graduate Scholarship Programme in the Humanities; the programme will support at least 35 fully-funded graduate Humanities scholars in any one year and the first of the scholarships have been awarded to students admitted starting in 2012.

Support and educational services

Oxford provides a wide range of high-quality support services and facilities, available at both college and University level, including:

- a Disability Advisory Service, which supports in the region of 1,300 students annually, and provides information and guidance so that students' disability-related study needs can be met by colleges, University departments and faculties;
- a Student Counselling Service, which provides free, specialist interventions through a professionally-staffed confidential service to students who experience psychological distress;
- a Careers Service, which serves almost 20,000 Oxford-based student clients and many hundreds of employers, and is also open to the tens of thousands of University alumni.

The academic work of faculties, departments, and colleges is supported by The Oxford Learning Institute, which exists to support excellence in learning, teaching and research at the University by promoting professional, vocational and management development and contributing to policy development.

Objective 3: to lead the international research agenda across the University's disciplinary spectrum and through interdisciplinary initiatives.

The University is committed to disciplinary excellence in research across the spectrum of the sciences, medicine, the social sciences and the humanities, and to interdisciplinary research initiatives. Its ambitions, activities, global connections and reach are influenced by more than eight centuries of discovery and public engagement. The scale of the University's research activity is substantial: more than 70 departments, over 1,600 academic staff, more than 3,500 research and research support staff, and over 4,600 postgraduate research students are involved.

External research income

Research	2012	2011
Revenue in year (£'m)	409.0	376.7
Growth in revenue (%)	8.6%	2.6%
Value ⁹ of grants and contracts awarded in the year (£'m)	541	530
Number of awards received (grants and contracts)	1,938	1,793

The two single largest sources of support for research at Oxford are the Research Councils and UK charities. Research Council funding is extremely important in facilitating a wide range of projects, major research programmes and interdisciplinary initiatives, research training, and international collaboration. Support from across the UK charity sector, from the largest funders, such as the Wellcome Trust, Cancer Research UK, the British Heart Foundation and the Leverhulme Trust, as well as from a large number of smaller charities, is also vital to research excellence and impact at Oxford.

⁹ This is the total value of the award at announcement and reflects the value over the duration of the award (which typically ranges from one to five years). The majority of the corresponding revenue will be accounted for in future years.

There is extensive collaboration with leading university networks, among researchers and with public agencies, business and health-care providers in the UK and internationally. Research-related business and community interaction is supported from University resources and from the HEFCE Higher Education Innovation Fund ('HEIF 5'). 2011/12 saw an increasing emphasis on research collaborations with UK and overseas industry.

Highlights in the past year include the establishment of The Oxford Research Centre for the Humanities, which provides a hub for early career researchers, a focal point for knowledge exchange, public engagement and the Humanitas Programme, and an incubation space for new interdisciplinary research projects. 2011/12 has been the most successful year to date for the Mathematical, Physical, and Life Sciences Division in the prestigious European Research Council competitions, with a total of 15 awards. The Oxford Cyber Security Centre was launched in March 2012. The Tropical Medicine Wellcome Trust Major Overseas Programme in Thailand Core Grant was renewed. External research funding won by researchers in Medical Sciences exceeded £220 million for the year.

The University warmly acknowledges the role of all its funders in supporting its research efforts and the significant contributions made by its collaborators, both of which are central to the generation of public benefit through the University's research activity.

Research impact

The University seeks to maximise the benefits of research by advancing fundamental knowledge and contributing to better public policy, improved health outcomes, economic prosperity, social cohesion, international development, community identity, the arts, culture and the quality of life.

Oxford staff and student researchers address many of the major challenges that face our society, from language conservation to new vaccines, ageing to obesity, new energy sources to biodiversity. They use innovative research techniques and modern technology, both to examine problems of the modern world and to understand better the ancient world.

The digital age is providing new ways for the public to take part in the University's research projects and access knowledge through blogs, wikis, social networking sites, podcasts, and online archives. 2011/12 saw the launch of Oxford Sparks⁹, a site for engaging with exciting science taking place across the University; it features hundreds of varied resources, including videos, science trails, activities to try at home, mobile phone apps, games, podcasts, and virtual tours.

The University also seeks to ensure that, wherever appropriate, inventions are transformed into commercial ventures which in turn create innovative products, new skills, jobs and wealth. This is achieved in particular through the work of Isis Innovation Ltd ('Isis'), the University's wholly-owned technology transfer company. Isis supports the exploitation of intellectual property created by the University's researchers for the benefit of society and the economy, both in the UK and internationally, while ensuring that a reasonable proportion of the financial rewards flow back to the University and its researchers. In the year to 31 March 2012, Isis revenues increased by 21% to £10.2 million with growth across all areas of the business. Isis generated a return to the University and its researchers of £5.3 million¹⁰, and created shareholdings for the University in five new spin-out companies worth £3 million. Isis now has offices in Oxford, Madrid, Hong Kong and Kyoto to enable it to transfer technologies and investment opportunities, and develop technology management capabilities around the world.

The Oxford Impacts series¹¹ records and celebrates the range of impacts the University has on the world of policy, health, business and culture. Isis Impacts highlight a number of technologies arising from Oxford research that are having a major impact on 21st century lives¹².

Objective 4: to make further significant contributions to society, regionally, nationally and internationally, through the fruits of its research and the skills of its alumni, its academic and educational publishing activities, its entrepreneurial and cultural activities and policy leadership, and its work in continuing education.

The University makes the diverse benefits of its teaching and research activity widely available in order to promote the common good. The results of its research and innovation are published in books, academic journals, through conference presentations, in the local, national and international media and online.

⁹ <http://www.oxfordsparks.net/>

¹⁰ <http://www.isis-innovation.com/documents/IsisAnnualReport2012.pdf>

¹¹ http://www.ox.ac.uk/research/research_impact/oxford_impacts/index.html

¹² <http://www.isis-innovation.com/documents/IsisImpacts2012.pdf>

Oxford University Press

Oxford University Press ('the Press') is the largest university press in the world and, as a department of the University, advances learning by disseminating academic and educational material worldwide in printed and electronic form. Its international operations extend the University's reach through a combination of high-quality publishing across the educational and academic spectrum and a network of offices across more than 50 countries. The Press publishes more than 6,300 new titles each year across a broad range of areas: from primary and secondary school education texts, English language teaching resources, and children's fiction, to university textbooks, scholarly monographs and journals, and a wide range of dictionaries. The Press's titles also include award-winners – 110 last year – many given in acknowledgement of the outstanding quality of the publishing. The Press uses digital channels to find new and innovative ways of reaching a wider variety of people, with hundreds of online resource sites, as well as online products such as the Oxford English Dictionary Online, several hundred apps for mobile devices, and e-books, of which they published more than 5,000 new titles last year. The Press also utilises emerging business models in order to allow its content to be publicly available, including open access – 110 of its scholarly journals now offer an open access publishing model. Being committed to providing access to those with a low resource base, the Press engages in a range of schemes to allow institutions in developing countries to have free or low-cost access to its journals, scholarly online services, and medical handbooks.

In May 2011, the Press was alerted by the World Bank to the possibility of irregularities with payments related to tenders in East Africa. The Press has reached independent agreed resolutions with the World Bank Group and the Serious Fraud Office in the UK, after voluntarily reporting the findings of a Press investigation into past payments relating to a number of tenders in two East African countries between 2007 and 2010. The Delegacy of the Press is taking steps to strengthen the Press's compliance procedures and reporting structure in response to these irregularities.

Online channels

The University's site on iTunesU (<http://itunes.ox.ac.uk>) features more than 3,000 free audio and video podcasts, some of which are accompanied by free epublications. Since the site was launched in 2008, more than 18 million downloads have been made worldwide on topics ranging from research and courses of study to information about the museums and libraries. Oxford's podcasts frequently appear in the iTunesU global top ten, including Marianne Talbot's 'Philosophy for Beginners' and the Centre for Entrepreneurship and Innovation's 'Building a Business'.

The University's YouTube channel (www.youtube.com/user/oxford), which has had over 680,000 channel views, features more than 200 videos, ranging from a lecture series on quantum mechanics to a series of short films profiling choral music at Oxford.

The University's online news pages (www.ox.ac.uk/news) provide daily news about Oxford's research findings as well as institutional and educational developments, and attract over one million visitors per year. The news pages include the Oxford Science Blog (www.ox.ac.uk/scienceblog) and the Arts at Oxford blog (www.ox.ac.uk/artsatoxford), which together receive nearly 170,000 visitors. In addition, the University's research pages (www.ox.ac.uk/research) have 700,000 visitors each year.

Media

The University communicates its teaching and research activity and disseminates its research findings to the widest possible audience by working with the international, national and local media. The majority of proactive news produced by the University's Press and Information Office relates to disseminating findings from world-leading research across a wide range of subject areas. Scores of articles appear every day in the worldwide media relating to Oxford's teaching and research.

Libraries, museums and collections

The tens of millions of objects in the University's collections form one of the largest and most important repositories in the world. They support world-class levels of teaching and research at Oxford and also provide accessible resources for the public. The five University museums all offer free admission to visitors, with over two million visits recorded each year, 110,000 of which are children on school visits.

In recent years, the libraries, museums and collections have dramatically expanded their capacity to run extensive education and outreach programmes for members of the public. In 2011, more than 26,000 children took part in family-friendly activities at the museums, while over 35,000 adults took part in educational activities. At the Bodleian Libraries, more than a million items from the collections have been digitised so that researchers worldwide can access them. The Bodleian also produces digital versions of its major exhibitions to enable the exhibits and scholarship to be brought to a global audience. The Treasures of the Bodleian exhibition (October – December 2011) marked one of its most ambitious projects to date in terms of digital support and outreach, with a responsively designed website, interpretative Quick Response codes in the exhibition room, and a multi-platform mobile app helping support and extend a public debate around the question of what is a ‘treasure’ in the 21st century.

Cultural life

The University organises a large number of events each year, including public lectures and research showcases, some of which are filmed and published online so a much wider audience is able to see them. Major events during 2011/12 included the Oxford London Lecture, which was given by Professor Sarah Harper on the theme of population ageing; the Romanes Lecture, which was given by Professor Lord Rees of Ludlow on the limits of science.

The University also makes a major contribution to the cultural life of the city and region. The Faculty of Music hosts public concerts and workshops; Oxford Philomusica, the orchestra in residence at the University, maintains a programme of education and community work in schools, hospitals and community centres; and the University is a major financial supporter of the Oxford Playhouse. Each year in September, the University and many of the colleges partner with the Oxford Preservation Trust in the annual Open Doors weekend, which offers local people the opportunity to explore the city. Oxford Open Doors is now the largest heritage open days event in the country: in 2011, 60,000 visits were recorded to over 185 venues and activities across the city, with Magdalen College the most visited venue in the country.

Sporting life

The University ensures its rich sporting tradition is fed back into the community. The CommUniSports scheme runs community coaching and sports projects, mainly with schools, and more than 1,500 children have taken part since it began in 2003. Many University sports facilities, including the University’s gym and the Rosenblatt Swimming Pool, are accessible to local residents, and local state schools have free swimming lessons at the pool during the school term. The arrival of the Olympic torch in Oxford on 9 and 10 July 2012 enabled the University to host an Olympics event for local school children on the afternoon of 9 July. The event involved 55 Year 6 students from East Oxford Primary School and Larkrise Primary School visiting the Iffley Road Sports Ground to try fencing and rowing and to learn more about the history and ethos of the Olympics.

Student volunteering

The University’s student body is heavily involved in voluntary activity, from community projects such as running afterschool clubs for GCSE students to projects in the developing world, such as the student charity Travel Aid, which has in recent years established an HIV/AIDS clinic in Kenya and taught English to the Masai in Tanzania.

The focal point for student charitable activity is the Oxford Hub, which was founded in 2007 and is now one of Oxford’s biggest student-run organisations. The Hub links students with local and international community activities, placing 600 student volunteers in the local community. It also advises them on setting up their own projects and offers training and information on social and environmental issues and careers. The University works in partnership with the Oxford Hub to deliver the Vice-Chancellor’s Civic Awards, a scheme that recognises and promotes the positive impact of Oxford students on the local, national and international community. Seven students were recognised in the 2012 awards, their achievements ranging from founding an international education NGO, which reaches out to over 100 teachers and 2,500 underprivileged children in rural areas in India, to setting up a not-for-profit social enterprise that works with schools, health and welfare professionals and military charities to support service children.

Health

The University has for many years worked closely with local hospitals. Most patients in Oxfordshire come into contact at some point with a University medic: many are on joint NHS appointments and many NHS consultants and GPs hold honorary positions in the University and contribute to the teaching of medical students. Such a close relationship between the University and the local NHS has resulted in a strong practical partnership in research, training and patient treatment. In recognition of this close working relationship, in November 2011 the local NHS hospitals trust was renamed the Oxford University Hospitals Trust.

Further afield, the University has a permanent network of tropical medical research programmes in Kenya, Thailand and Vietnam, with sister groups in Laos, Tanzania, Indonesia and Nepal. Each involves collaborations between Oxford, the Wellcome Trust and local institutions such as the Kenya Medical Research Institute, Mahidol University in Thailand and the Hospital for Tropical Diseases in Vietnam. The outstanding success of these collaborations has directly influenced the World Health Organisation's policies. Currently, recommended treatments for malaria, dengue shock syndrome, typhoid, melioidosis, TB, meningitis, diphtheria and leptospirosis are all based on the programmes' work.

More information about the full range of Oxford's health-related overseas partnerships is available at www.ox.ac.uk/globalhealth.

Objective 5: to attract, develop and retain academic staff of the highest international calibre and make the University and its colleges employers of choice for all staff in the international, national, and local environments.

Staff

Staff are the major resource of the University, representing 51.4% of expenditure, as shown in the table below:

	2012	2011
Average number of staff	9,540	9,140
Staff costs as a % of expenditure	51.4	52.8

Source: OPENdoor

Further information on the University's workforce is available at: <http://www.admin.ox.ac.uk/personnel/figures/>.

The collegiate University is the largest employer in Oxford and second largest employer in Oxfordshire, supporting more than 18,000 jobs. Oxford's academic community includes 80 Fellows of the Royal Society and 100 Fellows of the British Academy. The successes of Oxford's academics are recognised regularly in the award of prestigious international prizes.

The University is committed to attracting, developing, rewarding and retaining academic staff of the highest international calibre, and to making the University the employer of choice for all staff. A key challenge for the University is to maintain and enhance its competitive position in the international employment market (not least given the challenges of the increasingly stringent and complex national immigration regime), as well as to sustain staff morale in a challenging economic climate.

The University has continued to implement measures aimed at ensuring the prudent management of staffing costs, through enhanced scrutiny of recruitment in order to contain the growth in posts funded by core University funds, and the suspension of the merit pay schemes for all staff groups. The rigorous approval process for recruitment to all new and existing posts introduced in 2009 has resulted in the stabilisation of internally-funded staff numbers, which hitherto had been steadily increasing. The University has nonetheless continued to attract and retain outstanding academics, competition for whom has increased with the approach of the Research Excellence Framework.

Under proposals approved by Congregation, arising from the Task Force on Academic Employment, in the coming year consideration will be given to the question of what the priority should be for further investment in the terms and conditions of employment in the annual budget round. This includes the implementation of the new structure for merit pay for academics, and the possible reinstatement of merit review for other staff.

The statutory default retirement age was abolished from 1 October 2011. Following extensive consultation, the University has agreed to maintain an Employer Justified Retirement Age of 67 for academic and related staff. Procedures have been introduced to enable staff to request to continue employment beyond the retirement age if there are particular reasons why continued employment would be of benefit to the institution.

An important element of total staff remuneration is the provision of pension benefits. The majority of staff are entitled to become members of principal contributory defined benefit pension schemes. These schemes provide valuable guaranteed benefits based on the employee's salary and length of service with the University. Changes to the Universities Superannuation Scheme ('USS'), which were agreed nationally, came into force on 1 October 2011. USS have announced that its latest formal actuarial valuation at 31 March 2011 shows a funding level of 92% with a deficit of £2.9bn (see note 35 on page 53). In March 2012, the USS issued a summary funding statement by which time the funding position had deteriorated to 77% due to a 24% increase in the liabilities, which had not been matched by a 4.4% increase in the assets, resulting in a deficit of £9.8bn. USS are currently considering how to respond to the deteriorating funding position.

The Oxford Staff Pensions Scheme ('OSPS') for support staff has been reviewed in the past year with the aim of ensuring that the scheme remains affordable and sustainable in the long-term. Following a major consultation exercise, changes will be implemented from 1 January 2013.

The number of externally-funded research staff has grown (although at a slower rate than in the recent past) as the University has continued to win research grants, albeit in an increasingly competitive environment. Work continues on strengthening support for the career development of researchers.

At national level, employee relations deteriorated with the University and College Union ('UCU') initiating a campaign of action short of a strike in October 2011 and a one-day strike on 1 November 2011 (both connected to a dispute over changes to USS); and Unite called on its members to take action short of a strike in connection with a dispute over the 2011 national pay award. In September 2012, in response to several years of below inflation increases, coupled with ongoing union dissatisfaction over the changes to USS, a vote on industrial action was taken by UCU members, who voted against strike action. Although relations with the unions remain good at the University level, national disputes may impact locally.

The promotion of equality and diversity remains an important feature of the recruitment and employment of all staff. The University is vigorously engaged in the Athena Swan initiative to promote women in science. In the course of the year, two departments have achieved Silver awards and three have achieved Bronze awards under this scheme.

Objective 6: to deliver outstanding facilities and services and manage them effectively and responsibly for the benefit of staff and students

Facilities

Despite economic pressures, academic activity has continued to attract funding and the demand for new and more functional space continues. In 2011/12, the University's functional estate grew by 2%, to approximately 602,000 square metres.

Investment in new buildings (and in enhancing the quality of the University's existing building stock) is helping to improve the condition, functional suitability and environmental performance of the functional estate. Nonetheless, across the disciplines, many of the University facilities remain poorly suited to current and projected levels of research undertakings and graduate study and the ongoing investment required is considerable.

	2012	2011
Building and equipment additions	£152.1m	£105.1m
Capital grants received	£56.2m	£57.5m
Building repairs and maintenance	£16.2m	£14.6m
Repairs and maintenance as % of building insurance value	0.6%	0.6%
Buildings (sq.m. gross internal area x 1000)	602	590

Progress has been made in the following areas:

- projects achieving completion in the current year included Phase II of the Saïd Business School for Executive Education, refurbishment of the Ashmolean Egyptian Galleries, the provision of executive accommodation in 12 Wellington Square for the Department for Continuing Education, and the Oxford Centre for Functional MRI of the Brain at the John Radcliffe Hospital enabling installation of new 3T and 7T magnets, providing the most advanced research facilities of their kind.
- construction works have progressed at the Radcliffe Observatory Quarter ('ROQ') with three projects being completed this year: the student accommodation for Somerville College; New Radcliffe House, incorporating the relocated Jericho Health Centre; and the refurbishment of the Grade II* listed Radcliffe Infirmary Building. Construction work has also started on the New Mathematics Institute. Design work for the next major project planned for the ROQ, the Blavatnik School of Government, has been progressing well, with its exciting design due for planning submission towards the end of 2012.
- the New Bodleian Library project continues to progress well on site, with completion still on programme for 2014.
- at the University's Old Road Campus site in Headington work started on both the Nuffield Department of Medicine and Kennedy Institute buildings during the year.
- at the University's site at Begbroke, the new access road direct from the main Woodstock Road was completed. A review of the masterplan for the site prior to considering further development opportunities is now proposed.
- extending and improving the University's graduate accommodation continues to be one of the priorities. During the year planning approval was received for the refurbishment of Summertown House, and construction work started on the 312 units planned for the remainder of the site at Castle Mill.
- work commenced this year on a major programme of window replacement, a long-term project which will help the University to meet its sustainability targets and improve working conditions in University buildings. Windows in the Denys Wilkinson Building (Department of Physics) and the Inorganic Chemistry Laboratory were among those replaced this year. Work is also ongoing to improve landscaping through the science area.
- the first phase of work to repair the roof of the University Museum of Natural History has been successfully completed with the next phase programmed to start early 2013.
- during the year a number of awards were received by University developments, including a National RIBA award for the Somerville student accommodation and a Regional RIBA award for the Ashmolean Egyptian Galleries project.

Heritage assets

The heritage assets held by the University are substantial and include collections of books, art, historical antiquities, and major museums. The value of new heritage assets acquired in 2011/12 was £0.7m with the most valuable acquisition a terracotta model by the French sculptor Clodian. The acquisitions for 2012/13 will be significantly higher with the inclusion of the Portrait of Mademoiselle Claus by Manet, which, after a public campaign for donations, was acquired in August 2012 for £7.8m.

Environmental policy

The University is committed to reducing the environmental impact of its activities and has an environmental policy which sets out its approach to managing eight key areas: energy, greenhouse gases, water, sustainable buildings, travel, waste, sustainable purchasing and biodiversity.

During 2011/12, implementation of a Carbon Management Strategy and Water Management Strategy got underway. Building energy surveys of the top ten energy-using buildings were carried out and a detailed five-year implementation plan agreed.

Recent initiatives include:

- water saving projects which have achieved savings of 7,650m³ worth £16k;
- £100k invested in pedestrian, cycling and travel infrastructure projects including extra cycle parking, departmental lockers and showers and increased security and access arrangements;
- £170k invested in departmental energy saving initiatives during 2011/12;
- energy saving projects across the estate have covered departmental server upgrades, improved heating, ventilation and air conditioning control and lighting improvements;
- the University's first Sustainability Report detailing targets and initiatives;
- work with Library Services has identified over 1,000 tonnes of annual potential CO₂ savings across buildings used by the department.

Oxford Thinking: The Campaign for the University of Oxford

The Oxford Thinking Campaign continues to move from strength to strength. The minimum target of £1.25 billion was surpassed in March 2012, and the Campaign total reached £1.37 billion by July 2012. During 2011/12, Oxford secured two particularly notable gifts: more than £26 million pledged to establish the Mica and Ahmet Ertegun Graduate Scholarship Programme in the Humanities¹³, and £75 million pledged by Michael Moritz and Harriet Heyman: the largest philanthropic gift for undergraduate financial support in European history¹⁴. The latter gift takes the form of a 'matched funding challenge' to the collegiate University and will seek to generate an unprecedented total of £300 million to support UK undergraduates from lower-income backgrounds.

Following an extensive consultation and review process over the past 18 months, the decision has been taken to extend the Campaign and continue fundraising. To that end, a revised goal of £3bn has been announced. As has been the case with the first stage of the Campaign, all of the gifts received for Oxford Thinking will contribute to the collegiate University's three agreed priorities – supporting students, academic posts and programmes, and investing in capital infrastructure – within the colleges, academic divisions and departments, libraries, museums and collections, and to sports and other activities. The remarkable generosity of Oxford's many alumni, friends and benefactors, together with the involvement and support of academics, students and staff across the University and colleges, remains critical to the success of the Campaign and to the success of the collegiate University. Further information about the Campaign can be found at: www.campaign.ox.ac.uk.

FINANCIAL SUMMARY

The key financial objectives of the University are to provide the long-term resources to strengthen and further its pre-eminent position nationally and internationally as a place of outstanding learning, teaching, and research; and to enable it to provide additional support to its three core priorities of students, academic posts, and buildings. To achieve these objectives, the University is seeking to increase its endowment, through the Oxford Thinking Campaign.

Income growth has accelerated in 2011/12 with total income reaching £1bn for the first time; however, the upward pressure on costs and the need to invest for the future continue to be significant. Whilst the University generated a surplus for 2011/12 of £52.3m (2010/11: £15.4m), at 5% of income this is not sufficient to maintain the long-term sustainability of the University. The net surplus is calculated after a reduction in the impairment of the University's deposits with Icelandic banks of £0.8m (2011: £8.1m) and accounting for the transfer from expendable endowments of £7.9m.

¹³ Additional information about this scholarship programme appears under Graduate Admissions and Funding on page 6

¹⁴ Additional information about this scholarship programme appears under Undergraduate Admissions, Outreach, and Funding on page 5

Financial Summary	2012 £'m	2011 £'m
Income	1,016.1	919.6
Expenditure	(971.8)	(908.2)
Surplus on ordinary activities	44.3	11.4
Donation of assets to Green Templeton College	-	(5.6)
Minority Interest	0.1	-
Transfer from expendable endowments	7.9	9.6
Surplus for the year retained within General Reserves	52.3	15.4

Income

Compared with the previous year, income to the University rose by 10.5%, from £919.6m to £1,016.1m. The main reasons for the increase are:

- research grants and contracts continue to be the largest source of income to the University and increased by 8.6% to £409.0m, most of which was matched by related expenditure.
- grants from the Higher Education Funding Council for England (HEFCE) represent the second largest source of University income and amounted to £203.6m, up by 1.6%.
- academic fees and support grants totalled £173.3m, up by 13.5% as a result of increased fee levels and student numbers.
- donations increased from £23.0m in 2010/11 to £26.3m in 2011/12. Donations received during the year for capital projects and endowments, two of the main priorities of the Oxford Thinking Campaign, are for capital purposes and are not part of donation income and totalled £40.5m.
- the Income and Expenditure Account included gains on translating and realising US Dollar and Euro balances arising from research activity of £2.7m (2010/11 £1.2m). This arose primarily from the favourable movement in the US Dollar and Euro rates.
- endowment and investment income increased by 17.3% to £36.7m. The main reason for the increase was inclusion of a full year's investment income arising from the receipt in mid year 2010/11 of an endowment of £203.5m from the Press.
- included within income in 2011/12 is £53.8m received from the Press (2010/11 £37.0m).

Expenditure

The University's expenditure of £971.8m was 7.0% higher than in 2010/11.

Staff costs totalled £499.1m, an increase of 4.1%. This resulted from an annual negotiated pay settlement of 0.4%, annual promotional salary increments, and a 4.3% increase in the average number of staff, offset by a reduction in early retirement charges.

Other operating expenses amounted to £415.7m, an increase of 9.0%. The largest component of the increase related to externally funded research grants and contracts.

Depreciation has increased from £53.3m in 2010/11 to £55.8m in 2011/12, mainly due to fixed asset additions during the year.

Cash Flow and Financing

The increase in surplus for the year led to an increase in net cash flow from operating activities of £34.6m. Capital expenditure of £139.2m is up from £103.8m in 2010/11. After the net cash impact of investment activities of £87.6m and other inflows, the increase in cash for the year was £42.3m.

	2012	2011
	£'m	£'m
Net cash inflow from operating activities	34.6	2.0
Capital expenditure	(139.2)	(103.8)
Capital grants received	56.2	42.7
Net cash impact of investment activities	87.6	(20.2)
Transfer of cash to Green Templeton College	-	(5.8)
Other inflows	3.1	4.8
Increase/(Decrease) in cash	42.3	(80.3)

The University has bank loans outstanding totalling £41.4m. Borrowing as a percentage of net assets was 1.9% (2010/11: 2.0%).

Investment performance

The University's investments are managed as the Oxford Endowment Fund, the Oxford Capital Fund, the Deposit Pool, Cash and Bond Fund and equity in spin out companies and venture capital funds. For accounting purposes these investments are allocated to the appropriate category in the balance sheet, either Endowment Assets, Fixed Asset Investments, Current Asset Investments or Cash.

■ *Oxford Endowment Fund*

The Oxford Endowment Fund was established by the University on 1 January 2009, under the provisions of the Universities and Colleges (Trusts) Act 1943. The purpose of the fund is to administer collectively the assets of trusts administered both by the University itself, and by other trustees for purposes related to the University. It is managed by Oxford University Endowment Management Ltd (OUEM) under investment and distribution policies set by the Investment Committee and Council. The Fund is open to the University, Colleges and funds and societies connected to the University. The University operates a total return investment policy.

The Investment Committee has established an investment policy and related asset allocation strategy which is designed to achieve a target 5% real rate of return over the long-term, with an expected maximum level of volatility of the MSCI World Index. A target spending rate of 4% is designed to provide for as much spending as possible without depleting the fund's real value. This represents the University's best estimate of the long-term real rate of return on endowment investments and is reviewed regularly.

Income earned by the endowed assets and revaluation gains or losses are credited or charged directly to the endowment. Expenses incurred in the management of the endowment are charged to the endowment.

The University's share of the Oxford Endowment Fund represents the collective endowments of approximately 800 individual Trusts. The Fund is unitised, and in return for cash subscriptions each Trust receives a percentage interest in the whole portfolio.

■ *Oxford Capital Fund*

The University established the Oxford Capital Fund on 1 January 2010 as an investment vehicle for funds with a medium term expenditure need. The Fund is open to the University and to Colleges, funds and societies connected to the University and is designed to allow for subscriptions and withdrawals on a quarterly basis.

■ *Investment performance*

At 31 July 2012, the market value of the Oxford Endowment Fund was £1,036.9m (2010/11: £985.7m); and the market value of the Oxford Capital Fund was £417.4m (2010/11: £415.8m).

For the year to 31 July 2012, the Oxford Endowment Fund returned 3.3% (2010/11: 10.6%) and the Oxford Capital Fund 2.4% (2010/11: 8.5%).

2011/12 was broadly a period when equity markets were weak and traditional safe havens such as sovereign bonds performed more strongly. This risk averse phase was principally driven by concerns over the rate of global economic growth, systemic risk in Europe, and a relative cooling in Emerging Market demand. Governments and

central banks continued to promote fiscal and monetary measures in order to stimulate economic activity and to provide liquidity to markets, but a series of negative developments, principally in the Eurozone, drove investors out of risk sensitive investments and into the highest rated sovereign debt.

The Oxford Endowment Fund returned 3.3% over the period compared to the benchmark of 0.1%. The principal driver of this significant outperformance was the gains in the Fund's public and private equity investments relative to broader equity markets. The Oxford Capital Fund returned 2.4% compared to the benchmark return of 3.9%. The principal driver of this relative underperformance was a weakness in the returns of the Fund's real asset investments, which suffered given the backdrop of concerns over demand growth.

■ *Other investments*

The University's short-term cash requirement is managed in the Deposit Pool by the University's Treasury team under the supervision of the Finance Committee. A cash and bond fund has been set up to manage more actively the University's surplus short-term cash.

Treasury policy and risk

The University applies a series of policies designed to manage treasury risks including liquidity risk, exchange rate risk and credit and counterparty risk. These policies are contained in the Treasury Management Code of Practice prepared in accordance with HEFCE and CIPFA guidelines and annually reviewed by the Finance Committee. In recent years the Finance Committee has paid particular attention to the policies designed to manage counterparty risk and exchange rate risk.

Principal risks and uncertainties

The principal risks facing the University remain unchanged and are its long-term ability to attract the best staff and students, to maintain and develop its research capability and to maintain an appropriate infrastructure.

The University has developed comprehensive risk registers at both a strategic level and at individual departmental and divisional levels. The process by which risk and uncertainty is managed throughout the University is described on page 21.

The key financial uncertainties and risks include:

- the possibility of further cuts in Government support for teaching and research.
- financial constraints on research funding bodies and their unwillingness to fund the full costs of research.
- uncertainty in the financial markets impacting on investment returns and the value of the endowment.
- the continuing economic success of the Press.
- pressures on the cost base and the level of support for capital investment.
- the increasing and uncertain costs of pension provision in the current low interest rate environment which may result in higher pension contributions in the future.
- failure to invest in our infrastructure and meet student expectations.
- the impact of Government policies and regulation on our ability to remain competitive internationally.

Notwithstanding all of these challenges, the University will continue to seek to manage its sources of revenue effectively and its costs efficiently in order to generate the positive long-term cash flow needed to ensure that Oxford maintains its pre-eminent position amongst the world's leading universities.

Governance Statement

The University has an established governance structure which comprises both Congregation and Council. Congregation, the ultimate legislative body of the University, is composed of virtually all academic staff and certain research support staff, administrators and librarians. It has responsibility for considering major policy issues submitted to it by Council or members of Congregation; elects members to certain University bodies, including Council and the Audit and Scrutiny Committee; and approves changes to the University's Statutes and Regulations, which define the governance structure.

HEFCE requires the University to incorporate an explanation of the ongoing differences between the University's governance arrangements and the Committee of University Chairs ('CUC') Guide for Members of Higher Education Governing Bodies in the UK. A description of the differences can be found in the table available at http://www.admin.ox.ac.uk/councilsec/gov/gov_comp/.

Responsibilities of Council

Council, composed of members of Congregation elected by Congregation, ex officio members and lay members, is the University's executive governing body. It is responsible, under the Statutes, for 'the advancement of the University's objects, for its administration, and for the management of its finances and property' and has 'all the powers necessary for it to discharge those responsibilities'. Council is therefore responsible for the academic policy and strategic direction of the University, including its relations with colleges and external relations, and for the administration of the University. Council's primary financial responsibilities are the management of the University's finances and assets, in accordance with the conditions of the Financial Memorandum between HEFCE and the University. It is responsible for keeping accounts and records of all funds administered by Council and for prescribing the form in which institutions, departments, boards, committees and delegacies of the University shall keep their accounts. Council is also required to take such other steps as it may consider necessary for the efficient and prudent conduct of the University's financial business, and accordingly to take reasonable steps:

- to safeguard the assets of the University and prevent and detect fraud and other irregularities;
- to ensure that income has been applied in accordance with the University's Statutes and its Financial Memorandum with HEFCE and its funding agreement with the Teaching Agency;
- to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- to secure the economic, efficient and effective management of the University's resources and expenditure.

From time to time Council reviews its own effectiveness and the institution's structures and performance to ensure it is able to satisfy itself that it is able to discharge its external accountability (including audit) requirements both in the academic and financial spheres.

All decisions concerning the University are made by Council or by any other body or person to whom Council delegates such decision-making powers, always subject to the powers of Congregation. Council meets monthly (except for August) and is chaired by the Vice-Chancellor.

The Statutes and Regulations require Council to prepare financial statements¹⁵, which include the accounts relating to the teaching and research activities of the University and the accounts of the University's subsidiary undertakings. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Financial Statements are required to give a true and fair view of the assets and liabilities of the University (other than the Press) and its subsidiary undertakings at the end of the financial year and of their income and expenditure for the year under review. They must also comply with the requirements of HEFCE. In preparing the Financial Statements, Council is required to:

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

Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website.

¹⁵ See footnote 2 on p. 4. The Financial Regulations do not apply to the Press, as the Press has its own financial regulations and procedures, so that the accounts of the Press are not consolidated in these financial statements. An auditor appointed annually by Council separately audits the Press's accounts.

Membership of Council

The members of Council are the Charity Trustees of the University. Membership of Council from 1 August 2011 to 26 November 2012 was as follows:

Position	Name	Date
<i>Ex officio members</i>		
<i>Vice-Chancellor</i>	Professor A Hamilton	Throughout
<i>Chairman of Conference of Colleges</i>	Dr F Lannon, Principal of Lady Margaret Hall	To 30 September 2011
	Mr T D Gardam, Principal of St Anne's	From 1 October 2011
<i>Head of the Medical Sciences Division</i>	Professor A M Buchan	Throughout
<i>Head of the Mathematical, Physical and Life Sciences Division</i>	Professor A Halliday	Throughout
<i>Head of the Humanities Division</i>	Professor S West	Throughout
<i>Head of the Social Sciences Division</i>	Professor R Goodman	Throughout
<i>Senior Proctor</i>	Mr L Whitehead	To 16 March 2012
	Dr H Dorkins	From 17 March 2012
<i>Junior Proctor</i>	Professor B Rogers	To 16 March 2012
	Dr A B Zavatsky	From 17 March 2012
<i>Assessor</i>	Rev'd Dr T Morgan	To 16 March 2012
	Dr H L Spencer	From 17 March 2012
<i>Elected by the Conference of Colleges</i>		
	Professor P Madden	Throughout
<i>Elected by Congregation</i>		
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 A M Etheridge	Throughout
	Professor M S Williams	Throughout
	Professor P A Robbins	Throughout
	Professor S Cooper	To 30 September 2012
	Professor K Davies	From 1 October 2012
One of four members of Congregation elected by Congregation from members of the faculties in the Divisions of Humanities and of Social Sciences	Dr S Mapstone	Throughout
	Dr P Coones	To 30 September 2011
	Dr E Smith	From 1 October 2011
	Dr E J Garnett	To 30 September 2012
	Professor N MacFarlane	From 1 October 2012
	Dr J Nightingale	Throughout
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	Mr G I Henderson, Master of Pembroke	Throughout
	Dr S E Thomas	Throughout
	The Very Rev'd Dr C A Lewis, Dean of Christ Church	Throughout
<i>External members</i>		
	Mr B J Taylor	To 31 December 2011
	Ms J Almond	From 1 January 2012
	Sir Crispin Davis	Throughout
	Ms A Perkins	Throughout
	Sir Paul Nurse	Throughout
<i>Co-opted members</i>		
	Professor E Y Jones, Jesus	To 30 September 2011

Committees of Council

Council is advised by a range of committees, including five main committees that report directly to Council on core business: the Education Committee, the General Purposes Committee, the Personnel Committee, the Planning and Resource Allocation Committee and the Research Committee. Financial and audit committees reporting directly to Council include the Audit and Scrutiny Committee, the Finance Committee and the Investment Committee.

The Education Committee is responsible for defining and keeping under review the educational philosophy, policy and standards of the University, and for the oversight of activities relating to teaching, learning and assessment.

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 procedures for identifying and managing risks across the University's activities.

The Personnel Committee has oversight of the development and review of employment policies, and is responsible for staff relations and all personnel matters.

The Planning and Resource Allocation Committee advises Council on planning, budgets, forecasts, resource allocation and other financial arrangements; and monitors performance against plans and budgets.

The Research Committee advises Council on policy and planning issues relating to research, facilitates the preparation of external reviews of the University's research and co-ordinates the gathering of data for such reviews.

The remit of the Audit and Scrutiny Committee includes responsibility for the appointment of the University's external auditors (subject to Council's approval) and its internal audit service, and for agreeing the nature and scope of their work, and their fees. The Committee reviews the effectiveness of the University's risk management, internal control, value for money, data quality and governance arrangements, considers the annual financial statements and, under Council, oversees the policy on fraud and irregularity. Whilst senior officers attend meetings of the Audit and Scrutiny Committee as necessary, they are not members of the Committee. During 2011/12 the Audit and Scrutiny Committee had no formal responsibility for assurance over the Press's activities. However, the Committee did receive regular reports from the Audit Committee of the Press.

The Finance Committee is responsible, under Council, for the consideration of the financial resources available to the University, and for proposing, for approval by Council, the overall income and expenditure budget, the overall capital expenditure budget and the five year financial strategy for the University. The Finance Committee is also responsible for the review and provision of advice to Council on the University's annual financial statements and annual accounts of the Delegates of the Press, and providing advice to Council on the needs of the University (as established by its plans) in order that Council can take these views into account when establishing capital investment policy.

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

The Delegacy of the Press is responsible for the affairs of the Press. The composition of the Delegacy includes seventeen members of Congregation appointed by Council. The Finance Committee of the Press is established by the Delegates to direct and manage the business, assets and finances of the Press, under the general authority of the Delegates. The composition of the Finance Committee of the Press is determined by Council. The Delegacy of the Press submits the Press's Annual Accounts and report on accounts to Council. The Delegates meet fortnightly during term-time to review and approve all publishing proposals of the Press.

Statement of Internal Control and Risk Management

Council is responsible for determining the system of internal controls operated by the University and for monitoring the adequacy and effectiveness of the control environment. The University has adopted a risk-based approach to internal financial control and accepts that it is neither possible nor desirable to build a control environment which is risk free. Accordingly, the system of internal financial controls in place is designed to manage rather than to eliminate risk. The system of internal financial controls is an ongoing process designed to identify the principal risks to fulfilling the University's policies, aims and objectives, to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

Council reviews the major strategic risks to the University's activities on a regular basis, in order to identify developments, and consider any additional matters which need to be addressed. The Risk Management Steering Committee is continuing its work to embed risk management more fully across the University and regularly advises the General Purposes Committee on progress. Risk registers are established in each of the University's academic divisions and within the Academic Services and University Collections sector and by each of the University's main committees. The University's planning and budgeting framework ensures that risk management is also effectively embedded in all elements of five year planning.

The University operates a highly devolved system of management and financial control and, through its Financial Regulations, sets out a series of processes designed to safeguard assets, and to ensure effective controls over the way in which liabilities are incurred and managed. The Audit and Scrutiny Committee is satisfied that an appropriate framework of control has been applied within the University during the year; however, it notes the matters that have arisen in relation to the Press, as described on page 8.

PricewaterhouseCoopers LLP ('PwC') provided internal audit services for the year. PwC provides an assessment of the adequacy of the controls operated across the University, using standards defined in 'Accountability and Audit: HEFCE Code of Practice'.

The Audit and Scrutiny Committee met eight times to consider business relevant to the 2011/12 financial year with the University's external and internal auditors in attendance for specific, relevant agenda items at each of the committee's ordinary meetings. During these meetings, the committee agreed a programme of work for the internal audit function; received reports from internal audit, external auditors and management committees; and agreed the actions necessary to implement recommended improvements, amongst other matters. On an annual basis, PwC formally provides the Audit and Scrutiny Committee with an assessment of the adequacy of the internal control environment. The Audit and Scrutiny Committee in turn provides Council with its opinion on the status of internal controls.

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

We have audited the financial statements of the University of Oxford for the year ended 31 July 2012 which comprise the statement of accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and University balance sheets, the consolidated cash flow statement and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Council of the University of Oxford in accordance with the University's Statutes and Financial Memorandum effective August 2010. Our audit work has been undertaken so that we might state to the Council's members 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 Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of the Responsibilities of Council, it is responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

As explained in note 1 to the Statement of Accounting Policies, the University has not included the results of the Oxford University Press ('Press') in its financial statements because the Financial Regulations of Council do not apply to the Press. The Press has its own financial regulations and procedures. In this respect, the financial statements do not comply with Financial Reporting Standard 2 'Accounting for Subsidiary Undertakings'. We are unable to quantify the effect of this departure from United Kingdom accounting standards.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of affairs of the University and the Group as at 31 July 2012 and of the surplus of the Group for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion:

- in all material respects, income from the funding council and from the Teaching Agency, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2012 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2012 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council and the funding agreement with the Teaching Agency.

Matter on which we are required to report by exception

We have nothing to report in respect of the Higher Education Funding Council for England Audit Code of Practice requirement that we report to you if, in our opinion, the Statement of Internal Control (included as part of the Governance Statement) is inconsistent with our knowledge of the University.

The image shows the signature of Deloitte LLP in a blue, cursive script.**Deloitte LLP**

Chartered Accountants and Statutory Auditor

Reading

26 November 2012

STATEMENT OF ACCOUNTING POLICIES

1. Scope of the Financial Statements

The Financial Statements (apart from the University's own Balance Sheet and related notes) consolidate the accounts of the University and of its subsidiary undertakings.

After making enquiries, Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the accounts.

The Financial Statements do not include the accounts of the Oxford University Press ('Press'); this is a departure from FRS2 'Accounting for Subsidiary Undertakings'. The Delegacy of the Press is responsible under the University's Statutes and Regulations for preparing separate accounts relating to the Press for submission to Council. The Financial Regulations of Council do not apply to the Press as the Press has its own financial regulations and procedures. An extract of the Press accounts for the year ended 31 March 2012 is included at pages 56-60.

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

The Financial Statements do not consolidate the accounts of the Oxford University Student Union and its subsidiary company, as they are separate bodies in which the University has no financial interest and it does not exercise direct control 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 and St Cross College are included as they are part of the University itself.

The Consolidated Financial Statements include the University's share of the profits and net assets of material associated undertakings over which the University has a significant but not a dominant influence.

2. Basis of accounting

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments, and in accordance with both applicable Accounting Standards and the Statement of Recommended Practice: Accounting in Further and Higher Education 2007 ('SORP'), except for the exclusion of the Press.

3. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates of exchange or, where there are related forward foreign exchange contracts, at contract rates. The resultant exchange differences are included in the Income and Expenditure Account for the year.

The results, cashflows and balance sheets of overseas operations are translated at the closing rates of exchange.

4. Income

Funding Council Grants

Funding Council block grants are accounted for on an accruals basis in the period to which they relate.

Academic Fees

Fee income is stated gross and credited to the Income and Expenditure Account over the period in which students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Restricted Grant and Other Income

Recurrent income from grants, contracts, and other services rendered is accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the Balance Sheet as liabilities.

Other restricted income, including research grants and contracts, is credited to the Income and Expenditure Account to the extent of the related expenditure incurred during the year, including related contributions towards overhead costs.

Income from the sale of goods or services is credited to the Income and Expenditure Account when the goods or services are supplied to the external customers or to the extent that the terms of the contract have been satisfied.

Donations and Capital Grants including from the Press

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the University are recognised in the Statement of Total Recognised Gains and Losses and in endowments; other donations are recognised by inclusion as other income in the Income and Expenditure Account.

The Press transfers are credited to the Income and Expenditure Account as if they were a donation to the operational funding of the rest of the University. Where the Press transfers are given as a specific contribution to new building costs they are credited to deferred capital grants.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants, and an annual transfer made to the Income and Expenditure Account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Endowment and Investment Income

Income from fixed asset investments, cash and current asset investments is brought into the Income and Expenditure Account on a receivable basis.

Income from expendable endowments, permanent restricted endowments and other restricted income is included in the Income and Expenditure Account to the extent of the relevant expenditure incurred during the year.

Income from permanent unrestricted endowments is included in the Income and Expenditure Account on the basis of the sustainable return (currently 4.0%) on the underlying investments. This is based on the estimated long-term real rate of return from endowment asset investments. Any realised gains or losses from dealing in the related endowment assets are retained within the endowment in the balance sheet as part of the unapplied return.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the Statement of Total Recognised Gains and Losses; a diminution in value is charged to the Income and Expenditure Account to the extent that it is not covered by a previous revaluation surplus.

5. Pension Costs

The University contributes to the Universities Superannuation Scheme and the University of Oxford Staff Pension Scheme 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.

These schemes are all multi-employer schemes and because of the nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University is therefore exposed to significant actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement benefits', 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 scheme in respect of the accounting period.

The University continues to make a small and diminishing number of supplementary payments to retired members and dependants of former members of the Federated Superannuation System for Universities (FSSU) and Employees Pension Scheme (EPS) pension schemes. The liabilities of these schemes can be estimated under FRS17 and are included in the Financial Statements.

6. Leases

Assets acquired under finance leases are capitalised, and the outstanding future lease obligations are shown in creditors.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

7. Intangible fixed assets: 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 economic life of between five and ten years on a straight-line basis. A full year of amortisation is taken in the year of acquisition. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period.

Negative goodwill relating to non-monetary assets is released to the Income and Expenditure Account 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 Income and Expenditure Account in the period which is expected to benefit.

8. Tangible fixed assets

Tangible fixed assets (other than properties held for investment purposes) are stated at cost and are depreciated on a straight-line basis over the following periods:

Freehold Buildings	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
Equipment	3–5 years

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

Grants received to finance the acquisition of tangible fixed assets are treated as deferred capital grants and released to income on a straight-line basis over the same period as the related asset is depreciated.

9. 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 Balance Sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

10. 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 tangible fixed assets, are capitalised at their current value and depreciated in accordance with the policy set out above. The value of the donation is treated as a deferred capital grant except for donated land and heritage assets, which are included in the Income and Expenditure Account in the year they are received.

11. Repairs and maintenance

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

12. Investments

Total Return

The University has operated a total return investment policy since 2008/09 and an associated policy of total return accounting under which income from permanent unrestricted endowments is transferred to the Income and Expenditure Account under a spending rule based on the estimated long-term real rate of return. This is determined to be a percentage (currently 4.0%) of the value of the endowment. Income earned by the endowed assets and revaluation gains / losses are thus credited directly to the endowment. Surpluses or deficits arising on the revaluation or realisation of endowment asset investments are added to or subtracted from the funds concerned. Income recognised in the Income and Expenditure Account in respect of permanent restricted endowments is equal to the amount spent in the year from these endowments.

Basis of Valuation

Listed investments, venture capital fund investments, and properties held as fixed asset investments and endowment asset investments are stated at market value, provided there is an adequate degree of market liquidity. The majority of these investments are invested through the Oxford Capital Fund and the Oxford Endowment Fund. Other investments are stated at the lower of cost and market value.

In the Consolidated Financial Statements, investments in associated undertakings are stated at the University's share of net assets.

In the University's Balance Sheet investments in associated and subsidiary undertakings are stated at cost less provision for impairment, except for the University's investment in the subsidiary undertaking Oxford Capital Fund Limited Partnership, which is stated at market value.

Revaluation

Net surpluses or deficits arising on the revaluation of the University's fixed asset investments are taken to the Revaluation Reserve (except that deficits which reduce the value of an investment to less than cost are charged to the Income and Expenditure Account). On the realisation of fixed asset investments any accumulated surplus is transferred from the Revaluation Reserve to the Income and Expenditure Account.

Outside Bodies

Certain external trust funds and other bodies (such as the colleges) closely associated with the University are allowed to participate in the Oxford Endowment Fund. Since it is impossible to attribute specific investments to these funds (which would allow both the investments and the funds to be excluded from the balance sheets) the amounts held on their behalf by the University are shown as a deduction from fixed asset investments.

13. Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

14. Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is 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 478-488 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, but certain activities and other ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes Value Added Tax charged by suppliers to the University where it is not recoverable and is likewise included in the cost of fixed assets. Commercial trading activities undertaken by the University are operated through its subsidiary companies. This income will attract applicable Value Added Tax and the profits are liable to Corporation Tax. However, the taxable profits made by these companies are covenanted to the University and paid under Gift Aid which negates that liability.

15. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within twenty-four hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits and other instruments held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

16. Financial instruments

It is the policy of the University to enter into certain forward exchange contracts to cover specific foreign currency receipts from research sponsors where the sponsor agrees. The University has not taken up the option to apply fair value accounting for forward contracts and, instead, discloses the value of outstanding forward contracts and the gain/loss of marking to market.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

17. Minority interest

The University shows amounts due to minority interests in the consolidated Balance Sheet as a separate component of funds, and the net income due to minority interests is disclosed separately on the face of the Consolidated Income and Expenditure account.

Oxford University has set up a limited partnership called the Oxford Capital Fund which operates as a pooled investment vehicle for funds of the University and of colleges and other related outside bodies that wish to invest. Each of the investors in the Oxford Capital Fund are limited partners, with a partnership share in proportion to their investment. As the University has control over the investment manager and general partner, since both are 100% subsidiaries, 100% of the investments are included in the University Financial Statements. The proportion of the Oxford Capital Fund relating to colleges or other related outside bodies shares is shown as a minority interest in the University Financial Statements.

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.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2012

	Note	2012 £'m	2011 £'m
INCOME			
Funding body grants	1	203.6	200.3
Academic fees and support grants	2	173.3	152.7
Research grants and contracts	3	409.0	376.7
Other income	4	193.2	158.4
Endowment and investment income	5	36.7	31.3
Donation of heritage assets	11	0.3	0.2
TOTAL INCOME		1,016.1	919.6
EXPENDITURE			
Staff costs	6&7	499.1	479.3
Other operating expenses	7	415.7	381.4
Depreciation	7&11	55.8	53.3
Interest and other finance costs	7	2.0	2.3
Reduction in impairment of Icelandic bank deposits	7&15	(0.8)	(8.1)
TOTAL EXPENDITURE		971.8	908.2
SURPLUS ON ORDINARY ACTIVITIES		44.3	11.4
MINORITY INTEREST	26	0.1	-
SURPLUS BEFORE EXCEPTIONAL ITEMS		44.4	11.4
Donation of assets to Green Templeton College	8	-	(5.6)
SURPLUS AFTER EXCEPTIONAL ITEMS		44.4	5.8
TRANSFER FROM EXPENDABLE ENDOWMENTS	20	7.9	9.6
SURPLUS FOR THE YEAR RETAINED WITHIN GENERAL RESERVES	23	52.3	15.4

The activities of Oxford University Press ('the Press') are not consolidated within the University's Financial Statements. An extract from the Press accounts for the year ended 31 March 2012 is included on pages 56-60. All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2012

	Note	2012 £'m	2011 £'m
SURPLUS AFTER EXCEPTIONAL ITEMS		44.4	5.8
Increase in value of fixed asset investments	24	10.7	51.7
Increase/(decrease) in value of expendable endowments	20	1.0	(0.2)
New endowments received	19&20	13.6	227.8
Donation of assets to Green Templeton College	8	-	(5.6)
Other movements in endowments	19	(8.4)	15.0
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		61.3	294.5
OPENING RESERVES AND ENDOWMENTS		1,332.1	1,037.6
CLOSING RESERVES AND ENDOWMENTS		1,393.4	1,332.1

BALANCE SHEETS

As at 31 July 2012

	Note	Consolidated		University	
		2012 £'m	2011 £'m	2012 £'m	2011 £'m
FIXED ASSETS					
Intangible fixed assets	10	(0.7)	(0.8)	-	-
Tangible fixed assets	11	1,048.7	953.3	1,043.4	947.8
Fixed asset investments	12	419.6	423.2	419.6	426.5
		1,467.6	1,375.7	1,463.0	1,374.3
ENDOWMENT ASSET INVESTMENTS					
13		854.5	856.2	854.5	856.2
Current Assets					
Stocks		2.4	2.1	1.0	0.9
Debtors	14	167.7	143.6	170.1	147.5
Current asset investments	15	66.2	50.9	61.5	50.9
Cash at bank and in hand		52.0	55.0	41.2	40.4
		288.3	251.6	273.8	239.7
Creditors: Amounts falling due within one year	16	(349.0)	(302.4)	(336.7)	(297.7)
NET CURRENT (LIABILITIES)		(60.7)	(50.8)	(62.9)	(58.0)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		2,261.4	2,181.1	2,254.6	2,172.5
Creditors					
Amounts falling due after more than one year	17	(50.2)	(54.4)	(50.2)	(54.4)
Provisions for Liabilities and Charges	18	(5.9)	(4.7)	(5.2)	(4.2)
NET ASSETS					
		2,205.3	2,122.0	2,199.2	2,113.9
ENDOWMENTS					
Permanent	19	796.6	803.1	796.6	803.1
Expendable	20	57.9	53.1	57.9	53.1
	21	854.5	856.2	854.5	856.2
RESERVES					
Income and expenditure account	23	421.8	369.5	426.6	370.3
Revaluation reserve	24	117.1	106.4	119.5	109.2
		538.9	475.9	546.1	479.5
RESERVES AND ENDOWMENTS					
		1,393.4	1,332.1	1,400.6	1,335.7
Deferred capital grants	25	801.0	780.7	798.6	778.2
Minority Interest	26	10.9	9.2	-	-
TOTAL FUNDS					
		2,205.3	2,122.0	2,199.2	2,113.9

The activities of Oxford University Press ('the Press') are not consolidated within the University's Financial Statements. An extract from the Press accounts for the year ended 31 March 2012 is included on pages 56-60.

The Financial Statements were approved by Council on 26 November 2012 and signed on its behalf by:



Professor A.D. Hamilton
Vice-Chancellor



G.F.B. Kerr
Director of Finance

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2012

	Note	2012 £'m	2011 £'m
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	34.6	2.0
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Income from endowments received		3.0	5.0
Other income from investments and interest received		2.1	2.3
		5.1	7.3
Interest paid		(2.0)	(2.3)
Net cash inflow from returns on investments and servicing of finance		3.1	5.0
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(139.2)	(103.8)
Proceeds of disposal of fixed assets		2.0	1.8
Net disposal/(acquisition) of fixed asset investments		14.3	(7.8)
Net disposal/(acquisition) of endowment asset investments		68.5	(209.5)
Capital grants received		56.2	42.7
Endowments received		13.6	216.8
Net cash inflow/(outflow) from capital expenditure and financial investment		15.4	(59.8)
ACQUISITIONS AND DISPOSALS			
Investment in Oxford Capital Fund LP by outside investors		1.8	8.7
Transfer to Green Templeton College	8	-	(5.8)
Net cash inflow from acquisitions and disposals		1.8	2.9
NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		54.9	(49.9)
MANAGEMENT OF LIQUID RESOURCES			
Net acquisition of current asset investments	28	(10.6)	(28.4)
FINANCING			
Net mortgages and loans repaid	30	(2.0)	(2.0)
INCREASE/(DECREASE) IN CASH	29	42.3	(80.3)

NOTES TO THE FINANCIAL STATEMENTS

1. FUNDING BODY GRANTS

	2012 £'m	2011 £'m
HEFCE recurrent grants	184.6	181.4
Non-recurrent grants:		
Museums and Galleries	3.4	3.4
HE innovation fund	2.4	2.1
Other	1.0	0.7
Grants from the Teaching Agency	1.0	1.1
Deferred capital grants released: (see note 25)		
Buildings	10.3	10.1
Equipment	0.9	1.5
	203.6	200.3

2. ACADEMIC FEES AND SUPPORT GRANTS

	2012 £'m	2011 £'m
Full-time students:		
Home fees	53.8	49.8
Overseas and other fee rates	62.0	57.2
Part-time students:		
Home fees	4.1	3.8
Overseas and other fee rates	4.6	1.4
Professional and non-matriculated courses	28.3	29.9
Examinations and other fees	0.6	0.4
Research training and support grants	19.9	10.2
	173.3	152.7

3. RESEARCH GRANTS AND CONTRACTS

	2012 £'m	2011 £'m
Research Councils	117.6	118.0
UK charities	127.6	109.8
UK government and health authorities	39.4	39.7
UK industry & commerce	16.6	14.4
European Commission and other EU government bodies	35.4	31.6
Other EU based grantors	4.5	5.2
Other overseas	67.7	57.4
Other bodies	0.2	0.6
	409.0	376.7

Research grants and contract income includes £16.9m in respect of the release of Deferred Capital Grants (2011: £16.8m). Research income includes £1.4m (2011: £1.6m) relating to a release from an externally managed endowment.

4. OTHER INCOME

	2012 £'m	2011 £'m
Residence, catering and conferences	10.5	9.0
Other services rendered	42.5	44.3
National Health Service	10.4	9.9
Deferred capital grants released	7.9	7.0
Benefactions and donations	26.3	23.0
Transfer from the Press (see note 9)	53.8	37.0
Release of negative goodwill	0.1	0.1
Foreign exchange gains	2.7	1.2
Royalty Income	9.0	3.2
Receipts from educational activities	17.1	9.9
Other income	12.9	13.8
	193.2	158.4

5. ENDOWMENT AND INVESTMENT INCOME

	2012 £'m	2011 £'m
Income from expendable endowments (note 20)	0.3	0.2
Income recognised from permanent endowments (note 19)	32.3	27.2
Profits on disposal of spin-out company investments	1.8	1.4
Other income from investments and interest receivable	2.3	2.5
	36.7	31.3

Profit on disposal of spin-outs includes £1.3m (2011: £1.3m) release of deferred income from Beeson Gregory Merchant Bankers for the right to purchase a percentage share of share capital in spin-out companies formed by the Department of Chemistry (see note 17) and £0.8m (2011: £0.8m) release of deferred income from Technikos LLP for the right to purchase a percentage share of share capital in spin-out companies formed by the Institute of Biomedical Engineering (see note 17). This is offset by impairment charges related to other spin-out company investments.

6. STAFF COSTS

	2012 £'m	2011 £'m
Wages and salaries	406.8	390.7
Social security costs	33.0	32.0
Pension costs (see note 35)	59.3	56.6
	499.1	479.3

The average number of staff in the year was:

	2012	2011
Average number of staff	9,540	9,140

The emoluments of the Vice-Chancellor who served during the year were:

	2012 £'000	2011 £'000
Emoluments (excl. pension contribution)	371	371
Pension contributions	53	53
	424	424

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2011: Nil).

The total expenses paid to or on behalf of a trustee were less than £200 (2011: less than £200 to one trustee). This represents travel and other expenses incurred in attending Council and related meetings.

The numbers of members of staff (other than the Vice-Chancellor) throughout the University whose emoluments (excluding employer pension contributions and compensation for loss of office but including payments under early retirement schemes) fell in the following ranges as set out in the table below.

The salaries reflected in these ranges include payments made on behalf of the National Health Service in respect of its contractual obligations to University staff under separate National Health Service contracts of employment. These payments are excluded from the University's income and expenditure account. Of the 280 staff earning in excess of £100k, 111 include such payments on behalf of the NHS. Also included are royalty payments to members of staff via the payroll and professorial merit awards to non-clinical staff.

	Clinical		Non-clinical		Total	
	2012	2011	2012	2011	2012	2011
£100,000 to £109,999	14	18	48	35	62	53
£110,000 to £119,999	10	8	34	32	44	40
£120,000 to £129,999	12	9	20	25	32	34
£130,000 to £139,999	9	9	10	18	19	27
£140,000 to £149,999	13	11	16	8	29	19
£150,000 to £159,999	10	9	8	6	18	15
£160,000 to £169,999	6	7	6	7	12	14
£170,000 to £179,999	8	10	7	7	15	17
£180,000 to £189,999	8	5	5	1	13	6
£190,000 to £199,999	6	8	2	1	8	9
£200,000 to £209,999	5	2	5	1	10	3
£210,000 to £219,999	3	2	2	1	5	3
£220,000 to £229,999	2	2	-	-	2	2
£230,000 to £239,999	1	1	-	-	1	1
£240,000 to £249,999	1	-	-	-	1	-
£250,000 to £259,999	-	-	1	1	1	1
£260,000 to £269,999	1	1	1	-	2	1
£270,000 to £279,999	-	1	-	1	-	2
£280,000 to £289,999	1	-	1	-	2	-
£290,000 to £299,999	-	-	1	-	1	-
£340,000 to £349,999	1	-	-	-	1	-
£350,000 to £359,999	-	1	-	-	-	1
£360,000 to £369,999	-	-	1	-	1	-
£380,000 to £389,999	-	-	1	-	1	-
£510,000 to £519,999	-	-	-	1	-	1
	111	104	169	145	280	249

No payments were made to staff members included in the above salary bands for compensation for loss of office (2011: 1 payment of £162.6k).

7. ANALYSIS OF EXPENDITURE

	Staff costs	Other operating expenses	Depreciation	2012 Total	2011 Total
	£'m	£'m	£'m	£'m	£'m
Academic departments	210.9	60.0	12.6	283.5	271.8
Academic services	35.4	17.0	5.8	58.2	61.4
Research grants and contracts	179.2	149.9	16.8	345.9	314.1
Residences, catering and conferences	0.8	5.8	-	6.6	4.2
Bursaries & Scholarships	-	32.4	-	32.4	26.6
Premises	10.6	54.4	15.3	80.3	81.5
Administration	39.0	4.3	4.0	47.3	49.1
Paid to Colleges via JRAM	-	47.3	-	47.3	47.3
Other expenses	23.2	44.6	1.3	69.1	58.0
	499.1	415.7	55.8	970.6	914.0
Interest payable: other				2.0	2.3
Impairment of Icelandic deposits (see note 15)				(0.8)	(8.1)
Total expenditure	499.1	415.7	55.8	971.8	908.2

Interest payable is all on loans not wholly repayable within 5 years.

	2012 £'m	2011 £'m
Depreciation has been funded by:		
Deferred capital grants released (note 25)	35.9	35.4
General income	19.9	17.9
Total depreciation	55.8	53.3

	2012 £'000	2011 £'000
Auditors' remuneration during the year was in respect of the following services:		
Audit of the consolidated University's annual financial statements	176	156
Audit of the subsidiaries' annual financial statements	100	91
Total audit fees	276	247
Services relating to taxation	10	9
Other non-audit services	2	2
Total non-audit fees	12	11
Total fees to auditors	288	258

Auditors' remuneration in respect of services provided to the Press is disclosed in the separate audited accounts of the Press's Trading Operations and Property and Reserve Fund.

8. GREEN TEMPLETON COLLEGE

With effect from 1 October 2008, Green Templeton began to operate as a new college. Following Charity Commission approval in 2010/11, a donation of assets was made in the last financial year by the University to this new college with a net book value of £5.6m.

9. OXFORD UNIVERSITY PRESS ('the Press')

As explained in the accounting policies, these Financial Statements do not include the accounts of the Press, which is a department of the University. In addition to the transactions disclosed under note 4 (Other Income) and note 25 (Deferred Capital Grants) the Press provided the rest of the University during the year with goods and services worth approximately £0.9m (2011: £0.7m) of which £0.5m were free of charge (2011: £0.5m). At 31 July 2012 the Press owed the rest of the University £0.2m (2011: £0.2m). There were no material amounts due to the Press by the rest of the University at 31 July 2012 or 31 July 2011. An extract of the Press accounts for the year ended 31 March 2012 is included at pages 56–60.

The net profit for the year shown in the extract of the Press accounts includes an exceptional item of £11m relating to the costs of resolving certain irregularities with payments related to tenders in East Africa.

The table below summarises the main transactions with the Press:

	2012 £'m	2011 £'m
Cash received by the rest of the University	53.3	234.7
Property transferred	-	11.0
Benefits in kind – (University year)	0.5	0.5
	53.8	246.2
Transfer to endowment fund	-	203.5
Transfer to income in year (see note 4)	48.8	32.0
Transfer relating to John Fell fund (see note 4)	5.0	5.0
Grants taken to grants in advance	-	5.7
	53.8	246.2
Release in deferred capital grants in year (see note 25)	2.2	1.2

10. INTANGIBLE FIXED ASSETS

CONSOLIDATED	Negative Goodwill £'m	Positive Goodwill £'m	Total Intangible Asset £'m
Cost at start and end of year	(5.7)	8.6	2.9
Amortisation to Consolidated Income and Expenditure Account			
At start of year	4.9	(8.6)	(3.7)
Amortisation for year	0.1	-	0.1
Total amortisation	5.0	(8.6)	(3.6)
Net book value at end of year	(0.7)	-	(0.7)
Net book value at start of year	(0.8)	-	(0.8)

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. The positive goodwill arose on the acquisition of Templeton (Oxford) Ltd on 11 November 2005.

11. TANGIBLE FIXED ASSETS

CONSOLIDATED	Land and Buildings £'m	Equipment & Machinery £'m	Assets under construction £'m	Heritage Assets £'m	Total £'m
Cost					
At start of year	1,016.5	74.8	89.9	24.6	1,205.8
Additions	2.2	28.3	120.9	0.7	152.1
Completed Buildings	92.2	1.7	(93.9)	-	-
Disposals	(1.1)	(22.7)	-	-	(23.8)
At end of year	1,109.8	82.1	116.9	25.3	1,334.1
Depreciation					
At start of year	213.8	38.7	-	-	252.5
Charge for year	34.3	21.5	-	-	55.8
Disposals	(0.3)	(22.6)	-	-	(22.9)
At end of year	247.8	37.6	-	-	285.4
Net book value at end of year	862.0	44.5	116.9	25.3	1,048.7
Net book value at start of year	802.7	36.1	89.9	24.6	953.3
UNIVERSITY	Land and Buildings £'m	Equipment & Machinery £'m	Assets under construction £'m	Heritage Assets £'m	Total £'m
Cost					
At start of year	1,016.5	72.5	89.9	24.6	1,203.5
Additions	2.1	28.1	120.9	0.7	151.8
Completed Buildings	92.2	1.7	(93.9)	-	-
Disposals	(1.0)	(22.6)	-	-	(23.6)
At end of year	1,109.8	79.7	116.9	25.3	1,331.7
Depreciation					
At start of year	218.9	36.8	-	-	255.7
Charge for year	33.8	21.4	-	-	55.2
Disposals	(0.2)	(22.4)	-	-	(22.6)
At end of year	252.5	35.8	-	-	288.3
Net book value at end of year	857.3	43.9	116.9	25.3	1,043.4
Net book value at start of year	797.6	35.7	89.9	24.6	947.8

Equipment is treated as having been disposed of in the year after that in which its net book value becomes zero.

Land and buildings (Consolidated and University) includes £79.1m (2011: £79.0m) of freehold land on which no depreciation is charged. The increase in the year relates to land acquired for the Begbroke Science Park new access road.

There are 'claw back' provisions within the agreement on the Radcliffe Observatory Quarter (ROQ) site to 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) includes leasehold properties with a net book value of £8.3m (2011: £9.1m).

Land and buildings (Consolidated and University) include properties financed and occupied by the University on National Health Service sites with a net book value of £2.5m (2011: £2.7m).

Equipment additions include £8.2m (2011: £3.3m) labour capitalisation relating to internal IT resource, which has been applied to major IT projects. The majority of the increase is for the Oracle Release 12 implementation and the Students' Systems Replacement Programme Phase 3. Building costs include £0.7m of capitalised project manager costs (2011: £0.8m).

Saïd Business School: 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 5 *Reporting the Substance of Transactions*, as the risks and rewards of occupancy vest in the University, the building is included in fixed assets and the Foundation's contribution to construction costs is included within deferred capital grants. Funding from other sponsors in respect of the building is also included within deferred capital grants. At 31 July 2012 the fixed assets of the University included a cost of £61.4m (2011: £34.7m) in respect of the building.

Expenditure on certain buildings was financed in part from public funds. In the event of disposal of the relevant buildings the proceeds may revert wholly or in part to HM Treasury.

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.

Libraries: Bodleian Libraries is the integrated library service of the University of Oxford. This is the University's main research library and is the second largest in the UK after the British Library. It has over 11 million printed items and vast quantities of materials in many other formats, 120 miles of occupied shelving, 29 reading rooms and 2,490 places for readers.

Bodleian Libraries has an online presence at <http://www.bodleian.ox.ac.uk/about/policies>. This includes links to the conservation policy, the admission and external events policies and to the e-Resources which include extensive catalogue information. This catalogue can be used to find details of the books published on the history and extent of the Bodleian Library.

The museums include:

Ashmolean Museum of Art and Archaeology – which houses the University's extensive collections of art and antiquities, ranging back over four millennia. Established in 1683, it is the oldest museum in the UK and one of the oldest in the world.

University Museum of Natural History – This houses the University's scientific collections of zoological, entomological, paleontological and mineral specimens. With 4.5 million specimens it is the largest collection of its type outside of the national collections.

Pitt Rivers Museum – which holds one of the world's finest collections of anthropology and archaeology, with objects from every continent and from throughout human history.

Museum of the History of Science – which is housed in the world's oldest surviving purpose-built museum building. It contains the finest collection of historic scientific instruments from around the globe.

Bate Collection of Musical Instruments – which celebrates the history and development of the musical instruments of the Western Classical tradition, from the medieval period to the present day.

Information on museum collections is available via <http://www.museums.ox.ac.uk> and individual museum pages such as <http://emu.mhs.ox.ac.uk>

In line with national policy, major museums of the University are free to enter (although a small charge exists for the Botanic Gardens and Arboretum).

Other holdings: By the nature of the work of the University and its scholars some items acquire historical, artistic, scientific or technological qualities during their use by the University or due to long-term use in a historic context. These holdings are small and dispersed and holders use specialist library and museum staff for conservation. Such items are not generally available to the public. By their nature these assets are not normally acquired as fixed assets and no cost information is available.

Heritage assets acquired since 1999 are held at cost or valuation on receipt. 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. The cost would also be prohibitive.

The cost of new heritage asset acquisitions in 2012 was £0.7m (2011: £2.9m) with the most valuable acquisition a terracotta model by the French sculptor Clodian. There were no disposals in 2012 and disposals are unlikely as most donations have conditions preventing disposal. Asset valuations were based on internal valuations. The five year trend for heritage asset donations/additions is:

	2008 £'m	2009 £'m	2010 £'m	2011 £'m	2012 £'m
At start of year	15.3	19.4	21.4	21.7	24.6
Acquisitions purchased with specific donations	0.7	-	-	1.3	0.4
Acquisitions purchased with University funds	-	0.9	0.1	1.4	-
Total cost of acquisitions purchased	0.7	0.9	0.1	2.7	0.4
Value of acquisitions by donation	3.4	1.1	0.2	0.2	0.3
At end of year	19.4	21.4	21.7	24.6	25.3

Heritage assets of £0.3m were donated in the year (2011: £0.2m) and this is shown as a separate item in the consolidated Income and Expenditure account.

Expenditure required to preserve heritage assets is recognised in the Income and Expenditure account when incurred.

12. FIXED ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	2012 £'m	2011 £'m	2012 £'m	2011 £'m
Investments stated at market value				
Real Assets	136.9	143.5	62.3	65.1
Global Equities and Bonds	544.0	504.6	262.6	239.0
Subsidiary undertakings	-	-	358.9	349.6
Participating interests	0.9	0.4	-	-
Investments stated at cost				
Associated and subsidiary undertakings	-	-	14.8	14.8
Other investments	33.2	42.5	16.4	25.7
	715.0	691.0	715.0	694.2
Less: amounts attributable to outside bodies	(295.4)	(267.8)	(295.4)	(267.7)
Total at end of year	419.6	423.2	419.6	426.5
Investments stated at market value before amounts attributable to outside bodies: at original cost	586.4	550.5	578.1	556.3
		CONSOLIDATED £'m		UNIVERSITY £'m
At start of year		691.0		694.2
Net Investment		3.5		1.5
Increase in market value		20.5		19.3
At end of year		715.0		715.0

The University investment in subsidiary undertakings stated at market value is the investment in the Oxford Capital Fund LP, which now holds the medium term investments of the University.

At 31 July 2012, the University had interests of 20 percent or more in the following subsidiary and associated undertakings, excluding dormant undertakings:

	Nature of Activity	% interest
Subsidiary undertakings (wholly-owned):		
Instruct Academic Services Ltd	Scientific facility-sharing infrastructure services	100
Isis Innovation Ltd	Commercial exploitation of intellectual property	100
Isis Innovation (Hong Kong) Ltd ¹	Commercial exploitation of intellectual property	100
Americans for Oxford Inc.	Fundraising	100
OSBS Programmes Ltd ²	Executive education	100
Oxford Capital Fund (General Partner) Ltd ³	Investment management services	100
Oxford Ltd	Retail and other trading activities	100
Oxford Mutual Ltd ⁴	Provision of discretionary cover	100
Oxford Saïd Business School Ltd	Executive education	100
Oxford University (Beijing) Science & Technology Co. Ltd	Clinical research	100
Oxford University Development North America Inc.	Office administration	100
Oxford University Endowment Management Ltd	Investment management services	100
Oxford University Fixed Assets Ltd	Building management and utilities	100
Oxford University Trading Ltd	General trading activities	100
The Gray Laboratory Cancer Research Trust	Radiobiology research	100
University of Oxford China Office Ltd	Fundraising and alumni relations	100
Voltaire Foundation Ltd	Publishing	100
Subsidiary undertaking (not wholly-owned):		
Oxford Capital Fund LP	Collective investment fund	97
Jenner Vaccine Foundation	Vaccine research	50
Associated undertakings:		
Oxtex Ltd	Commercial exploitation of intellectual property	40
Oxford Imaging Detectors Ltd	Commercial exploitation of intellectual property	38
Oxford Multispectral Ltd	Commercial exploitation of intellectual property	36
Smith Institute (limited by guarantee)	Knowledge transfer	33
Oxford Ancestors Ltd	Commercial exploitation of intellectual property	32
Reox Ltd	Commercial exploitation of intellectual property	31
Yasa Motors Ltd	Commercial exploitation of intellectual property	31
Oxford Risk Research and Analysis Ltd	Commercial exploitation of intellectual property	30
TdeltaS Ltd	Commercial exploitation of intellectual property	29
Oxford Photovoltaics Ltd	Commercial exploitation of intellectual property	25
Oxford-Emergent Tuberculosis Consortium Ltd	Commercial exploitation of intellectual property	24
Oxford ElectroMagnetic Solutions Ltd	Commercial exploitation of intellectual property	24
Oxyntix Ltd	Commercial exploitation of intellectual property	23
Kepler Energy Ltd	Commercial exploitation of intellectual property	22
Minervation Ltd	Commercial exploitation of intellectual property	21
Celleron Therapeutics Ltd	Commercial exploitation of intellectual property	20
Aurox Ltd	Commercial exploitation of intellectual property	20
Clinox Ltd	Commercial exploitation of intellectual property	20

All the associated and subsidiary undertakings above are incorporated in England and Wales (except Oxford University Development North America Inc. which is incorporated in the State of Delaware, USA, and Americans for Oxford Inc, which is incorporated in New York State, USA, University of Oxford China Office Ltd and Isis Innovation (Hong Kong) Ltd, which are incorporated in Hong Kong, and Oxford University (Beijing) Science & Technology Co. Ltd, which is incorporated in China) and, except as noted below, draw up their accounts to 31 July each year. Isis Innovation Ltd, Isis Innovation (Hong Kong) Ltd and Jenner Vaccine Foundation draw up their accounts to 31 March, and Oxford University (Beijing) Science & Technology Co. Ltd, Oxford Capital Fund (General Partner) Ltd and Americans for Oxford Inc. to 31 December each year. The associated undertakings draw up their accounts to various year-ends.

Note:

¹ Isis Innovation (Hong Kong) Limited is a wholly-owned subsidiary of Isis Innovation Limited

² OSBS Programmes Limited is a wholly-owned subsidiary of Oxford Saïd Business School Limited

³ Oxford Capital Fund (General Partner) Limited is a wholly-owned subsidiary of Oxford University Endowment Management Limited

⁴ The members of Oxford Mutual Limited are the University and Oxford University Trading Limited

Investment in Associated Undertakings	£'m
Share of net assets at start of year	0.4
Share of profit of associates	0.5
Share of net assets at end of year	0.9

13. ENDOWMENT ASSET INVESTMENTS

CONSOLIDATED AND UNIVERSITY	£'m		£'m	
At start of year				856.2
New funds invested				13.6
Increase in market value of investments relating to expendable endowments				1.0
Increase in market value of investments relating to permanent endowments				21.1
Income received		3.1		
Recognised in Income & Expenditure Account		(40.5)		
Distribution in excess of income received				(37.4)
At end of year				854.5
	CONSOLIDATED		UNIVERSITY	
	2012	2011	2012	2011
	£'m	£'m	£'m	£'m
Investments stated at market value				
Global Bonds	10.5	59.3	-	45.9
Global Equities	366.2	343.6	350.4	325.8
Non-Directional	132.8	122.2	125.2	111.5
Private Equity	106.5	114.6	106.5	114.6
Real Assets	167.9	190.1	158.5	177.5
Other Assets	3.1	3.9	3.1	3.8
Investments in subsidiary companies	-	-	48.0	57.2
Balance held as cash	67.5	22.5	62.8	19.9
	854.5	856.2	854.5	856.2
Original cost of endowment asset investments	663.6	668.7	663.6	668.7

14. DEBTORS

	CONSOLIDATED		UNIVERSITY	
	2012	2011	2012	2011
	£'m	£'m	£'m	£'m
Research grants and contracts debtors	111.8	83.5	111.8	83.5
Amounts due from subsidiaries	-	-	13.0	15.6
Other debtors and prepayments	55.9	60.1	45.3	48.4
	167.7	143.6	170.1	147.5

University and Consolidated debtors include amounts falling due after more than one year of £0.8m (2011: £0.8m).

15. CURRENT ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	2012 £'m	2011 £'m	2012 £'m	2011 £'m
Icelandic bank deposits	6.4	20.9	6.4	20.9
Short-term investment in foreign shares	3.2	-	3.2	-
Short-term deposits	51.5	-	46.8	-
Short-term bonds	5.1	30.0	5.1	30.0
	66.2	50.9	61.5	50.9

The short-term investment in foreign shares is a donation in the form of shares saleable on a foreign stock exchange. These shares are to be sold and invested in units of OUEM over the next year. The short-term deposits are for a period of less than two months.

In 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander Ltd, went into administration. The University had £31.3m deposited across three of these institutions with varying maturity dates and interest rates. All monies within these institutions are currently subject to their respective administration processes. The amounts and timing of payments to depositors, such as the University, will be determined by the administrators/receivers. As the available information is not definitive as to the amounts and timings of payments it is likely that further adjustments will be made to the accounts in future years. In 2008/09 an impairment loss of £14.7m was recognised in the Income and Expenditure Account. Following a favourable ruling in the Icelandic Supreme Court in 2011, the estimated recoveries improved and a credit of £8.1m was recorded in the Income and Expenditure account.

The University had recovered £20.3m by 31 July 2012. In addition a further £0.6m of interest has accrued and is payable by the administrators. During the year, the banks' administrators/receivers provided updated information regarding the final amounts to be paid to depositors. As a result a credit of £0.8m has been recorded in the Income and Expenditure Account in 2011/12.

The Landsbanki Winding Up Board has indicated that priority creditors, such as the University, should be repaid in full and although partial distributions have been made the amount and timing of the remaining distributions remains uncertain. As at 31 July 2012 the Landsbanki Winding Up Board had made distributions totalling 43% and the Glitnir Winding Up Board had made a full distribution to all priority creditors. A portion of the distributions made by the Landsbanki and Glitnir Winding Up Boards are denominated in Icelandic kroner and have been placed in escrow in Iceland. The amounts held in escrow are subject to applicable currency controls operated by the Central Bank of Iceland under the terms of the Foreign Exchange Act. Until further legislative action is taken by the Icelandic Parliament these amounts will continue to be held in escrow. The most recent report from the administrator of Kaupthing Singer and Friedlander indicated that the estimated recovery rate is 81% to 86% and by 31 July 2012 73% had been distributed.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		UNIVERSITY	
	2012 £'m	2011 £'m	2012 £'m	2011 £'m
Research grants and contract advances	200.1	172.2	200.1	172.2
Other creditors and accruals	144.8	126.2	119.3	110.8
Bank loans (see note 17)	2.0	1.9	2.0	1.9
Deferred income	2.1	2.1	2.1	2.1
Amounts due to subsidiaries	-	-	13.2	10.7
	349.0	302.4	336.7	297.7

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		UNIVERSITY	
	2012 £'m	2011 £'m	2012 £'m	2011 £'m
Bank loans	39.4	41.4	39.4	41.4
Deferred income – Beeson Gregory	3.1	4.4	3.1	4.4
Deferred income – Teknikos	7.2	8.1	7.2	8.1
Salix Fund	0.5	0.4	0.5	0.4
Other loans	-	0.1	-	0.1
	50.2	54.4	50.2	54.4
Due between one and two years	4.3	4.2	4.3	4.2
Due between two and five years	11.1	12.2	11.1	12.2
Due in 5 years or more	34.8	38.0	34.8	38.0
	50.2	54.4	50.2	54.4

Bank loans are unsecured and repayable over 15 or 40 years. Loan 1 is due to be repaid in April 2019. Loan 2 commenced in 2007 for a period of 40 years. It had an initial payment holiday of 10 years from 2007. At 31 July 2012 the University has an undrawn loan facility of £50m.

Bank Loans	Loan 1 £'m	Loan 2 £'m	Total £'m
Amount borrowed	25.0	25.0	50.0
Amount outstanding at 31 July 2012	16.4	25.0	41.4
Interest rate	5.13%	5.07%	
Final repayment date	April 2019	June 2047	
Amount due within 1 year	2.0	-	2.0
Amount due between 1 and 2 years	2.1	-	2.1
Amount due between 2 and 5 years	7.0	-	7.0
Amount due after 5 years	5.3	25.0	30.3
	16.4	25.0	41.4

The University entered into an agreement with Beeson Gregory Merchant Bankers (BG) to fund the Department of Chemistry over a 15-year period commencing 23 November 2000. The total balance yet to be released to income at 31 July 2012 was £4.4m.

During 2007, the University entered into an agreement with Teknikos 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 Teknikos by July 2010. The total balance that had not been set against costs at 31 July 2012 was £8.1m.

These amounts have been treated as deferred income within the Balance Sheet and are being released to the Income and Expenditure Account evenly over the 15-year period of the agreement. The amount due to be released in 2012/13 is included within 'Creditors: Amounts falling due within one year', with the remaining balance included within 'Creditors: Amounts falling due after more than one year'.

'Other loans' includes a variable rate loan of £300k repayable in 10 equal instalments taken out in 2003/04, of which £30k is outstanding at the Balance Sheet date.

The University received £300k from HEFCE for the Salix fund during the 2008/9 financial year as the final instalment of the £400k repayable loan to invest in energy efficiency projects. A further £100k of University funds have been ring-fenced to provide a further 25% of funding towards the initiatives. Of the £500k available funds, £358k of costs were identified against an agreed list of projects. Of this £117k was incurred during the year (2010/11: £77k). The estimated saving from the identified projects is 209t of CO₂ per annum, which converted to financial terms equates to £29k per annum on an ongoing basis.

The University received the first of the two £52k instalments from HEFCE for the small-scale energy efficiency programme (SSEEP) due to be completed by 31 January 2013. This is repayable to HEFCE in full through eight equal six monthly instalments commencing in May 2013 and is included in the Salix Fund creditor in the table above.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated £'m	University £'m
At start of year	4.7	4.2
Charged to income and expenditure account	1.4	1.2
Utilised	(0.2)	(0.2)
At end of year	5.9	5.2

The provision includes amounts in respect of pension provisions for retired staff members of Federated Superannuation System for Universities ('FSSU') and Employees Pension Scheme ('EPS') (see note 35) who receive pension supplements and provisions for building and tax. During the year £0.3m of the pension provision (2011: £0.2m) has been utilised. The timing of future payments is uncertain.

19. PERMANENT ENDOWMENTS

CONSOLIDATED AND UNIVERSITY	Unrestricted £'m	Restricted £'m	Total £'m
Original cost	382.2	173.9	556.1
Unapplied Total Return	115.4	131.6	247.0
At start of year	497.6	305.5	803.1
Investment income	1.8	1.0	2.8
Increase in market value of endowment asset investments	13.7	7.4	21.1
Released to Income & Expenditure Account	(19.9)	(12.4)	(32.3)
Movement in unapplied endowment return on permanent endowments	(4.4)	(4.0)	(8.4)
New endowments	0.1	3.7	3.8
Reclassifications to expendable endowments	-	(1.9)	(1.9)
At end of year	493.3	303.3	796.6
Represented by:			
Original cost	382.3	175.7	558.0
Unapplied Total Return	111.0	127.6	238.6
	493.3	303.3	796.6

In accordance with the 2007 HEFCE SORP, the endowment information for endowment funds that are material to the University accounts are separately disclosed:

Material Endowments	OUP Endowment £'m	Wytham Estate £'m	Nuffield Benefaction £'m	James Martin £'m
Original cost	294.0	1.1	65.5	50.6
Unapplied Total Return	(0.7)	28.5	1.3	6.3
At start of year	293.3	29.6	66.8	56.9
Exchange rate movement	-	-	-	1.8
Increase/(Decrease) in market value of endowment asset investments	8.3	(0.4)	1.5	2.9
Return for the year	(11.7)	(1.2)	(2.7)	-
Distributed in the year	-	-	-	(2.9)
Capital value at end of year	289.9	28.0	65.6	58.7
Represented by:				
Original cost	294.0	1.1	65.5	50.6
Unapplied Total Return	(4.1)	26.9	0.1	8.1
	289.9	28.0	65.6	58.7

The OUP endowment is to support the general academic purposes of the University.

The purpose of the Wytham Estate is to support the University but with a requirement to take all reasonable steps to preserve the woodland and use it for teaching and research.

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.

The purpose of the James Martin 21st Century Foundation is to finance the activities of the Oxford Martin School (formerly James Martin 21st Century School), founded in June 2005. Its focus is on stimulating Oxford's research, by giving the University's scholars the resources and space to think imaginatively about the problems and the opportunities that the future will bring. The work must meet the best Oxford scholarly standards, must be original and additional to work done elsewhere, and is expected to have a global impact. The closing value of the James Martin Fund does not reflect the payment of grants for the year, as they were paid in August 2012.

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 on its individual trust funds. There are no trust funds with greater than £0.5m deficit in their accumulated income balances (2010/11: none).

20. EXPENDABLE ENDOWMENTS

CONSOLIDATED AND UNIVERSITY	Restricted expendable £'m
Capital value	42.5
Accumulated income	10.6
At start of year	53.1
Investment income	0.3
Expenditure for the year	(8.2)
Net transfer to income and expenditure account	(7.9)
New endowments	9.8
Reclassification from permanent endowments	1.9
Increase in market value of endowment asset investments	1.0
At end of year	57.9
Represented by:	
Capital value	54.2
Accumulated income	3.7
	57.9

21. ENDOWMENT RESERVES

Charitable donations classified as endowments, both permanent and expendable, fall into the following categories for the year to 31 July 2012:

	Opening reserves £'m	Income and market value movements £'m	Endowments received £'m	Expenditure £'m	Closing reserves £'m
Teaching funds	295.7	8.5	-	(11.9)	292.3
General Academic	293.7	2.5	4.4	(9.7)	290.9
Academic Posts	184.2	10.0	5.6	(11.4)	188.4
Scholarship funds	42.8	1.8	1.7	(3.4)	42.9
Support for Libraries and museums	24.0	1.5	1.9	(2.4)	25.0
Societies	12.8	0.4	-	(1.1)	12.1
Prize funds	3.0	0.2	-	(0.3)	2.9
Total	856.2	24.9	13.6	(40.2)	854.5

22. LINKED CHARITIES

On 1 June 2010, HEFCE became principal regulator of English Higher Education Institutions (HEIs) that are exempt charities. HEFCE's remit extends to those exempt charities that are administered by or on behalf of an exempt charity HEI and fall within paragraph 28 (1) of Schedule 3 of the Charities Act 2011 ('linked charities').

The financial results of those linked charities which are consolidated in the University Financial Statements are:

	Opening reserves £'m	Income & donations received £'m	Expenditure £'m	Closing reserve £'m
University of Oxford Development Trust Fund	255.7	52.5	(25.2)	283.0
Oxford University Law Foundation	0.6	0.1	(0.2)	0.5
James Martin 21 st Century Foundation	56.9	4.7	(2.9)	58.7
Total	313.2	57.3	(28.3)	342.2

In the 2010/11 accounts the Jenner Institute was included in the above table. It is a registered charity in its own right and is not included in 2011/12.

The financial results of those linked charities which require disclosure but are not consolidated in the University's Financial Statements as the University does not have control of their activities are:

	Opening reserves £'m	Income & donations received £'m	Expenditure £'m	Closing reserves £'m
Oxford University Boat Club	4.9	0.3	(0.3)	4.9
Oxford University Rugby Club	0.7	0.5	(0.6)	0.6
Oxford University Women's Boat Club	–	0.1	(0.1)	–
Nuffield Dominions Trust	21.1	0.3	(0.8)	20.6
Smaller sports charities	0.2	0.8	(0.8)	0.2
Smaller non sport charities	0.5	0.3	(0.3)	0.5
Total	27.4	2.3	(2.9)	26.8

Further details about the University's linked charities are available via the University's gateway page:
<http://www.admin.ox.ac.uk/councilsec/gov/charity.shtml>

23. INCOME AND EXPENDITURE ACCOUNT

	Consolidated £'m	University £'m
At start of year	369.5	370.3
Surplus for the year retained in general reserves	52.3	56.3
At end of year	421.8	426.6

The Income and Expenditure Account includes £20.9m (2011: £20.6m) of donated heritage assets which under the terms of the donations will never be able to be sold by the University and therefore cannot be used to fund other operations within the University.

24. REVALUATION RESERVE

	Consolidated £'m	University £'m
At start of year	106.4	109.2
Appreciation in market value of Fixed Asset Investments, net of amounts attributable to outside bodies	10.7	10.3
At end of year	117.1	119.5

25. DEFERRED CAPITAL GRANTS

Funding received from sponsors for fixed assets, excluding land, heritage assets, and transfers received from the Press for capital projects are recorded as capital grants. These are released to the Income and Expenditure Account over the life of the related asset in the same way that depreciation of assets is charged to the Income and Expenditure Account. Grants to be released in future years are held on the Balance Sheet as deferred capital grants.

CONSOLIDATED		Buildings £'m	Equipment £'m	Total £'m
Funding Council:	at start of year	255.4	4.8	260.2
	receipts	15.4	0.3	15.7
	released in year	(10.3)	(0.9)	(11.2)
	at end of year	260.5	4.2	264.7
The Press:	at start of year	182.9	3.9	186.8
	receipts	-	-	-
	released in year	(2.1)	(0.1)	(2.2)
	at end of year	180.8	3.8	184.6
Other:	at start of year	319.4	14.3	333.7
	receipts	17.9	22.6	40.5
	released in year	(12.2)	(10.3)	(22.5)
	at end of year	325.1	26.6	351.7
Total:	at start of year	757.7	23.0	780.7
	receipts	33.3	22.9	56.2
	released in year	(24.6)	(11.3)	(35.9)
	Total	766.4	34.6	801.0

UNIVERSITY		Buildings £'m	Equipment £'m	Total £'m
Funding Council:	at start of year	255.4	4.8	260.2
	receipts	15.4	0.3	15.7
	released in year	(10.3)	(0.9)	(11.2)
	at end of year	260.5	4.2	264.7
The Press:	at start of year	182.9	3.9	186.8
	receipts	-	-	-
	released in year	(2.1)	(0.1)	(2.2)
	at end of year	180.8	3.8	184.6
Other:	at start of year	317.1	14.1	331.2
	receipts	17.9	22.6	40.5
	released in year	(12.2)	(10.2)	(22.4)
	at end of year	322.8	26.5	349.3
Total:	at start of year	755.4	22.8	778.2
	receipts	33.3	22.9	56.2
	released in year	(24.6)	(11.2)	(35.8)
	Total	764.1	34.5	798.6

26. MINORITY INTEREST

CONSOLIDATED	2012 £'m	2011 £'m
At start of year	9.2	0.5
Share of income and expenditure account	(0.1)	-
Revaluation of subsidiary undertakings' net assets	0.3	-
Investment in Oxford Capital Fund L.P. by minority shareholders	1.5	8.7
At end of year	10.9	9.2

27. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £'m	2011 £'m
Surplus on continuing operations after depreciation of tangible fixed assets	44.4	11.4
Depreciation	55.8	53.3
Heritage assets non-cash donation	(0.3)	(0.2)
Negative goodwill released	(0.1)	(0.1)
Net receipt of carbon allowances	-	(0.1)
Deferred capital grants released	(35.9)	(35.4)
Endowment income and interest receivable	(36.7)	(31.3)
Profit on sale of fixed assets	(1.1)	(1.0)
Foreign shares donated, held as current asset investments	(3.9)	-
Write-back of Icelandic bank impairment	(0.8)	(8.1)
Interest payable	2.0	2.3
(Increase)/Decrease in stocks	(0.3)	0.2
(Increase)/Decrease in debtors	(24.1)	14.3
Increase/(Decrease) in creditors	34.4	(2.6)
Increase/(Decrease) in provisions	1.2	(0.7)
Net Cash Inflow from operating activities	34.6	2.0

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £'m	2011 £'m
Increase/(Decrease) in Cash for the year	42.3	(80.3)
Increase in Liquid Resources	10.6	28.4
Decrease in Debt	2.0	2.0
Increase/(Decrease) in Net Funds resulting from cash flows	54.9	(49.9)
Exchange Movements	(0.3)	0.3
Other non-cash movements	4.7	7.7
Increase/(Decrease) in Net Funds	59.3	(41.9)
Net Funds at start of year	85.0	126.9
Net Funds at end of year	144.3	85.0

29. ANALYSIS OF CHANGES IN NET FUNDS

	2012	Cash Changes	Exchange and other non-cash movements	2011
	£'m	£'m	£'m	£'m
Cash at Bank and in Hand	52.0	(2.7)	(0.3)	55.0
Endowment Assets Cash	67.5	45.0	-	22.5
	119.5	42.3	(0.3)	77.5
Current Asset Investments	66.2	10.6	4.7	50.9
Loans due within 1 year	(2.0)	2.0	(2.1)	(1.9)
Loans due after 1 year	(39.4)	-	2.1	(41.5)
	144.3	54.9	4.4	85.0

30. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR

	Mortgages & Loans £'m
At start of year	43.4
Amounts repaid	(2.0)
At end of year	41.4

31. CAPITAL & INVESTMENT COMMITMENTS

CONSOLIDATED AND UNIVERSITY	2012 £'m	2011 £'m
At the end of the year the University had major capital commitments for building projects as follows:		
Contracted for	189.3	87.2
Authorised but not contracted	79.2	202.5
At the end of the year the University had commitments to invest additional funds within its investment portfolio	143.8	121.0

The University had outstanding forward contracts to sell US Dollars relating to expected US Dollar receipts from research funders. These forward contracts give greater certainty as to expected research income. It also had swap contracts to hedge its exposure to exchange rate fluctuations on Euro denominated cash balances held. The nominal value of the contracts outstanding at 31 July 2012 was £41.0m (2011: £34.1m), and the contracts, when marked to market, showed a loss of £1.5m (2011: Loss of £0.2m).

32. CONTINGENT LIABILITIES

As explained in the Statement of Accounting Policies, these Financial Statements do not include those assets and liabilities that relate to the activities of the Press. In the unlikely event of the Press not having sufficient assets to meet such liabilities, those liabilities would fall to be met by the University as a whole. At 31 March 2012, the date of its latest audited balance sheet, the Press had total net assets of £456m (2011: £394m), after deducting total liabilities of £276m (2011: £244m). In October 2011, the Press refinanced the loan with Barclays Bank New York and the University issued a replacement guarantee to Barclays Bank.

The University has entered into an agreement with the Trustees of the Oxford Staff Pension Scheme 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 the Oxford Staff Pension Scheme over certain assets, which are located in the United Kingdom, subject to a maximum value of £100m.

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.

33. RELATED PARTY TRANSACTIONS

During the year ended 31 July 2012 the University had transactions with a number of organisations which fell within the definition of Related Parties under Financial Reporting Standard 8 'Related Party Disclosures'. Transactions are disclosed where members of Council and other senior members of staff disclose an interest in a body with whom 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 or senior officer was also a director or trustee of the related party. This excludes the colleges which are separate legal entities and Research Councils (see below):

RELATED PARTY	Income	Expenditure/ Transfers	Balance due to/(from) the University
	£'000s	£'000s	£'000s
Cardiff University	30	69	-
Elsevier	7	1,442	(1)
European College of Neuropsychopharmacology	-	34	-
European Commission	-	131	4,902
GlaxoSmithKline	309	12	1,109
Jenner Vaccine Foundation	9	-	-
London Mathematical Society	12	1	4
Manches	-	34	-
Meningitis Research Foundation	-	-	13
Natural History Museum London	71	-	43
North West London Hospitals NHS Trust	-	102	-
Nuffield Oxford Hospitals Fund	33	-	-
Office Canopy Group Ltd	-	692	73
Oxford Capital Fund	5	-	-
Oxford Playhouse Trust	-	195	-
Oxford University Hospitals NHS Trust	14,967	6,070	(292)
Royal Society of Medicine	-	13	-
The Royal Academy of Engineering	11	7	345
The Royal Society	21	75	12
University of London	5	31	(4)
Wellcome Trust	402	1,004	12,022

Professor Halliday who is a member of Council, and Professor Walmsley who is the Pro Vice-Chancellor (Research), previously had outstanding amounts on total professorial housing loans of £300k and £150k respectively. These loans were all repaid during this financial year.

During the year, the University made grants and other payments totalling £397k (2011: £373k) to the Oxford University Student Union and its wholly-owned subsidiary.

The University provides support to spin-out companies in which it has invested via Oxford University Spin-Out Management (OSEM).

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 Natural Environment Research Council, The Medical Research Council and The Arts and Humanities Research Council.

RELATED PARTY	2012 £'000	2011 £'000
Engineering and Physical Sciences Research Council	31,595	29,706
Science and Technology Facilities Council	9,662	9,363
Biotechnology and Biological Sciences Research Council	9,502	10,573
Arts and Humanities Research Council	3,437	3,575
	54,196	53,217

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 the financial interaction between the University and colleges. During the year the University paid £47.3m (see note 7) out of HEFCE funding and fee income, via the Joint Resource Allocation Model (JRAM) (2011: £47.3m).

The University made a payment of £1m to the College Contributions Fund in 2011/12 (2011: £1m) and will make further payments of £1m per year for the next six years. The Fund finances a scheme which provides support to colleges with a relatively low endowment. The University agreed to make these payments over a ten-year period to help build up an endowment fund to provide income grants. The grants will be awarded to colleges to improve services in key areas, including the provision of bursaries, scholarships, libraries, IT, and teaching support.

Other areas of interaction with the colleges are as follows:

Hardship funds: A large part of HEFCE hardship funds received by the University is passed to colleges to administer (see note 34).

Investments: The colleges are able to invest in the Oxford Endowment Fund; such investments are treated as 'amounts attributable to outside bodies' and are deducted from Fixed Asset Investments (see note 12). At 31 July 2012 the University held investments in the Endowment Fund amounting to £179.2m (2011: £156.1m) on colleges' behalf. Colleges are also among the minority shareholders in the Oxford Capital Fund. They have invested £8.2m as at 31 July 2012 (2011: £6.8m).

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

Other external funds/trusts: One purpose of certain non-University funds/trusts, which are independent legal institutions and are therefore not included in the financial results of the University itself, is to provide research and other funding to the University and certain colleges. A number of these trusts are allowed to participate in the Oxford Endowment Fund, and such assets held on their behalf by the University are included in the deduction from Fixed Asset Investments (see note 12).

34. HEFCE HARDSHIP FUNDS/TEACHING AGENCY BURSARIES

	HEFCE		Teaching Agency	
	2012 £'m	2011 £'m	2012 £'m	2011 £'m
At start of year	0.1	0.2	-	-
Net funds received	0.1	0.1	0.8	1.3
Disbursed to students	(0.1)	(0.2)	(0.8)	(1.3)
At end of year	0.1	0.1	-	-

The University acts only as a paying agent in relation to Funding Council hardship funds and Teaching Agency bursaries, distributing them to students. The funds received and related disbursements are therefore excluded from the income and expenditure account.

35. PENSION SCHEMES

1. The 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 National Health Service Pension Scheme ('NHSPS'). All three schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. The NHSPS is a non-funded occupational scheme backed by the Exchequer. All three schemes 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 FRS17 'Retirement Benefits', 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.

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.

Within NHSPS, there is no similar basis for assessing funding shortfall should a participating employer withdraw from the scheme. Accordingly, NHSPS is in a similar position to USS in that the remaining participating employers will assume any increased contributions arising from a withdrawal.

The University has made available a Stakeholder Scheme for individual employees.

The University also has a small number of staff in other pension schemes, including the Superannuation Arrangements of the University of London ('SAUL') and the Medical Research Council Pension Scheme ('MRCPS'). 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 of two units of the Weatherall Institute of Molecular Medicine which were acquired by the University on 31 March 2010. In addition, the University is also contributing to the personal pension arrangements of certain staff who were ineligible to join USS, OSPS or NHSPS.

2. Actuarial valuations

The last full actuarial valuation of the NHSPS was performed in 2004, and HM Treasury have now suspended formal actuarial valuations for unfunded public service pension schemes. The 2004 valuation reported scheme liabilities of £127 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 has agreed that the employer contributions rate should remain at 14% for the time being.

Qualified actuaries periodically value the USS and OSPS 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 of the latest valuations and the determination of the contribution levels are shown in the following table:

	USS	OSPS
Date of valuation:	31/03/2011	31/03/2010
Date valuation results published:	15/06/2012	30/06/2011
Value of liabilities:	£35,344m	£394m
Value of assets:	£32,434m	£312m
Funding (Deficit):	(£2,910)m ^{a&b}	(£82m) ^c
Principal assumptions:		
Rate of interest (past service liabilities)	6.1% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	7.0% pa
Rate of interest (periods after retirement)	-	5.0% pa
Rate of increase in salaries	4.4% pa	4.7% pa
Rate of increase in pensions	3.4% pa ^d	3.7% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	23.7 yrs	22 yrs
Assumed life expectancy at age 65 (females)	25.6 yrs	24 yrs
Funding Ratios:		
Technical Provisions basis:	92%	79%
Statutory Pension Protection Fund basis:	93%	86%
'Buy-out' basis:	57%	52%
Estimated FRS17 basis	84%	77%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% ^e	21.5% ^f
Effective date of next valuation:	31/03/2014	31/03/2013

Notes:

a. USS's actuarial valuation as at 31 March 2011 identified a funding deficit of £2.9bn. The USS Joint Negotiating Committee has proposed, and USS has implemented with effect from 1 October 2011, a package of changes, including the admission of new members into a Career Revalued Benefits section. The changes are required to ensure the future sustainability of the Scheme. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. After allowing for those changes, the actuary established a long-term employer contribution rate of 12.6% of total pensionable salaries for the 2011/12 year, reducing over time. USS agreed with Universities UK, on behalf of all the employers participating in the scheme, to address the deficit by continuing the employer contribution rate at the previously agreed rate of 16% of total pensionable salaries (this being the rate paid by the employers since 1 October 2009) until 31 March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future service cost of accruals. The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2021.

b. In March 2012, USS issued a summary funding statement by which time the funding position had deteriorated to 77% due to a 24% increase in the liabilities, which had not been matched by a 4.4% increase in the assets, resulting in a deficit of £9.8bn.

c. OSPS's actuarial valuation as at 31 March 2010 identified a required long-term employer contribution rate of 18.2% of total pensionable salaries, but also a funding deficit of £82.4m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by continuing the employer contribution rate at the previously agreed rate of 21.5% of total pensionable salaries (this being the rate paid by the employer since 1 August 2008). The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2027. In addition, the University has agreed to close the scheme to future final salary accrual, transferring all members onto a Career Revalued benefits structure with effect from 1 January 2013. Further details may be seen on the Schemes' website, www.admin.ox.ac.uk/finance/pensions/osps/

d. USS's actuary has assumed that pension increases will be 3.4% a year for the three years to 31 March 2014, then 2.6% a year thereafter.

e. As noted above (note a.), the USS employer contribution rate required for future service benefits alone at the date of the valuation was 12.6% of total pensionable salaries. It was agreed that employers should continue to contribute at the previously agreed rate of 16% of total pensionable salaries (this being the rate paid by the employers since 1 October 2009) until 31 March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future service cost of accruals.

f. As noted above (note c.), the OSPS employer contribution rate required for future service benefits alone at the date of the valuation was 18.2% of total pensionable salaries. It was agreed that employers should continue to contribute at the previously agreed rate of 21.5% of total pensionable salaries (this being the rate paid by the employers since 1 August 2008).

3. 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:

Assumption	Change in assumption	Impact on scheme liabilities	
		USS	OSPS
Valuation rate of interest	increase/decrease by 0.5%	decrease / increase by £3.2bn	decrease / increase by £35m
Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £2.0bn	increase / decrease by £25m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £1.2bn	increase / decrease by £5m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £0.8bn	increase by £10m

4. Pension charge for the year:

The pension charge recorded by the University during the accounting period was equal to the contributions payable as follows:

Scheme	2012 £'m	2011 £'m
Universities Superannuation Scheme	44.1	41.9
University of Oxford Staff Pension Scheme	10.6	10.6
NHS pension Scheme	3.2	3.0
Other Schemes - contributions	1.2	0.9
Supplementation payments ^g	0.2	0.2
Total	59.3	56.6

Notes:

g. The University continues to make a small and diminishing number of supplementation payments to retired members and dependants of former members of the Federated System for Superannuation in Universities ('FSSU') and the Employees Pension Scheme ('EPS').

h. Included in other creditors and accruals (Note 16) are pension contributions payable of £7.7m (2011:£5.8m).

The additional information on pages 56 to 60 does not form part of the audited Financial Statements for the University of Oxford for the years ended 31 July 2012 and 31 July 2011.

OXFORD UNIVERSITY PRESS: FINANCIAL REPORT EXTRACTS

STATEMENT BY THE AUDITOR TO THE DELEGATES OF OXFORD UNIVERSITY PRESS

We have examined the Abstract of the Accounts of the Trading Operations and the Delegates' Property & Reserve Fund of the Press for the year ended 31 March 2012 which comprises the balance sheet, combined results and statement of recognised gains and losses of the Trading Operations and the combined balance sheet and statement of financial activities of the Delegates' Property and Reserve Fund (the 'Abstract').

This report is made solely to the Delegacy of the Press, as a body, in accordance with our terms of engagement. Our work has been undertaken so that we might state to the Delegates those matters we are required to state to them in this 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 Press and the Delegates as a body, for our audit work, for this report, for our audit report on the full annual Accounts of the Trading Operations and the Delegates' Property & Reserve Fund of the Press, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Delegates are responsible for preparing the Abstract in accordance with the applicable Statutes of Oxford University. Our responsibility is to report to you our opinion on the consistency of the financial information contained in the Abstract with the audited annual Accounts of the Trading Operations and the Delegates' Property & Reserve Fund of the Press.

Basis of opinion

Our work was limited to ensuring that the financial information within the Abstract was consistent with the audited annual accounts of the Trading Operations and the Delegates' Property & Reserve Fund of the Press.

Opinion

In our opinion, the financial information contained in the Abstract is consistent with the audited annual Accounts of the Trading Operations and the Delegates' Property & Reserve Fund of the Press for the year ended 31 March 2012. The audited annual Accounts of the Trading Operations and the Delegates' Property & Reserve Fund of the Press can be obtained from the Press, Great Clarendon Street, Oxford, OX2 6DP.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, UK
11 July 2012

Abstract of the combined results of the Trading Operations for the year ended 31 March 2012

	Year ended 31 March 2012 £'m	Year ended 31 March 2011 £'m
TURNOVER	695.5	648.6
Profit for the year before tax	115.1	122.6
Taxation	(9.3)	(8.7)
PROFIT AFTER TAX	105.8	113.9
Loss/(profit) attributable to minority interests	0.2	(1.7)
NET PROFIT FOR THE YEAR	106.0	112.2

The above results relate to continuing operations.

Abstract of the Statement of Recognised Gains and Losses of the Trading Operations for the year ended 31 March 2012

	Year ended 31 March 2012 £'m	Year ended 31 March 2011 £'m
Net profit for the financial year	106.0	112.2
Actuarial gains/(losses) on Group Pension Schemes	4.4	44.4
Currency translation differences on foreign currency net investments	(4.4)	(5.3)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	106.0	151.3
Actuarial gains/(losses) on Group Pension Schemes		
Difference between actual and expected return on scheme assets	(14.7)	6.8
Effect of change in liability experience	(0.1)	0.3
Effects of changes in assumptions underlying the present value of scheme liabilities	19.2	37.3
	4.4	44.4

Abstract of the Combined Balance Sheet of the Trading Operations as at 31 March 2012

	2012		2011	
	£'m	£'m	£'m	£'m
Fixed Assets				
Tangible Assets		32.5		25.4
Intangible Assets		35.5		19.4
Investments		0.5		0.5
		68.5		45.3
Current Assets				
Stocks and Work-in-progress	92.4		84.6	
Debtors	167.4		147.0	
Current Asset Investments	182.6		139.2	
Bank balances and cash	42.8		45.9	
	485.2		416.7	
Less: Current Liabilities				
Creditors	(199.7)		(169.7)	
Taxation	(9.3)		(9.0)	
Bank loans and Overdrafts	(3.0)		(3.6)	
	(212.0)		(182.3)	
Net Current Assets		273.2		234.4
TOTAL ASSETS LESS CURRENT LIABILITIES		341.7		279.7
Less:				
Creditors due after one year		(7.5)		(4.9)
Provisions for Liabilities		(2.4)		(2.5)
Net Assets excluding Pension Deficit		331.8		272.3
Pension Deficit		(17.2)		(23.9)
NET ASSETS INCLUDING PENSION DEFICIT		314.6		248.4
Capital Employed				
Accumulated Fund		313.3		246.3
Minority Interests		1.3		2.1
TOTAL FUNDS		314.6		248.4

Abstract of the Combined Statement of Financial Activities of the Delegates' Property and Reserve Fund for the year ended 31 March 2012

	Strategic Property Reserve £'m	Effective Operating Reserve £'m	2012 Total £'m	2011 Total £'m
INCOMING RESOURCES FROM GENERATED FUNDS				
Rental Income from properties	13.9	1.9	15.8	15.9
Income from investments	0.2	0.8	1.0	0.9
Transfer from Trading Operations	-	39.0	39.0	152.6
TOTAL INCOMING RESOURCES	14.1	41.7	55.8	169.4
RESOURCES EXPENDED				
Cost of generating Funds				
Transfer of funds to the rest of the University:				
- Cash	-	(53.3)	(53.3)	(234.7)
- Property	-	-	-	(7.5)
- Benefits in kind	(0.7)	-	(0.7)	(0.7)
Other resources expended	(9.4)	(0.8)	(10.2)	(9.8)
TOTAL RESOURCES EXPENDED	(10.1)	(54.1)	(64.2)	(252.7)
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS				
	4.0	(12.4)	(8.4)	(83.3)
Transfer between funds	(6.0)	6.0	-	-
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR	(2.0)	(6.4)	(8.4)	(83.3)
Other Recognised Gains/(Losses)				
Surplus on revaluation of investment properties	-	5.9	5.9	2.1
Currency translation differences on foreign currency net investments	(0.3)	-	(0.3)	-
NET MOVEMENTS IN FUNDS	(2.3)	(0.5)	(2.8)	(81.2)
RECONCILIATION OF FUNDS				
TOTAL FUNDS BROUGHT FORWARD	44.0	101.3	145.3	226.5
TOTAL FUNDS CARRIED FORWARD	41.7	100.8	142.5	145.3

The above results relate to continuing operations.

**Abstract of the Combined Balance Sheet of the Delegates' Property and Reserve Fund
as at 31 March 2012**

	Strategic Property Reserve £'m	Effective Operating Reserve £'m	2012 Total £'m	2011 Total £'m
Fixed Assets				
Tangible Fixed Assets	48.2	53.9	102.1	97.7
Investments	15.2	56.6	71.8	66.7
	63.4	110.5	173.9	164.4
Current Assets				
Debtors	-	1.3	1.3	2.3
Cash	4.1	-	4.1	7.0
	4.1	1.3	5.4	9.3
Creditors: Amounts due within one year	(25.3)	(11.0)	(36.3)	(27.8)
Net Current Liabilities	(21.2)	(9.7)	(30.9)	(18.5)
TOTAL ASSETS LESS CURRENT LIABILITIES	42.2	100.8	143.0	145.9
Creditors: Amounts due after one year	(0.5)	-	(0.5)	(0.6)
NET ASSETS	41.7	100.8	142.5	145.3
Reconciliation of Funds				
Opening balance	44.0	101.3	145.3	226.5
Net movement in funds	(2.3)	(0.5)	(2.8)	(81.2)
TOTAL FUNDS	41.7	100.8	142.5	145.3

