



UNIVERSITY OF
OXFORD

FINANCIAL
STATEMENTS
2013/14



University of Oxford

Financial Statements 2013/14



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Five Year Summary of Key Statistics

year ended 31 July	2010 £'m	2011 £'m	2012 £'m	2013 £'m	2014 £'m
Funding body grants	203.0	200.3	203.6	193.8	182.2
Academic fees and support grants	137.3	152.7	173.3	197.0	235.9
Research grants and contracts	367.0	376.7	409.0	436.8	478.3
Other income	165.8	370.7	191.0	203.0	213.2
Endowment and investment income	28.3	21.5	25.6	27.8	30.3
Profit on sale of NaturalMotion	-	-	-	-	33.6
Donation of heritage assets	0.2	0.2	0.3	28.5	0.9
Total Income	901.6	1,122.1	1,002.8	1,086.9	1,174.4
Total Expenditure	884.4	908.2	971.8	1,037.4	1,146.3
Surplus on ordinary activities	17.2	213.9	31.0	49.5	28.1
Surplus for the year retained within General Reserves	27.8	217.9	39.0	60.7	38.9
Net cash (outflow)/inflow before management of liquid resources and financing	(17.3)	(49.9)	54.9	(77.4)	10.6
Fixed assets	1,369.6	1,667.6	1,777.6	1,999.4	2,096.2
Endowment assets	534.3	564.3	592.7	686.1	705.9
Net current liabilities	(30.8)	(50.8)	(108.8)	(189.8)	(183.7)
Long term creditors/provisions and minority interests	(71.9)	(59.1)	(56.1)	(51.7)	(49.3)
Net Assets	1,801.2	2,122.0	2,205.4	2,444.0	2,569.1
Student numbers					
Full-time equivalent students - undergraduates	11,765	11,723	11,752	11,832	11,772
Full-time equivalent students - graduates	8,701	9,327	9,621	9,857	9,850
Visiting students/other	461	485	499	488	494
Total students at 1 December in the financial year	20,927	21,535	21,872	22,177	22,116
Average number of staff – full-time equivalent	9,246	9,140	9,540	10,422	11,057
Staff costs as a percentage of expenditure	53.0	52.8	51.4	52.2	52.0
Size of Estate					
Buildings (square metres, thousands)	570	590	602	613	636

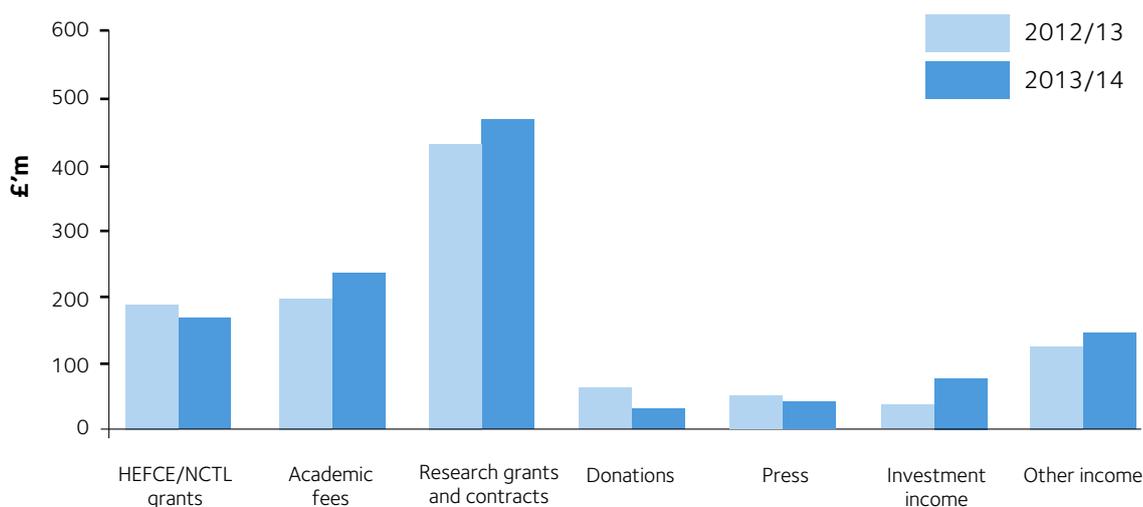
The five year summary excludes Oxford University Press

Financial Highlights excluding Oxford University Press

Results for the Year

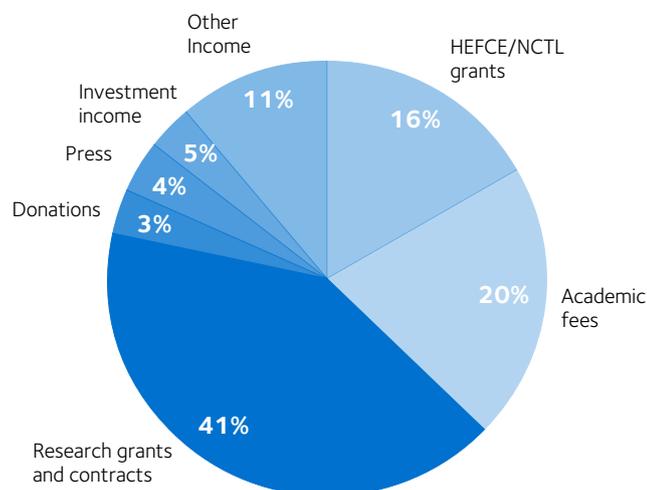
- Total income increased by 8.1% to £1,174.4m (2012/13: £1,086.9m)
- The largest source of income continued to be research grants and contracts at 40.7% (2012/13: 40.2%) of total income.

Year-on-Year Income (£'m)

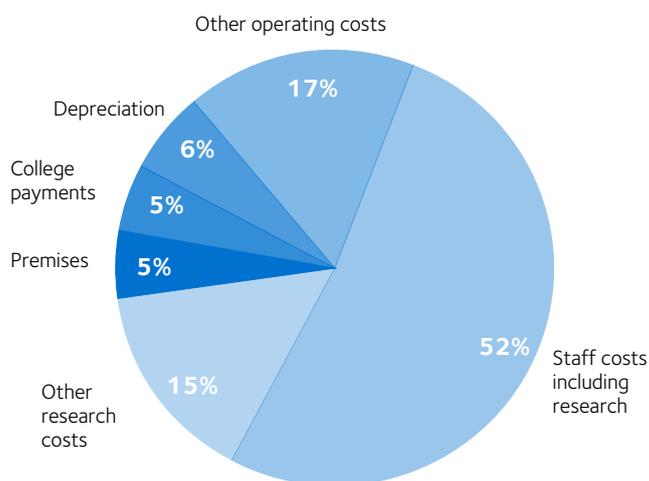


- Total expenditure increased by 10.5% to £1,146.3m (2012/13: £1,037.4m).
- Staff costs increased by 10.1% to £596.3m (2012/13: £541.6m) and were equivalent to 52.0% of total expenditure (2012/13: 52.2%).
- The surplus for the year retained within general reserves was £38.9m (2012/13: £60.7m).

Consolidated University Income 2013/14



Consolidated University Expenditure 2013/14



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 developed an international reputation for the excellent standard of its teaching and research, and for the dissemination of learning. Today, more than 22,100 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. There are also six Permanent Private Halls, which were founded by different Christian denominations, and still retain their religious character today. The colleges (other than Kellogg College and St Cross College)¹ and the Permanent Private Halls are legally and financially separate from the University. Their financial results are not consolidated into the University financial statements.

Charitable status

The University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. Since 1 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. In that capacity they have had regard to the Charity Commission's guidance on public benefit and the supplementary guidance on the advancement of education, in particular, the key principles that there must be an identifiable benefit or benefits and that the benefit must be to the public or a section or sections of the public. Whilst students, both undergraduate and graduate, are immediate beneficiaries of the University's charitable objectives, the public as a whole benefits considerably from the contributions that the University's teaching and research make to society and the economy.

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

Public benefit

The principal objectives of the University are the advancement of learning by teaching and research and its dissemination by every means. In its Strategic Plan², the University sets out its aim to lead the world in research and education in ways which benefit society on a national and global scale by:

- developing its capacity to generate and share knowledge in the UK, in Europe, and globally, ensuring significant contributions to public policy-making and economic growth;
- working effectively with other institutions and organisations, where such partnerships can lead to outstanding research and teaching;
- fulfilling the aspiration that no potential student should be deterred from applying to Oxford by financial or other barriers and that no student's success should be hampered by financial difficulties;

¹ These are departments of the University and whose financial results are consolidated into the University's financial statements.

² Available at: www.ox.ac.uk/about/introducing_oxford/strategic_plan_201318

- ensuring, through a commitment to the personal education of each student, a quality of education and experience which enables students to apply the values, skills, and intellectual discipline they have acquired in their future lives and careers, and which generates a lifelong sense of connection with Oxford;
- contributing effectively to the cultural, social, and economic life of the city of Oxford and the Oxfordshire region; and
- recruiting and retaining the best academic staff and ensuring that under-represented groups have equality of opportunity in recruitment, personal development, and career progression in all areas of employment in the University.

The following sections provide further detail on how the University's core strategies on research, education, widening engagement and personnel support these aspirations, building upon existing strengths and sharing knowledge with the wider world thus providing public benefit and fulfilling the University's charitable objectives. Enabling strategies on finance, capital, value for money, estates, IT infrastructure and alumni relations and development demonstrate how the University aims to support its core strategies with appropriate facilities, services and systems.

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

The *Annual Report of the Delegates of the University Press* sets out how Oxford University Press³ ('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.

Research

The scale of the University's research activity is substantial: 1,600 academics, 4,100 research staff and 5,500 postgraduate research students are involved, collaborating with other universities and research organisations, healthcare providers (especially the Oxford University Hospitals NHS Trust), businesses, community groups, charities, and government agencies.

Much of the activity is underpinned by competitively won research grants and contracts with third parties; there are currently 4,700 active research awards worth £2.6 billion. In addition, Quality-Related block grant funding from HEFCE provides invaluable support for deep infrastructure and local initiatives. Research-related business and community interaction is assisted by the HEFCE Higher Education Innovation Fund (HEIF). Departments and faculties provide internal funds to support research and the University-wide John Fell OUP Research Fund seed-funds new initiatives, projects, networks and especially interdisciplinary activity.

2013/14 marked the end of the European Commission's (seven-year) Seventh Framework Programme ('FP7') for research funding. Oxford researchers won more funding from FP7 than any other UK university and held the largest number of prestigious European Research Council awards. FP7's successor, Horizon 2020, will run 2014–2020.

The public benefits provided by the University's research include not only advancing fundamental knowledge but also contributing to better public policy, improved health outcomes, economic prosperity, social cohesion, international development, community identity, the arts, culture and quality of life.

Research highlights in 2013/14 include:

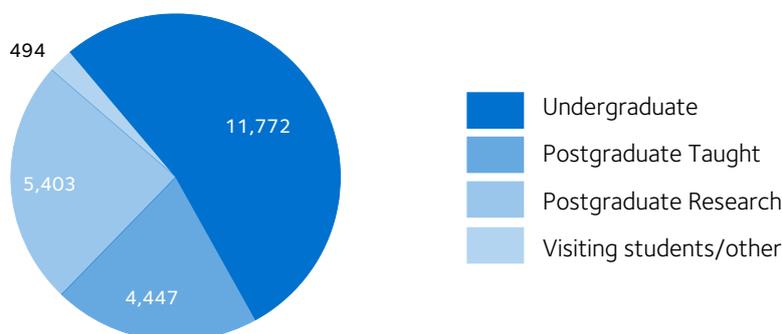
- two projects involving Oxford University technology won the 2014 Google Impact Challenge:
 - a partnership between the Royal National Institute of Blind People and a research team in the Nuffield Department of Clinical Neurosciences to produce smart glasses for people with sight loss to make the most of their remaining vision. This project won the 'People's Choice' following a public vote;
 - a partnership between Royal Botanic Gardens Kew, Oxford's Department of Engineering Science, Malaria Atlas Project and the Eijkman Oxford Clinical Research Unit in Jakarta to produce wearable acoustic sensors to track disease-carrying mosquitoes in Indonesia;

³ In accordance with the University's Regulations, 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 2014 are set out on pages 58–63. The rest of this Operating and Financial Review does not include the Press unless expressly stated.

- research by the Osney Thermo-Fluids Laboratory into heat transfer in jet engines (part of its long-standing links with Rolls Royce) has been applied to challenges closer to home: the domestic saucepan. Lakeland is now marketing a Flare pan, incorporating Oxford's patented 'FIN-X' technology, the design of which considerably speeds up cooking times;
- electrochemical research in Oxford has led to the development of a handheld Chilli Tester for use in the food industry. The device is being manufactured by a Singaporean chemical sensor company, and will support the measurement and standardisation of 'heat' in food;
- a University spin-out, OxfordPV, is set to revolutionise the Building Integrated Photovoltaic market with the development of a new type of cells which combine semi-transparency with good efficiency, opening up the possibility of entire facades formed of electricity-generating glass, providing economic and environmental benefits;
- through consultancy, the Mobile Robotics Group (MRG) in the Department of Engineering Science is supporting many organisations in building a future where autonomous vehicles play an important role in their operations. The Head of MRG spent a week in the Omani desert assisting geoscience company CGG, applying mobile robotics expertise to the challenge of ensuring safe and precise data collection in hostile environments;
- new spin-out company Oxcept is set to develop simple, secure ways of transferring information between mobile devices, based on security protocol research carried out in the Department of Computer Science. The technology is purely software based, and its applications range from safe payments from a mobile phone, to secure data sharing between rescue teams working in disaster recovery scenarios;
- the landmark international study, INTERGROWTH-21st, led by Oxford researchers and involving almost 60,000 pregnancies, showed that babies' growth in the womb and size at birth are strikingly similar the world over when babies are born to healthy, well-educated and well-nourished mothers. Other researchers had previously suggested that race and ethnicity were largely responsible for differences in the size of babies born in different populations and countries;
- the digitisation of the Winchester Bible, the largest and finest of all surviving 12th-century English bibles, by Oxford's Digital Image Archive of Medieval Music, involved the book being disbound, photographed, rebound and then carefully returned to Winchester. Now preserved digitally, this great work of art is a national treasure;
- a community-based research project in East Oxford led by University archaeologists continued to unearth fascinating finds, and stimulate strong interest in local heritage. Hundreds of volunteers have worked alongside researchers to help uncover a rich past encompassing prehistoric sites, Romano-British pottery industries, a medieval hospital, civil war defences and farming;
- the Thames Valley Country House Partnership based at The Oxford Research Centre in the Humanities examined the social, economic, political and cultural lives of the people who lived in Blenheim Palace, Broughton Castle, Compton Verney, Highclere Castle and Kelmscott Manor, to see how academic research can improve visitor experiences;
- the Mau Mau Emergency at the end of empire in Kenya saw atrocities on all sides and extensive torture under the British administration. Research in Area Studies has uncovered much of this story for the first time and has contributed vital evidence to a High Court case in which victims of colonial torture won recognition, a formal apology, and damages from the British government;
- *Superintelligence. Paths, Dangers, Strategies* (OUP, 2014), based on research in Oxford's Future of Humanity Institute, argued that the future impact of Artificial Intelligence is perhaps the most important issue the human race has ever faced.

Education

Student numbers and new courses



On 1 December 2013 the University had 22,116 registered full-time, part-time and visiting students⁴.

In addition, there were approximately 13,500 enrolments on a range of more than 750 short courses provided through the Department for Continuing Education.

During 2013/14, the University's Mathematical, Physical and Life Sciences (MPLS) Division secured studentships from the Engineering and Physical Sciences Research Council and the Natural Environment Research Council for ten Oxford-led Centres for Doctoral Training and Doctoral Training Partnerships.

Attracting the best candidates

The University seeks to recruit the best students from the UK and abroad through transparent and fair admissions processes based on achievement and potential, at both undergraduate and graduate level.

Undergraduate admissions, outreach and funding

The University aims to attract the best students to apply to Oxford, regardless of financial means, and works with schools and colleges to raise aspiration for higher education generally, particularly among under-represented groups⁵. The collegiate University engages in a wide range of outreach activity through the University's departments and faculties, its Undergraduate Admissions Office, at college level and through the Oxford University Student Union.

In 2013/14, the University received nearly 17,500 undergraduate applications (an increase of 1.6% on the previous year). 60% of UK applicants were from schools in the state sector (60% in 2012/13), and of offers made to UK applicants, 56% were to applicants from the state sector. 6,066 applications were received from non-UK applicants, an increase of 7.2% on 2012/13.

The University's UNIQ summer school programme brought 1,000 young people from state schools and colleges to Oxford in 2014 for week-long courses. Success rates for UNIQ 2013 participants who subsequently applied to Oxford were strong, with 44% of applicants receiving an offer (compared with 20% for non-UNIQ students).

The collegiate University provides financial support for UK and EU students through the Oxford Bursary and Tuition Fee Reduction Schemes⁶. The University provides the lowest-income UK students with financial support of up to £11,000 per student per year. In 2013/14, £6.8 million in bursaries and scholarships was distributed to 2,600 undergraduate students and a further £3 million in tuition fee reductions was allocated to 874 undergraduate/PGCE students.

In 2014/15, the collegiate University will spend approximately 50% of 'additional fee income'⁷ on access measures. Based on current student profiles, around one in six UK undergraduate/PGCE students at Oxford will receive a tuition fee reduction (those with household incomes below £25,001) and almost a quarter will receive a bursary (those with household incomes below £42,621).

⁴ Excluding those undertaking non-award-bearing courses through the Department for Continuing Education.

⁵ Further information on these initiatives, which include open days, events for students and teachers both in Oxford and elsewhere and summer schools is available at: www.ox.ac.uk/admissions/undergraduate/open-days-outreach

⁶ These schemes, targeted at students from households where income is below a certain level, provide assistance with living costs at Oxford and, for students who started their course on or after 2012, reduce the amount of tuition fee loan they need to access from the Student Loans Company, thus reducing their overall debt on graduation. Further information is available at: www.ox.ac.uk/students/fees-funding/ug-funding/oxford-support

⁷ Arising from the agreement with OFFA that the University may charge UK and EU undergraduates the maximum permissible fee of £9,000 p.a.

Graduate admissions and funding

In 2013/14, applications for graduate study rose by 2.4% compared with 2012/13. Applications from the UK increased by 2.0%, those from the EU beyond the UK by 3.0%, and those from non-EU countries by 2.4%.

Through the Oxford Graduate Scholarship Matched Fund, which offers donors to the collegiate University the opportunity to match their gift with University funds, the University has continued to increase the funding opportunities available to postgraduate students. Matching so far has been agreed for 34 endowed schemes, worth £54.4 million from donors and £36.3 million from the University. Matching for a further 34 spend-down schemes, worth £2.4 million from donors and £1.6 million from the University, has also been agreed in principle, firmly committed or already given.

The first 21 Oxford Graduate Scholars arrived in October 2013, and in October 2014 at least 66 further scholars will start their studies at Oxford.

In 2013/14, some £14.3 million was disbursed in scholarships (compared with £12.1 million in 2012/13). New scholarships offered for 2014/15 entry include the Frost Scholarship Programme for ten scholars on STEM⁸ graduate taught courses from the State University System of Florida.

In 2013/14, the University launched a £3.7 million project, under HEFCE's pilot Postgraduate Support Scheme, to encourage under-represented groups from the UK and EU to undertake postgraduate taught courses. In summary:

- over 115 full scholarships for 2014/15 have been awarded using a selection procedure that takes account of socio-economic background, financial need and academic merit;
- funded research internships for undergraduates and careers and research internships for postgraduate taught course students have been provided through the scheme, as well as a personal and professional development course, Springboard, for female students on taught courses; and
- as part of the pilot project, data analysis and research into access to postgraduate study at Oxford is being undertaken.

Equipping students for future study and employment

The University seeks to provide an excellent education and student experience for all its students, through a highly individualised model of teaching delivered by leading academics and underpinned by first-class learning resources and student support services. This education helps to equip students with the skills, knowledge and attributes to succeed in their chosen field and contribute to wider society. The University also offers a range of work and study opportunities as well as tailored careers advice to enhance employability. In 2013/14:

- over 400 funded internships were offered by the University (nearly 30% more than the previous year);
- over 100 students took part in a three-day teaching experience in schools across the country through Insight Into Teaching courses;
- some 350 students participated through the Student Consultancy project in running 90 voluntary consultancy projects for local organisations;
- over 200 female students at undergraduate and postgraduate levels received training through the Springboard programme to enhance their academic, career and overall life skills;
- 85% of undergraduate finalists engaged with the University's Careers Service; and
- over 600 one-to-one sessions were arranged (via Skype) with alumni all over the world.

⁸ Science, Technology, Engineering and Mathematics.

Widening engagement

The University of Oxford aims to provide significant public benefit to society by disseminating the outcomes of its teaching and research activities, sharing its collections with the scholarly community and the general public, and contributing to the social, economic, health and cultural wellbeing of the local community.

Dissemination

Oxford University Press

As a department of the University, the Press advances learning by disseminating academic and educational materials and services worldwide. Its global 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 60 countries. The Press publishes thousands of 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 include award-winners – 205 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 audience, including the provision of high-quality language data-sets for use by customers in their products and platforms (*Oxford Global Language Solutions*), and the increasingly popular and free to access consumer dictionary site www.oxforddictionaries.com. The Press also makes much of its publishing freely available. For example, the majority of its 300 scholarly journals now offer some kind of open access publishing. Further, 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.

While the activities of the Press are integral to the University's objectives, under the University's Statutes and Regulations the financial statements of the Press are not included in the University's financial statements and the Delegacy of the Press is responsible for preparing separate audited accounts of the Press for submission to Council. Extracts from the accounts of the Press for the year ended 31 March 2014 are included for information on pages 58–63, but do not form part of these financial statements.

Public access

University researchers use many channels to report their research projects and findings publicly, not only through around 10,000 journal articles each year but also through the University's website⁹, other websites, Oxford Sparks¹⁰, the University's YouTube channel, the media, social media, festivals, conferences, specialist and popular books, public lectures, professional services publications, industry briefings and consultancies. The Oxford University Research Archive¹¹ is an online repository of research material produced by members of the University, including journal articles, conference papers, theses and book sections. The full-text and abstracts of many of these items are freely available to the public. Some public lectures are published online and therefore are accessible to a global audience. Major events during 2013/14 included the inaugural Oxford China Lecture in Shanghai, on the theme of climate change, technology and the new urbanisation; and the Humanitas Visiting Professor programme, which included lectures by the former Archbishop of Canterbury, Dr Rowan Williams.

The University's site on iTunes U¹² features more than 6,400 free audio and video podcasts. Since the site launched in 2008, more than 23 million downloads have been made, on topics ranging from quantum mechanics to building a business.

Sharing the University's collections

The tens of millions of objects in the University's collections form one of the largest and most significant research repositories in the world for scholars and the public. Oxford's museums constitute the greatest concentration of university museums in the world, while the Bodleian Libraries form the largest university library system in the UK.

⁹ www.ox.ac.uk, www.ox.ac.uk/news/arts-blog, www.ox.ac.uk/news/science-blog, www.ox.ac.uk/research/research-impact

¹⁰ www.oxfordsparks.net

¹¹ <http://ora.ox.ac.uk>

¹² www.ox.ac.uk/itunes-u

The University's collections, which together receive more than 2 million visitors annually, offer extensive programmes of events including talks, tours and family-friendly activities. In 2013, over 30,000 young people and 60,000 adults took part in onsite activities, and over 125,000 school children participated in educational sessions.

To provide public access to the collections, the Bodleian Libraries have been digitising content for more than 20 years. The Bodleian recently collaborated with the Biblioteca Apostolica Vaticana on the Polonsky Foundation Digitisation Project, to make 1.5 million pages from the libraries' collections freely available online.

Further information on the University's collections is available at: www.ox.ac.uk/visitors/visiting-oxford/visiting-museums-libraries-places

Engagement: community, cultural, economic and health

Through its wide-ranging programme of outreach activities, the University shares the benefits of its teaching, research and collections with the local community. In October 2013, the University established a small grants scheme to help some of the many community activities around the city¹³. Beneficiaries in 2013/14 included The Story Museum, the Osney Lock Hydro Project and Cowley News. December 2013 saw the launch of the East Oxford Community Classics Centre, run by the educational charity, the Iris Project, in association with the Faculty of Classics, hosting talks and workshops by University academics and students for children and adults who want to learn more about the classics. Oxford's student body is heavily involved in voluntary activity in the local community. Projects include the Student Consultancy, where students work in teams to address a strategic issue or business problem for community organisations and local businesses. Since the programme began in 2009, over 750 students have participated in more than 250 projects, including those involving Oxford City Council Housing, Oxfam and the Oxford Playhouse.

The University ensures its rich sporting tradition is fed back into the community. Many University sports facilities, including the University's gym, the Roger Bannister Running Track and the Rosenblatt Swimming Pool, are fully accessible to local residents, and local state schools have free use of the pool for swimming lessons.

The University 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; and the University is a major financial supporter of the Oxford Playhouse. Each September the University and many of the colleges partner with Oxford Preservation Trust in the annual Open Doors weekend, the largest heritage open day event in the country, offering local people the opportunity to explore their city.

The University is one of the largest employers in Oxfordshire, employing 11,057 staff on a full time equivalent basis and making a significant contribution to the regional economy. The Oxfordshire City Deal, announced in January 2014, will see over £1.2 billion of investment in innovation and infrastructure in the county, over £30 million of which will go towards two University innovation centres: the Begbroke Innovation Accelerator at Begbroke Science Park and the Oxford BioEscalator at the Old Road Campus. Both will work to bring cutting-edge research to the global marketplace and support the development of high-tech start-ups.

The University makes a major contribution to improving quality of life through its research-led engagement in healthcare. 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. As a world leader in medical science and health-related research, the University works with institutions in more than 30 countries to investigate some of the leading causes of disease and death, and to develop health training and infrastructure¹⁴. The University's worldwide clinical trials and epidemiological studies programme includes projects such as the China Kadoorie Biobank, which is examining the main genetic and environmental causes of common chronic diseases in the Chinese population, while Oxford's tropical medicine network encompasses research programmes in Kenya, Thailand and Vietnam, with sister groups in Laos, Tanzania, Indonesia and Nepal.

¹³ www.ox.ac.uk/local-community/small-community-grants

¹⁴ www.medsci.ox.ac.uk/research/globalhealth

Personnel

Staff are the major resource of the University, representing 52.0% of expenditure. For the financial year, the University employed 11,057 staff on a full time equivalent basis.

Further statistical information about the University's staff is available at: www.admin.ox.ac.uk/personnel/figures.

To balance the need for spending restraint and the desire to ensure that it rewards its staff appropriately, the University continues to monitor headcount and spending on staffing costs closely. Costs have increased significantly as a result of a 6.1% increase in staff numbers, the 1% nationally negotiated pay award and new measures taken to maintain international competitiveness. The success of the University in meeting its objectives depends on its ability to recruit, retain and motivate the best staff in an increasingly international market. During 2013/14 the University has:

- reinstated a number of merit pay processes, including Professorial Distinction Awards for non-clinical professors and readers, biennial salary reviews for the most senior research and academic-related grades, a revised reward and recognition scheme for academic-related and support staff, and the Recognition of Distinction process for the conferment of the title of Professor;
- following extensive consultation, retitled the main academic grade of Lecturer as 'Associate Professor', in order to adopt a system more widely understood in the international academic community and thus improve the University's ability to attract and retain the highest calibre staff;
- given serious consideration to the salary levels of staff at the lowest levels of the pay and grading system this year, and has ensured that all employees of the University continue to be paid at or above the Living Wage (currently £7.65 per hour). It is hoped that progress can be made towards paying the Living Wage to all those working on contracts with the University over the coming year.

One of the most significant elements of overall staffing costs is employer contributions to pensions. The introduction of auto-enrolment to pensions for qualifying staff is now complete. The University has introduced the portable National Employment Savings Trust ('NEST') scheme for those who do not qualify for its contributory, defined benefit pension schemes, the Universities Superannuation Scheme ('USS') and the Oxford Staff Pension Scheme ('OSPS').

The funding position of USS remains a cause for concern across the higher education sector. A draft formal valuation of the scheme's assets and liabilities has recently been completed and shows a very significant deficit. Ernst & Young LLP have carried out a covenant review with the aim of identifying the level of increased employer contributions which the sector could withstand and the University, along with other USS employers, has responded to this. Over the summer of 2014, both the USS and Universities UK began a consultation with employers to identify views on proposals for funding and benefit changes.

Changes to OSPS were implemented in 2012/13, following extensive consultation. However, reduced returns on gilts have resulted in an increased deficit. A schedule for annual 0.5% increases in employer contributions over four years has been agreed and a thorough review of the scheme is planned for 2015.

The University employs a significant number of researchers and academics from outside the EU, for whom it is required to ensure appropriate visas are secured. Following an internal audit the Staff Immigration Team has made improvements to its processes and it is now centralising records of visa-holders and improving communication with those in the collegiate University who rely on this central source of expertise.

Temporary staff are an important resource for the University, providing cover for peaks of workload. However, accessing such staff via employment agencies has often been frustrating and costly. An internal Temporary Staffing Service has been launched on a pilot basis and early indications suggest that this service will be able to provide high quality staff at lower cost than using external agencies.

The University aspires to be an employer of choice for all staff groups and therefore invests in creating and maintaining a supportive working environment. The Occupational Health Service and the Safety Office offer a variety of services to staff and managers to promote health and wellbeing in the workplace. The University nurseries are an enormously popular benefit for University employees and plans for a fifth University nursery on the Old Road Campus site were progressed during the year.

The University's equality objectives aim to address the under-representation of women and to improve the recruitment, retention and progression of black and minority ethnic staff. The £1 million Vice-Chancellor's Diversity Fund announced at the start of the year will be targeted in the first instance at initiatives in support of progress on gender equality.

The Equality and Diversity Unit has continued to focus on the Athena SWAN scheme to address the under-representation of women in science. All departments in the Medical Sciences Division currently hold at least a Bronze award and two have Silver awards; all departments in the MPLS Division will have submitted for an award by November 2014 with four currently holding Silver awards and four Bronze awards. In addition the University successfully renewed its Bronze institutional award in April 2014, and has in place an ambitious action plan to achieve a Silver award in 2017.

The Human Resources ('HR') Policy team continues to keep the University's employment-related policies under review, and has launched the first stage of a consultation on possible changes to Statute XII which governs the processes for dismissal and redundancy that apply to the majority of University employees.

The HR teams supporting the University's divisions have been involved in developing and delivering training for managers and staff within departments. Of particular note have been the workshops on recruitment and selection, and harassment and bullying. In addition, there is increasing collaboration between Personnel Services and the Oxford Learning Institute, which is implementing plans to improve the delivery of training to departments. The University's apprenticeship scheme has continued to grow, and now employs 17 apprentices across all four academic divisions.

Finance, capital and value for money

The University has a responsibility to ensure the continued promotion of learning through research, teaching and wider scholarship over the long term, benefitting both today's public and future generations. The University's ongoing sustainability is dependent upon the generation of a sufficient surplus to invest in the maintenance, renewal and replacement of the infrastructure to support academic endeavour, such as libraries, seminar rooms, laboratories, IT systems and research equipment. It is also dependent upon the University's ability to fulfill its ambitious strategies concerning the recruitment, reward and development of staff, the dissemination of knowledge, and the development of new ways of working and studying for staff and students.

The University therefore aims to achieve an operational surplus of at least 5% (calculated as earnings before interest, tax, depreciation and amortisation - EBITDA) to enable maintenance of its infrastructure. This figure takes into account the increasing cost of replacing assets through inflation and rising expectations of functional suitability. The University aims to achieve this surplus through a rigorous process of budget target setting, for divisions and services, including scrutiny of divisional and service plans through the annual planning round. The University's consolidated adjusted EBITDA was 5.2%. Careful cost controls will be needed to continue to sustain a 5% EBITDA in uncertain political and economic environments over the next few years.

The University is also developing a proactive approach to efficiency and effectiveness including greater use of key performance indicators to understand its activities and benchmark them against other similar institutions. Shaping resource allocation processes to reflect strategic priorities and commitments, in particular supporting and incentivising income generation while reducing overheads, forms part of this strategy.

Estate

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. The demand for new and more functional space continues. In 2013/14, the University's functional estate grew by 3.8%, to approximately 636,000 square metres.

	2014	2013
Building and equipment additions	£152.1m	£175.5m
Heritage asset additions (purchased / donated)	£1.4m / £0.9m	£10.5m / £28.5m
Capital grants received	£71.3m	£51.9m
Building repairs and maintenance	£18.2m	£16.7m
Repairs and maintenance as % of building insurance value	0.6%	0.6%
Gross Internal Area (1,000 x m ²)	636	613

Progress has been made in the following areas:

- completed major construction projects included the Mathematical Institute (Andrew Wiles Building) on the Radcliffe Observatory Quarter ('ROQ') and the Old Indian Institute for the Oxford Martin School, both of which won Royal Institute of British Architects regional awards in 2014;
- refurbishment and redevelopment of the New Bodleian Library for the Weston Library remains on programme for full completion in December 2014;
- the Blavatnik School of Government is under construction in the south west corner of the ROQ, and is scheduled to open in September 2015;
- work has begun on the restoration and refurbishment of the Grade II listed Outpatients' Building on the ROQ;
- having achieved outline planning approval for the masterplan for the combined Old Road Campus/Park Hospital site, the University completed the purchase of the Park Hospital site in September 2013;
- at Castle Mill, 312 new units of graduate accommodation became available to the University during September 2013. Refurbishment of the graduate accommodation at Summertown House East Block is due to be completed in the summer of 2014;
- notable repairs and maintenance works included the completion of the phased works to repair the glass roof at the University Museum of Natural History.

Environmental policy

The University aims to enhance the positive impacts and reduce the negative impacts its actions and activities have on the local, national and global environment. The University's Environmental Sustainability Policy¹⁵, which was updated in 2013/14, identifies the University's key impacts and how it aims to manage them. The University's most recent Environment Management Record, covering activity in the 2012/13 financial year, shows that the University:

- reduced its carbon emissions from 71,722 tCO₂ to 71,434 tCO₂ – a decrease of 288 tCO₂. This was despite a much colder winter and an increase in overall energy consumption;
- increased the amount of energy produced through combined heat and power plants. In 2012/13, this was over 2 million kWh, up 202% in comparison to 2011/12;
- reduced its energy consumption per square metre has reduced from 134 kWh/m² in 2010/11 to 116 kWh/m² in 2012/13.

2013/14 has seen the launch of widescale engagement programmes for both staff and students at the University in partnership with the National Union of Students. Green Impact, the staff engagement programme, had 23 teams involved in its first year and Student Switch Off was more successful at this University than at any other University in the country.

Information Technology (IT) infrastructure

The University's IT Strategic Plan, approved this year, aims to prepare the collegiate University to achieve the maximum benefit from IT innovations, increasing research capability, enhancing teaching and learning, and delivering efficiencies in support for administrative functions. It will play an important role in supporting the recruitment and retention of world class students, researchers, academics and IT staff and in the global sharing of research and teaching resources.

Through an emphasis on IT service excellence, the IT Strategic Plan establishes a framework to drive improved project and service delivery. The recent past has seen new central information systems and the focus for the next five years will be on achieving the best value from those systems, increasing benefits through improving information quality and accessibility, in order to inform decision making.

¹⁵ www.admin.ox.ac.uk/media/global/wwwadminoxacuk/localsites/estatesdirectorates/documents/environment/EMS_P_0001_Environmental_Sustainability_Policy.pdf

The central IT development investments made in the last year were:

IT Systems to support teaching, learning and research through administration: new and improved	£11.5m
IT Systems to support teaching, learning and research directly: new and improved	£0.6m
Infrastructure upgrades and renewal	£6.5m
Service maintenance	£1.8m
Total	£20.4m

The central operational costs for 2013/14 for IT services that provide support for existing academic IT, administrative IT and infrastructure services were £20m.

Key IT projects during 2013/14 included the following:

- a new University website and platform was delivered and new IT systems and services were implemented to support US Loans for graduate students, the Admissions Decisions Support System, Whole Disk Encryption, and enhancements to the functionality of the HR Information System;
- the Oracle R12 (finance system) implementation went live as planned in November 2013;
- the Development and Alumni Relations System went through a major upgrade to allow enhanced user functionality and a strengthened information security model, and was expanded further to include more colleges and departments;
- desktop support for University Administration and Services and the Bodleian Libraries was updated to a new Connect service providing improved file management and allowing mobility across sites within the University. A successful transition was completed to move the 2,800+ managed desktops to the Windows 7 operating system;
- Information Security online training was made mandatory for UAS staff and available to other members of the University. Over 1,600 staff have completed the training. Whole disk encryption has been applied to UAS laptops and is available to departments;
- the IT Learning Programme offered over 700 courses. A collaboration between the IT Learning Programme and the Bodleian Libraries resulted in the 'Research Skills Toolkit' offering postgraduate and post-doctoral researchers a range of transferable IT and Library Information skills and tools, to support their research while at Oxford and in their future careers. The Toolkit is offered online and supported through workshops;
- researchers were supported through research data management tools, research computing and the completion of the roll-out of a new research funding tool.

Projects are now underway to deliver a new Integrated Communications capability, an upgraded backbone network, a new University Shared Data Centre and a new student information system.

Alumni Relations and Development

In 2008, the University launched Oxford Thinking: The Campaign for the University of Oxford, with the goal of raising a minimum of £1.2 billion to transform the collegiate University for many generations to come. This milestone was met in early 2012 and a new goal of £3 billion was announced in October 2012. The *Oxford Thinking* Campaign total reached £1.8 billion at the end of July 2014¹⁶. All of the gifts received for *Oxford Thinking* will contribute to the collegiate University's agreed priorities – supporting students, academic posts and programmes, and investing in capital infrastructure and facilities within the colleges, academic divisions and departments, libraries, museums and collections, as well as sports and other activities. Gifts supporting each of these priorities include:

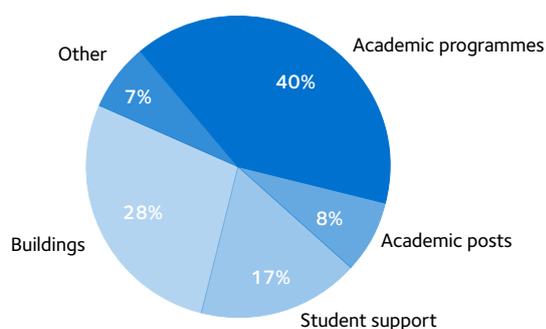
- a new centre to enable Oxford University scientists to play a leading role in the next generation of international sky surveys probing fundamental questions about our Universe. The University of Oxford Centre for Astrophysical Surveys has been established with the help of a £1.5 million gift from the Hintze Family Charitable Foundation founded by businessman and philanthropist Sir Michael Hintze;

¹⁶ Including donations received directly by the colleges and Rhodes Trust up to 31st January 2014.

- the Oxford Graduate Scholarship Matched Fund which continues to be a big success and the University is grateful to all its supporters for establishing these opportunities. Their generous support is providing scholarships to support students from both the UK and around the world to study in a wide and growing range of academic disciplines. In July 2014, Council agreed to provide an additional £10 million of matching funds. This will be used to match donations of £15 million, taking the overall total endowment to £125 million;
- a gift of £75 million to the Rhodes Trust from the McCall MacBain Foundation, a grant-making organisation established by John and Marcy McCall MacBain. The gift consists of a £25 million grant, a £25 million challenge/match donation to encourage additional fundraising for a total of £50 million, and a future £25 million to expand the Rhodes Scholarships into new geographies;
- officially opened in October 2013, Oxford University's new Mathematical Institute which was named after Professor Sir Andrew Wiles, one of Oxford's most distinguished mathematicians and famous for his proof of Fermat's Last Theorem. This was the choice of the lead benefactors for the building, Mr and Mrs Clay, in recognition of their transformational gift. Many other donors, at many different levels, have also contributed to the building.

Further information on the funds raised during 2013/14 is shown below.

Campaign priority breakdown



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.

The financial statements do not include the transactions and balances of Oxford University Press ('the Press') which is a department of the University rather than a separate legal entity. Under the University's Statutes and Regulations the financial statements of the Press shall not be included in the University financial statements and the Delegacy of the Press is responsible for preparing separate audited accounts relating to the Press for submission to Council. Extracts from the accounts of the Press for the year ended 31 March 2014 are included for information at pages 58–63 but do not form part of these financial statements. Where funds are transferred from the Reserves of the Press these are reflected as income in the financial statements of the University.

Surplus

The University made a surplus of £38.9m in 2013/14 and income continued to grow, increasing by 8.1%. In 2013/14, the University received profit from the sale of its stake in games and technology company NaturalMotion totalling £33.6m and after excluding this one-off item, the increase in income was 5.0% compared to 2012/13. Excluding the income from NaturalMotion and the value of donated heritage assets (£0.9m), the net surplus for the year was £4.4m (2012/13 £32.2m before donated heritage assets).

	2014 £'m	2013 £'m
Income	1,174.4	1,086.9
Expenditure	(1,146.3)	(1,037.4)
Surplus on ordinary activities	28.1	49.5
Minority interest	0.0	0.0
Transfer from expendable endowments	10.8	11.2
Net surplus for the year retained within General Reserves	38.9	60.7

Income

Compared with the previous year, income to the University rose by 8.1%, from £1,086.9m to £1,174.4m. The main changes in 2013/14 were:

- research grants and contracts continued to be the largest source of income to the University and increased by 9.5% to £478.3m, most of which was matched by related expenditure; the University has continued to receive increased research income from the UK Research Councils, UK charities and the EU;
- grants from HEFCE amounted to £182.2m, a decrease of 6.0%, reflecting the further reduction of HEFCE grants following the increase in the maximum permissible UK and EU undergraduate fee to £9,000;
- academic fees and support grants continued to represent the second largest source of University income and totalled £235.9m, up by 19.7% as a result of increased fee levels, reflecting the fact that in 2013/14 two cohorts of students were paying the higher fees;
- donation income fell from £30.2m in 2012/13 to £29.8m in 2013/14 but this figure excludes donations of £92.3m received during the year for capital projects and endowments, two of the main priorities of the *Oxford Thinking* Campaign. These donations are for capital purposes and are not part of donation income;
- heritage assets of £0.9 million were donated to the University in the year (2012/13: £28.5 million). The cost of new heritage asset acquisitions in 2013/14 was £1.4 million (2012/13: £10.5 million). An important acquisition was the press and archive of the Gehenna Press, one of the most successful private presses of all time;
- endowment and investment income increased from £27.8m to £30.3m due to an increase in the value of the underlying assets;
- income included a profit of £33.6m from the sale of the University's stake in games and technology company NaturalMotion;
- also included within donation income was £49.6m received from the Press (2012/13 £51.2m).

Expenditure

The University's expenditure of £1,146.3m was 10.5% higher than in 2012/13. The main reasons for the increase were:

- staff costs totalled £596.3m, an increase of 10.1%. Staff numbers rose by 6.1% compared with 2012/13 and this combined with the annual negotiated pay settlement of 1.0%, promotional salary increments, new measures taken to improve international competitiveness and increased social security costs, has driven this increase;
- other expenditure has risen in line with staff numbers and research income;
- depreciation has increased from £60.2m in 2012/13 to £73.7m as a result of significant fixed asset additions during the year which included the new building for the Mathematical Institute.

Cash flow and financing

The reduction in surplus for the year led to net cash outflow from operating activities of £3.8m. Investment in capital projects reached an historic high point in 2012/13 of £207.6m and fell back to £ 153.1m in 2013/14. This coupled with the disposal of investments has resulted in an overall increase in cash for the year of £4.4m.

	2014 £m	2013 £m
Net cash (outflow)/inflow from operating activities	(3.8)	93.1
Capital expenditure	(153.1)	(207.6)
Capital grants received	71.3	51.9
Net cash impact of investment activities	69.0	(52.9)
Other inflows	21.0	38.9
Increase / (Decrease) in cash	4.4	(76.6)

As at 31 July 2014, the University had bank loans outstanding totalling £37.2m. Net liquidity days were 14 (2012/13: 18).

Investment Performance

The majority of the University's investments are managed in The Oxford Funds, the Deposit Pool and as 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.

The Oxford Funds

The Oxford Funds is an investment vehicle established under the provisions of the Universities and Colleges (Trusts) Act 1943. The Act enables the collegiate University to pool assets held on trust and invest them as one. The Oxford Funds is managed by Oxford University Endowment Management Ltd (OUem) under investment and distribution policies set by the Investment Committee and Council. There are two unitised class accounts, the Oxford Endowment Fund (OEF) and the Oxford Capital Fund (OCF), and the Funds are open to the University, the colleges and charitable trusts associated with the University. The University's share of the Oxford Endowment Fund represents the collective endowments of approximately 700 individual trusts.

The Oxford Endowment Fund

The financial objective of the OEF is to maintain the real value of underlying trusts while providing a sustainable distribution. Its specific investment objective is to generate an average 5% return over the consumer prices index with volatility not more than the MSCI World Index. This investment objective is long term, and not a year by year measure. The Fund seeks to achieve its objectives by investing across a range of asset groups that give a diversified stream of returns and which can function in a variety of environments. The OEF's distribution policy is to distribute 4.25% of the average of the last 20 quarters' net asset value subject to a cap of 10% increase and a floor of the previous year's dividend. This ensures that the distribution is directly linked to the performance of the Fund without depleting the capital originally invested in the Fund.

At 31 July 2014, the market value of the Oxford Endowment Fund was £1,488m having distributed £47m to the collegiate University for the calendar year 2013. For the 12 month period to 31 July 2014 the Fund returned 6.3%. For context, in the same period the MSCI World Index, a proxy for global equity markets, returned 4% in sterling terms. For the three years to 31 July 2014 it returned an annualised (average) 8.3% and for five years 10.0%. The annualised volatility of the Fund since inception is 8.1%. These performance figures are quoted net of all fund expenses.

The Oxford Capital Fund

The financial objective of the OCF is to preserve the real value of the underlying trusts for expendable capital. Typically this capital is for building projects which have a known liability at a fixed point in the future, and accordingly, the OCF seeks to operate at a much lower risk tolerance than the OEF. Its specific investment objective is to generate an average 3% return over the consumer prices index with volatility not more than 50% of the MSCI World Index. The OCF does not make an annual distribution as all income generated is reinvested, and it is designed to allow for subscriptions and withdrawals on a quarterly basis.

At 31 July 2014 the market value of the Oxford Capital Fund was £384m. For the twelve month period to 31 July 2014 the Fund returned 2.2%. For the three years to 31 July 2014, it returned an annualised (average) 4.4% and for five years 6.6%. The annualised volatility of the Fund since inception is 5.8%. These performance figures are quoted net of all fund expenses.

Other Investments

The University's short term cash requirement is managed in the Deposit Pool by or on behalf of the University's Treasury team under the supervision of the Finance Committee.

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 Chartered Institute of Public Finance and Accountancy guidelines and are reviewed annually 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.

Governance Statement

The following information describes the governance and legal structure of the University. These governance arrangements are for the most part set out in the University Statutes and Regulations¹⁸.

HEFCE requires the University to provide 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. This can be found in the table available at www.admin.ox.ac.uk/councilsec/gov/gov_comp.

Congregation

The University of Oxford is a lay corporation first established by common law and later formally incorporated by statute. It has no founder and no charter. The sovereign body of the University is Congregation, composed of virtually all academic staff and certain research staff, administrators and librarians. Congregation acts as the 'parliament' of the University and has the power to bind Council. It has responsibility for considering major policy issues submitted to it by Council or members of Congregation; it elects members to certain University bodies, including Council and the Audit and Scrutiny Committee; and it approves changes to the University's Statutes and Regulations.

Council

Council is composed of members of Congregation elected by Congregation, ex officio members and lay members¹⁹. It meets regularly and is chaired by the Vice-Chancellor. Subject to the powers of Congregation, Council is the executive governing body 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 is responsible for the management of the University's finances and assets, in accordance with the conditions of the Financial Memorandum between HEFCE and the University; and 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, including taking reasonable steps:

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

Council is required to prepare financial statements, which include the accounts relating to the teaching and research activities of the University and the accounts of the University's subsidiary undertakings. These give a true and fair view of the assets and liabilities of the University (other than the Press²⁰) and its subsidiary undertakings at the end of the financial year, and of their income and expenditure for the year under review. In preparing the financial statements, Council is required:

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

¹⁸ www.admin.ox.ac.uk/statutes

¹⁹ Membership of Council can be found on page 23.

²⁰ See footnote 3 on page 4. The Press has its own financial regulations and procedures. An auditor appointed annually by Council separately audits the Press's accounts.

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.

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

Committees of Council

Council is advised by a range of committees, including five main committees that report directly to it on core business:

- 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 keeping under review procedures for identifying and managing risks across the University's activities;
- the *Personnel Committee* is responsible for the development and review of employment policies, for staff relations and for all personnel and equality 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; and
- 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.

Financial and audit committees reporting directly to Council include the following:

- the *Audit and Scrutiny Committee*, the remit of which 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 adequacy and 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 University's arrangements to detect and prevent fraud and irregularity. During 2013/14, the Audit and Scrutiny Committee had no formal responsibility for assurance over the Press's activities. However, the Committee has been informed periodically about matters within the Press, and members of the Finance and Audit Committees of the Press have attended meetings of the Audit and Scrutiny Committee during the year;
- the *Finance Committee*, 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 Committee is also responsible for the review of, 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; and
- the *Investment Committee*, responsible, under Council, for the management of the University's investment portfolio.

The Press

The Delegacy of the Press is responsible for the affairs of the Press, including risk management, Treasury policy, governance and internal controls. 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 Delegacy of the Press submits the Press's Annual Accounts and a report on those 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

Internal control

Council is responsible for determining the system of internal control operated by the University and for monitoring its adequacy and effectiveness. It accepts that it is neither possible nor desirable to build a control environment which is free from risk. The University's system of internal control can therefore provide reasonable but not absolute assurance over the strategic, operational, compliance and financial risks to the University. The system of internal control is designed to manage the principal risks to the achievement of the University's aims and objectives efficiently, effectively and economically; to safeguard the assets for which Council is responsible, including public funds and other assets; and to ensure that liabilities incurred are recorded and managed effectively.

The following processes have been established to review the adequacy and effectiveness of the University's system of internal control.

- Council meets at least eight times during the year to consider the strategic direction of the University. Council is also responsible for academic policy and the effective administration of the University.
- The Audit and Scrutiny Committee meets four times during the year. It carries out regular and detailed monitoring of internal controls on behalf of Council. The Committee agrees a programme of work for the internal audit function; receives regular reports from the internal auditors and from management on the adequacy and effectiveness of internal controls; receives reports from the external auditors; and agrees the actions necessary to implement recommended improvements, amongst other matters. Council receives regular reports from the Audit and Scrutiny Committee on the control environment and the business of the Committee.
- PricewaterhouseCoopers LLP ('PwC') provides internal audit services for the University. PwC provides an annual opinion on the adequacy and the effectiveness of internal controls and risk management across the University, in accordance with HEFCE's 'Audit Code of Practice'²¹.
- KPMG LLP ('KPMG') provides external audit services for the University. KPMG provides an annual opinion on whether funds (including public funds) have been applied for the intended purposes. The external auditors also refer in their annual opinion to any control deficiencies arising from the audit, in accordance with the 'Audit Code of Practice'.
- The University's Financial Regulations set out processes designed to ensure the safeguarding of assets and the effective management of liabilities.

Council confirms that the University's system of internal control has been in place and operating effectively during the year ended 31 July 2014, and up to the date of approval of the audited financial statements.

Risk management

Council is responsible for determining an adequate and effective system of risk management that covers all risks, including governance, operational, compliance and financial risks, and which focuses on the most significant risks. Risk management is a significant part of the University's system of internal control. Council recognises that risk management cannot eliminate all risk, particularly during an uncertain time for the sector. Council is of the view that the University is developing a clear understanding of strategic, operational and financial risks and is taking appropriate steps in risk management.

The following processes have been established to review the adequacy and effectiveness of the University's system of risk management.

- Council reviews the major strategic risks to the University's activities, captured in the University's Strategic Risk Register, on a regular basis.

²¹ HEFCE's Audit Code of Practice is Annex A to the Memorandum of assurance and accountability between HEFCE and institutions.

- The General Purposes Committee is responsible for reviewing procedures for identifying and managing strategic, operational, and financial risks across the University's activities. It receives regular updates on the progress being made in embedding risk management fully across the University from the University's academic and service divisions, from the Academic Services and University Collections group, and from the University's main committees. Council receives regular reports from the General Purposes Committee on risk management.
- The Audit and Scrutiny Committee receives reports from the internal auditors on risk management, and provides assurance to Council on the adequacy and effectiveness of the University's arrangements for risk management.
- The University's planning and budgeting framework ensures that risk management is embedded in all elements of five-year planning.
- The University has implemented a revised Strategic Risk Register and a Risk Management Policy during the year ended 31 July 2014. During 2014/15, risk management processes and risk reporting will be further strengthened and the University's risk appetite will be reviewed. Awareness of risk management will be prioritised and risk management will become increasingly important in the University's system of governance and internal control.

Council confirms that a system of risk management has been in place and operating effectively during the year ended 31 July 2014, and up to the date of approval of the audited financial statements. It notes that significant progress has been made in developing and embedding risk management in the University during 2013/14. It anticipates further strengthening of risk management during 2014/15.

Strategic Risks

The University's Strategic Risk Register considers risks in terms of three themes: capability, sustainability and reputation. Against these themes, the University's Strategic Risk Register identifies seven key strategic risk areas, namely risks relating to:

- competition, position and changing external environment;
- governance, compliance and control;
- financial sustainability;
- academic excellence;
- recruiting, rewarding and retaining staff;
- relationships with colleges and Permanent Private Halls; and
- external relationships.

The key financial uncertainties and risks include:

- the possibility of further cuts in government support for teaching and research and uncertainty about government policy after the 2015 general election;
- the financial constraints on research funding bodies and their unwillingness to fund the full costs of research;
- the continuing economic success of the Press;
- the 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 and possible changes to USS which may result in higher pension contributions in the future;
- the failure to invest in our infrastructure and meet student expectations; and
- 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.

Assurance provided by the Audit and Scrutiny Committee

The University's Audit and Scrutiny Committee provides independent assurance to assist Council in fulfilling Council's responsibilities for ensuring the adequacy and effectiveness of risk management; financial control; governance; economy, efficiency and effectiveness (value for money); and data quality across the University's activities. For the financial year ended 31 July 2014, the Committee has provided the following opinions to Council.

Risk management

The Committee is of the opinion that the University has a system of risk management at a strategic level which has operated as intended for the period under review. A new Strategic Risk Register has been developed, aligned with the Strategic Plan. A new Risk Management Policy was adopted in 2013/14. The University now needs to embed strategic risk management in the normal business of the University.

The identification of, and assurance over, IT risk has been strengthened by the University's maturing programme assurance arrangements.

The Committee considers that the Statement of Internal Control and Risk Management, as incorporated in the Financial Statements, contains an accurate description of the principal features of the University's system of risk management.

Internal control

The Committee is of the opinion that a satisfactory framework of internal control is in place within the University to provide assurance on the adequacy of the control environment and achievement of its objectives. That framework of internal control has generally been operating with sufficient effectiveness to provide the required assurance during the period under review. However, as with last year, the Committee has identified some non-compliance in departments and services with University policies and processes. This continues to present a barrier to the effective implementation of a number of internal control arrangements. These matters will be followed up during 2014/15.

The Committee's review of the results for the year ended 31 July 2014 highlighted weaknesses in budgetary control in a small number of departments. The Committee has asked the internal auditors to undertake a review of the circumstances that resulted in the unbudgeted deficits in the relevant departments, and to consider the effectiveness of the University's arrangements to manage its expenditure.

The Committee considers that the Governance Statement and the Statement of Internal Control, included in the Financial Statements, contain an accurate description of the principal features of the University's system of internal control.

Governance

The Committee is of the opinion that there is a governance framework that has operated as intended for the period under review.

Economy, efficiency and effectiveness (value for money)

The Committee is of the opinion that the University continues to have arrangements in place to promote value for money. However, the Committee considers that the effectiveness of these arrangements is limited. The University needs to clarify and quantify its VfM objectives, establishing how it holds departments and services to account, and defining how it measures progress. The Committee notes that HEFCE guidance has evolved towards an approach to value for money that is embedded in the normal course of business. It supports the University's intention to bring its value for money arrangements into line with HEFCE guidance, by bringing responsibility for value for money activities wholly within the remit of the Planning and Resource Allocation Committee.

Data quality

Whilst the Committee notes that it does not provide assurance over the accuracy of individual data returns made by the University and HEFCE does not require it to do so, the Committee is of the opinion that the controls around data assurance are suitably designed and were operating with sufficient effectiveness during the period under review.

Membership of Council

The members of Council are the Charity Trustees of the University. Membership of Council from 1 August 2013 to 1 December 2014 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>	Mr T D Gardam, Principal of St Anne's	To 30 September 2013
	Sir Jonathan Phillips, Warden of Keble	From 1 October 2013
<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>	Professor J Mallinson	To 18 March 2014
	Dr K L Blackmon	From 19 March 2014
<i>Junior Proctor</i>	Dr R Surender	To 18 March 2014
	Dr H Ertl	From 19 March 2014
<i>Assessor</i>	Dr P Probert Smith	To 18 March 2014
	Dr P J Martin	From 19 March 2014
<i>Elected by the Conference of Colleges</i>		
	Professor P Madden	To 30 September 2014
	Professor HR Woudhuysen	From 1 October 2014
<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	To 30 September 2013
	Professor L Tarassenko	From 1 October 2013
	Professor M S Williams	Throughout
	Professor P A Robbins	To 30 September 2014
	Professor H I McShane	From 1 October 2014
	Professor K Davies	To 6 September 2013
	Professor R Hobbs	From 31 October 2014
One of four members of Congregation elected by Congregation from members of the faculties in the Divisions of Humanities and of Social Sciences	Professor S Mapstone	To 30 September 2013
	Dr T J Morgan	From 1 October 2013
	Professor S N MacFarlane	Throughout
	Dr E Smith	Throughout
	Dr J Nightingale	To 30 September 2014
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	Dr I M C Watson	From 1 October 2014
	Dr H R Dorkins	From 1 October 2013 to 30 September 2014
	Professor A E Trefethen	From 1 October 2014
	Dr F Lannon, Principal of Lady Margaret Hall	From 1 October 2014
	The Very Rev'd Dr C A Lewis, Dean of Christ Church	To 30 September 2013
	Professor C J Wickham	From 1 October 2013
<i>External members</i>		
	Ms J Almond	Throughout
	Sir Crispin Davis	Throughout
	Ms A Perkins	To 30 September 2014
	Lord Drayson	From 1 January 2014
	Mr D Norgrove	From 1 October 2014
<i>Co-opted members</i>		
	Professor S Mapstone	From 1 October 2013

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

We have audited the Group and University financial statements ('financial statements') of the University of Oxford for the year ended 31 July 2014 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. 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).

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 Council and the auditor

As explained more fully in the Statement of the Responsibilities of Council, Council 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 Group's and the University'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 transactions and balances of the Oxford University Press ('the Press') in its financial statements. As the Press is a department of the University rather than a separate legal entity, in our opinion, under the relevant accounting standards, the transaction and balances of the Press should have been included in the University and Group financial statements. Had the University accounted for the Press as part of the University, the University and Group financial statements for the year ended 31 July 2014 would have recognised additional net assets of some £516 million (2013: £480 million) and an increase in the reported surplus for the year of some £37 million (2013: £60 million) based on unaudited management accounts of the Press to 31 July 2014.

Qualified opinion on financial statements

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

- give a true and fair view of the state of affairs of the Group and the University as at 31 July 2014 and of the surplus of the Group's income and expenditure, recognised gains and losses and cash flow for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with 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 issued under the Further and Higher Education Act 1992

In our opinion, in all material respects,

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes;
- income during the year ended 31 July 2014 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England; and
- funds provided by the Higher Education Funding Council for England have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to 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 and Group.

Michael Rowley
For and on behalf of **KPMG LLP** Statutory Auditor

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
1 December, 2014

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 transactions and balances of Oxford University Press ('the Press') which is a department of the University rather than a separate legal entity. Under the University's Statutes and Regulations the financial statements of the Press shall not be included in the University financial statements and the Delegacy of the Press is responsible for preparing separate audited accounts relating to the Press for submission to Council. Extracts from the accounts of the Press for the year ended 31 March 2014 are included for information at pages 58–63 but do not form part of these financial statements. Where funds are transferred from the Reserves of the Press these are reflected as income in the financial statements of the University. The exclusion of the Press from the University and consolidated financial statement is however not in accordance with applicable Accounting Standards and the *Statement of recommended practice: on accounting for further and higher education (SORP)*.

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: on accounting for further and higher education (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, cash flows 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.

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 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 endowments is recognised on a total return basis. 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. Income from permanent restricted endowments is recognised to the extent of the relevant expenditure incurred during the year. 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 and Employees Pension Scheme 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 2008/9 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 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.

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

Most of the University's principal activities are exempt from Value Added Tax ('VAT'), but certain activities and other ancillary supplies and services are liable to VAT at various rates. Expenditure includes VAT charged by suppliers to the University where it is not recoverable and is likewise included in the cost of fixed assets.

Commercial trading activities undertaken by the University are operated through its subsidiary companies. This income will attract applicable VAT and the profits are liable to Corporation Tax. However, the taxable profits made by these companies are 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 a 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 interests

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.

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 2014

	Note	2014 £'m	2013 £'m
INCOME			
Funding body grants	1	182.2	193.8
Academic fees and support grants	2	235.9	197.0
Research grants and contracts	3	478.3	436.8
Other income	4	213.2	203.0
Endowment and investment income	5	30.3	27.8
Profit on sale of Natural Motion	5	33.6	-
Donation of heritage assets	11	0.9	28.5
TOTAL INCOME		1,174.4	1,086.9
EXPENDITURE			
Staff costs			
Other operating expenses	6&7	596.3	541.6
Depreciation	7	474.4	433.4
Interest and other finance costs	7&11	73.7	60.2
	7	1.9	2.2
TOTAL EXPENDITURE		1,146.3	1037.4
SURPLUS ON ORDINARY ACTIVITIES		28.1	49.5
MINORITY INTEREST	26	-	-
SURPLUS AFTER MINORITY INTEREST		28.1	49.5
TRANSFER FROM EXPENDABLE ENDOWMENTS	20	10.8	11.2
SURPLUS FOR THE YEAR RETAINED WITHIN GENERAL RESERVES	23	38.9	60.7

The activities of Oxford University Press ('the Press') are not included within the University's financial statements. Extracts from the accounts of the Press for the year ended 31 March 2014 are included for information at pages 58–63 but do not form part of these financial statements.

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2014

	Note	2014 £'m	2013 £'m
SURPLUS AFTER MINORITY INTEREST		28.1	49.5
Increase in value of fixed asset investments	24	30.5	77.3
Increase in value of expendable endowments	20	3.6	5.5
New endowments received	19&20	21.0	38.8
Movement in unapplied endowment return on permanent endowments	19	6.0	60.3
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		89.2	231.4
OPENING RESERVES AND ENDOWMENTS		1,809.5	1,578.1
CLOSING RESERVES AND ENDOWMENTS		1,898.7	1,809.5

BALANCE SHEETS

As at 31 July 2014

	Note	Consolidated		University	
		2014 £'m	2013 £'m	2014 £'m	2013 £'m
FIXED ASSETS					
Intangible fixed assets	10	(0.2)	(0.2)	-	-
Tangible fixed assets	11	1,283.3	1,203.0	1,282.1	1,199.0
Fixed asset investments	12	813.1	796.6	829.4	811.5
		2,096.2	1,999.4	2,111.5	2,010.5
ENDOWMENT ASSET INVESTMENTS	13	705.9	686.1	639.1	619.8
Current Assets:					
Stocks		2.8	2.3	1.1	0.9
Debtors	14	188.0	168.3	196.8	174.4
Current asset investments	15	19.5	15.5	19.8	13.4
Cash at bank and in hand		21.0	31.9	4.7	16.5
		231.3	218.0	222.4	205.2
Creditors: Amounts falling due within one year	16	(415.0)	(407.8)	(418.0)	(400.5)
NET CURRENT LIABILITIES		(183.7)	(189.8)	(195.6)	(195.3)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,618.4	2,495.7	2,555.0	2,435.0
Creditors:					
Amounts falling due after more than one year	17	(41.6)	(46.0)	(41.6)	(46.0)
Provisions for Liabilities and Charges	18	(7.7)	(5.7)	(6.9)	(5.0)
NET ASSETS		2,569.1	2,444.0	2,506.5	2,384.0
ENDOWMENTS					
Permanent	19	624.5	612.1	557.7	545.8
Expendable	20	81.4	74.0	81.4	74.0
	21	705.9	686.1	639.1	619.8
RESERVES					
Income and expenditure account	23	1,060.2	965.3	1,063.1	974.7
Revaluation reserve	24	132.6	158.1	132.4	157.8
		1,192.8	1,123.4	1,195.5	1,132.5
RESERVES AND ENDOWMENTS		1,898.7	1,809.5	1,834.6	1,752.3
DEFERRED CAPITAL GRANTS	25	670.0	634.1	671.9	631.7
Minority Interest	26	0.4	0.4	-	-
TOTAL FUNDS		2,569.1	2,444.0	2,506.5	2,384.0

The activities of Oxford University Press ('the Press') are not included within the University's financial statements. Extracts from the accounts of the Press for the year ended 31 March 2014 are included for information on pages 58–63 but do not form part of these financial statements.

The financial statements were approved by Council on 1 December 2014 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 2014

	Note	2014 £'m	2013 £'m
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	27	(3.8)	93.1
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Income from endowments received		3.3	4.5
Receipts re sale of shares in NaturalMotion		30.4	-
Other income from investments and interest received		4.6	1.4
		38.3	5.9
Interest paid		(1.5)	(2.1)
Net cash inflow from returns on investments and servicing of finance		36.8	3.8
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(153.1)	(207.6)
Proceeds of disposal of fixed assets		-	-
Net disposal of fixed asset investments		14.0	17.8
Net (acquisition)/disposal of endowment asset investments		24.4	(64.7)
Capital grants received		71.3	51.9
Endowments received		21.0	38.8
Net cash outflow from capital expenditure and financial investment		(22.4)	(163.8)
ACQUISITIONS AND DISPOSALS			
Withdrawal from Oxford Capital Fund LP by outside investors		-	(10.5)
Net cash outflow from acquisitions and disposals		-	(10.5)
NET CASH INFLOW / (OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		10.6	(77.4)
MANAGEMENT OF LIQUID RESOURCES			
Net (disposal) / acquisition of current asset investments	28	(4.0)	2.8
FINANCING			
Net mortgages and loans repaid	30	(2.2)	(2.0)
INCREASE / (DECREASE) IN CASH	29	4.4	(76.6)

NOTES TO THE FINANCIAL STATEMENTS

1. FUNDING BODY GRANTS

	2014 £'m	2013 £'m
HEFCE recurrent grants	165.6	175.6
Non-recurrent grants:		
Museums and Galleries	3.4	3.4
HE innovation fund	4.4	3.1
Other	1.6	1.1
Deferred capital grants released (note 25):		
Buildings	7.1	10.2
Equipment	0.1	0.4
	182.2	193.8

2. ACADEMIC FEES AND SUPPORT GRANTS

	2014 £'m	2013 £'m
Full-time students:		
Home/EU fees	85.6	70.5
Overseas and other fee rates	72.2	65.1
Part-time students:		
Home/EU fees	9.3	10.1
Overseas and other fee rates	9.5	4.4
Professional and non-matriculated courses	34.9	27.9
Examinations and other fees	1.1	0.7
Research training and support grants	23.3	18.3
	235.9	197.0

3. RESEARCH GRANTS AND CONTRACTS

	2014 £'m	2013 £'m
Research Councils	135.4	119.3
UK charities	144.5	132.4
UK government and health authorities	47.3	42.6
UK industry and commerce	16.1	16.6
European Commission and other EU government bodies	53.3	42.1
Other EU based grantors	8.4	7.2
Other overseas	71.9	76.0
Other bodies	1.4	0.6
	478.3	436.8

Research grants and contract income includes £12.1m in respect of the release of deferred capital grants (2013: £16.8m). Research income includes £0.6m (2013: £1.0m) relating to a release from an externally-managed endowment.

4. OTHER INCOME

	2014	2013
	£'m	restated £'m
Residence, catering and conferences	4.7	5.3
Other services rendered	40.2	44.9
NHS	14.1	10.3
Deferred capital grants released	13.1	6.9
Benefactions and donations	29.8	30.2
Transfer from the Press (note 9)	49.6	51.2
Release of negative goodwill	-	0.5
Foreign exchange gains / (losses)	6.6	(1.9)
Royalty income	6.8	4.0
Receipts from educational activities	16.0	18.4
Rental Income from operating leases	11.0	9.3
Other income	21.3	23.9
	213.2	203.0

The 2013 figures have been restated to show rental income from operating leases as a new disclosure and there have been minor restatements following the implementation of a new ledger coding system.

Included in Other income is rental income from operating leases of £11.0m with the following expiry dates by year:

CONSOLIDATED	2014 Land and Buildings £'m	Equipment £'m	Total £'m
Expiry Date			
- Within one year	6.9	-	6.9
- Between two and five years	2.4	0.5	2.9
- After five years	1.2	-	1.2
	10.5	0.5	11.0

UNIVERSITY	2014 Land and Buildings £'m	Equipment £'m	Total £'m
Expiry Date			
- Within one year	6.9	-	6.9
- Between two and five years	2.4	0.5	2.9
- After five years	2.3	-	2.3
	11.6	0.5	12.1

5. ENDOWMENT AND INVESTMENT INCOME

	2014	2013
	£'m	£'m
Income from expendable endowments (note 20)	0.3	0.3
Income recognised from permanent endowments (note 19)	23.3	20.7
Profits on disposal of spin-out company investments	3.2	2.2
Other income from investments and interest receivable	3.5	4.6
	30.3	27.8

Profit on disposal of spin-outs includes £1.3m (2013: £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 (2013: £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).

Profit on Sale of NaturalMotion

	2014 £'m	2013 £'m
Profit on Sale of shares in NaturalMotion	33.6	-

A former Zoology student's digital animation research has resulted in the \$500m sale of spin-out company NaturalMotion to Zynga Inc. The University generated a profit of £33.6m on the sale of its shares in NaturalMotion.

6. STAFF COSTS

	2014 £'m	2013 £'m
Wages and salaries	485.0	442.5
Social security costs	40.2	35.4
Pension costs (note 35)	71.1	63.7
	596.3	541.6

The average number of staff in the year was:

	2014 No.	2013 No.
Average number of staff	11,057	10,422

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

	2014 £'000	2013 £'000
Emoluments (excl. pension contribution)	388	380
Pension contributions	54	54
	442	434

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as a trustee (2013: Nil).

The total expenses paid to or on behalf of a trustee were less than £325 (2013: £250). This represents travel and other expenses incurred in attending Council and related meetings.

The numbers of members of staff 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 were as in the table on page 37.

The salaries reflected in these ranges include payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment. These payments are excluded from the University's Income and Expenditure Account. Of the 399 staff earning in excess of £100k, 138 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	
	2014	2013	2014	2013	2014	2013
£100,000 to £109,999	17	13	66	51	83	64
£110,000 to £119,999	18	9	51	40	69	49
£120,000 to £129,999	14	4	32	22	46	26
£130,000 to £139,999	10	19	27	18	37	37
£140,000 to £149,999	16	8	23	18	39	26
£150,000 to £159,999	10	7	18	13	28	20
£160,000 to £169,999	12	8	10	7	22	15
£170,000 to £179,999	9	18	5	1	14	19
£180,000 to £189,999	9	6	5	3	14	9
£190,000 to £199,999	5	5	5	2	10	7
£200,000 to £209,999	3	4	2	5	5	9
£210,000 to £219,999	2	1	3	2	5	3
£220,000 to £229,999	6	2	2	-	8	2
£230,000 to £239,999	1	1	1	1	2	2
£240,000 to £249,999	2	3	3	-	5	3
£250,000 to £259,999	1	3	1	1	2	4
£260,000 to £269,999	2	-	-	1	2	1
£270,000 to £279,999	-	1	-	1	-	2
£280,000 to £289,999	-	1	1	-	1	1
£290,000 to £299,999	1	-	-	2	1	2
£300,000 to £309,999	-	1	-	-	-	1
£310,000 to £319,999	-	-	1	-	1	-
£320,000 to £329,999	-	-	1	-	1	-
£330,000 to £339,999	-	-	1	-	1	-
£370,000 to £379,999	-	-	-	2	-	2
£430,000 to £439,999	-	-	1	-	1	-
£470,000 to £479,999	-	-	1	-	1	-
£510,000 to £519,999	-	-	-	1	-	1
£590,000 to £599,999	-	-	1	-	1	-
	138	114	261	191	399	305

Three payments totalling £289k in aggregate were made to staff members included in the above salary bands for compensation for loss of office (2013: £5k).

7. ANALYSIS OF EXPENDITURE

	Staff costs	Other operating expenses	Depreciation	2014 Total	2013 Total restated
	£'m	£'m	£'m	£'m	£'m
Academic departments	248.5	68.1	40.4	357.0	302.9
Research grants and contracts	219.3	168.8	18.8	406.9	369.4
Academic services	29.7	13.6	6.1	49.4	50.4
Residences, catering and conferences	0.3	0.4	-	0.7	0.7
Bursaries and scholarships	-	44.3	-	44.3	43.2
Premises	15.6	62.8	6.2	84.6	84.9
Administration	62.7	23.6	1.0	87.3	80.1
Paid to colleges via JRAM	-	55.2	-	55.2	52.5
Impairment of Icelandic deposits	-	-	-	-	(0.6)
Subsidiary Companies	12.5	30.9	0.2	43.6	43.1
Other expenses	7.7	6.7	1.0	15.4	8.6
	596.3	474.4	73.7	1,144.4	1,035.2
Interest payable: other				1.9	2.2
Total expenditure	596.3	474.4	73.7	1,146.3	1,037.4

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

The figures for 2012/13 have been re-stated following re-classification of various University departments in 2013/14.

	2014 £'m	2013 £'m
Depreciation has been funded by:		
Deferred capital grants released (note 25)	32.4	34.2
General income	41.3	26.0
Total depreciation	73.7	60.2

	2014 £'000	2013 £'000
Remuneration paid to auditors during the year was in respect of the following services:		
Audit of the consolidated University's annual financial statements	168	168
Audit of the subsidiaries' annual financial statements	102	85
Total audit fees	270	253
Services relating to taxation	2	3
Grant certification services	135	129
Other non-audit services	33	-
Total non-audit fees	170	132
Total fees to auditors	440	385

Auditor's 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. LEASE COMMITMENTS

The University has the following lease commitments, split by year of lease expiry:

CONSOLIDATED	2014 Land and Buildings £'m	Equipment £'m	Total £'m
Expiry Date			
- Within one year	0.1	-	0.1
- Between two and five years	1.4	1.4	2.8
- After five years	4.5	-	4.5
	6.0	1.4	7.4
UNIVERSITY			
Expiry Date			
- Within one year	0.1	-	0.1
- Between two and five years	1.4	1.4	2.8
- After five years	4.9	-	4.9
	6.4	1.4	7.8

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) the Press provided the rest of the University during the year with goods and services worth approximately £1.2m (2013: £0.9m) of which £0.9m were free of charge (2013: £0.9m). The Press leased premises from the University during the year for a total of £250k; the University leased premises from the Press during the year for a total of £97k. At 31 July 2014 the Press owed the rest of the University £0.1m (2013: £Nil). There were no material amounts due to the Press by the rest of the University at 31 July 2014 or 31 July 2013. An extract of the Press accounts for the year ended 31 March 2014 is included on pages 58–63.

The table below summarises the main transactions with the Press (see Note 4):

	2014 £'m	2013 £'m
Cash received by the rest of the University	48.7	50.3
Benefits in kind – (University year)	0.9	0.9
	49.6	51.2
Lease payments received from Press	0.3	0.3
Lease payments paid to Press	(0.1)	(0.1)

10. INTANGIBLE FIXED ASSETS

CONSOLIDATED	Negative goodwill £'m
Cost at start and end of year	(5.7)
Amortisation to Consolidated Income and Expenditure Account	
At start of year	5.5
Amortisation for year	-
At the end of year	5.5
Net book value at end of year	(0.2)
Net book value at start of year	(0.2)

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.

11. TANGIBLE FIXED ASSETS

CONSOLIDATED	Land and buildings £'m	Equipment and machinery £'m	Assets under construction £'m	Heritage assets £'m	Total £'m
Cost					
At start of year	1,200.4	101.8	168.7	64.3	1,535.2
Additions	13.1	23.2	115.8	2.3	154.4
Completed buildings	136.0	23.7	(159.7)	-	-
Disposals	(0.1)	(19.9)	-	-	(20.0)
At end of year	1,349.4	128.8	124.8	66.6	1,669.6
Depreciation					
At start of year	292.2	40.0	-	-	332.2
Charge for year	45.6	28.1	-	-	73.7
Disposals	(0.1)	(19.5)	-	-	(19.6)
At end of year	337.7	48.6	-	-	386.3
Net book value at end of year	1,011.7	80.2	124.8	66.6	1,283.3
Net book value at start of year	908.2	61.8	168.7	64.3	1,203.0

UNIVERSITY	Land and buildings £'m	Equipment and machinery £'m	Assets under construction £'m	Heritage assets £'m	Total £'m
Cost					
At start of year	1,193.7	99.3	169.8	64.3	1,527.1
Additions	16.3	22.7	115.8	2.3	157.1
Completed buildings	125.2	23.7	(148.9)	-	-
Disposals	(0.1)	(19.8)	-	-	(19.9)
At end of year	1,335.1	125.9	136.7	66.6	1,664.3
Depreciation					
At start of year	290.3	37.8	-	-	328.1
Charge for year	45.5	28.0	-	-	73.5
Disposals	(0.1)	(19.3)	-	-	(19.4)
At end of year	335.7	46.5	-	-	382.2
Net book value at end of year	999.4	79.4	136.7	66.6	1,282.1
Net book value at start of year	903.4	61.5	169.8	64.3	1,199.0

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 £84.4m (2013: £79.3m) of freehold land on which no depreciation is charged. The increase in the year relates to further site clearance costs incurred at the Radcliffe Observatory Quarter site (ROQ) and the purchase of the Park Hospital Site for £5m.

There are 'claw back' provisions within the agreement on the 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 £14.7m (2013: £8.3m).

Land and buildings (Consolidated and University) includes properties financed and occupied by the University on NHS sites with a net book value of £4.3m (2013: £4.3m).

Equipment additions include £8.0m (2013: £14.3m) of labour capitalisation relating to internal IT resource, which has been applied to major IT projects. The majority of the increase is for the Oracle Financials R12 implementation and the Student Systems Programme Phase 3. The costs include £1.1m of capitalised project manager costs (2013: £1.4m).

Saïd Business School: In November 2000, the University entered into a leasing arrangement with the Saïd Business School 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 2014 the fixed assets of the University included a cost of £62.7m (2013: £62.0m) 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

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 2013/14 was £1.4m (2013: £10.5m). The main acquisition was the Gehenna Press Archive for a total of £1.6m, of which £0.6m is a donated asset. Disposals are unlikely as most donations have conditions preventing disposal, and there were no disposals in 2013/14. The costs of donated assets are based on valuations by experts in the relevant field. The six year summary for heritage asset donations/additions is:

£'m	2009	2010	2011	2012	2013	2014
Brought forward	19.4	21.4	21.7	24.6	25.3	64.3
Acquisitions purchased with specific donations	-	-	1.3	0.4	10.5	1.1
Acquisitions purchased with University funds	0.9	0.1	1.4	-	-	0.3
Total cost of acquisitions purchased	0.9	0.1	2.7	0.4	10.5	1.4
Value of acquisitions by donation	1.1	0.2	0.2	0.3	28.5	0.9
Carried forward	21.4	21.7	24.6	25.3	64.3	66.6

Heritage assets of £0.9m were donated in the year (2013: £28.5m). The largest donation was £0.6m for part of the Gehenna Press Archive. These donations are 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	
	2014 £'m	2013 £'m	2014 £'m	2013 £'m
Investments stated at market value				
Real Assets	186.9	285.7	191.4	294.1
Global Equities and Bonds	1,045.6	877.7	1,075.8	905.7
Participating interests	0.4	0.8	-	-
Investments stated at cost				
Associated and subsidiary undertakings	-	-	17.4	16.4
Other investments	81.5	22.8	82.9	23.6
	1,314.4	1,187.0	1,367.5	1,239.8
Less: amounts attributable to outside bodies	(501.3)	(390.4)	(538.1)	(428.3)
Total at end of year	813.1	796.6	829.4	811.5
Investments stated at market value before amounts attributable to outside bodies: at original cost	1,091.7	932.6	1,138.5	962.0
	CONSOLIDATED		UNIVERSITY	
	£'m		£'m	
At start of year		1,187.0		1,239.8
Net Investment		73.6		72.9
Increase in market value		53.8		54.8
At end of year		1,314.4		1,367.5

At 31 July 2014, the University had interests of 20% 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 facilities-sharing infrastructure services	100
Isis Innovation Ltd	Commercial exploitation of intellectual property	100
Isis Innovation (Hong Kong) Ltd ^{1 and 3}	Commercial exploitation of intellectual property	100
Oxford Ltd	Retail and other trading activities	100
Oxford Mutual Ltd ²	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):		
Jenner Vaccine Foundation	Vaccine research	50
Associated undertakings:		
Isis Changzhou International Technology Transfer Centre Co. Ltd ³	Technology transfer	40
Oxtex Ltd	Commercial exploitation of intellectual property	37
Oxford Multispectral Ltd	Commercial exploitation of intellectual property	36
Oxford Vacmedix UK Ltd	Commercial exploitation of intellectual property	34
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
Oxford Risk Research and Analysis Ltd	Commercial exploitation of intellectual property	30
TdeltaS Ltd	Commercial exploitation of intellectual property	29
Oxford Biotrans Ltd	Commercial exploitation of intellectual property	25
Organox Ltd	Commercial exploitation of intellectual property	23
Oxford Electromagnetic Solutions 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

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 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 to 31 December each year. The associated undertakings draw up their accounts to various year-ends.

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

² The members of Oxford Mutual Ltd are the University, Instruct Academic Services Ltd, Isis Innovation Ltd, Jenner Vaccine Foundation, Oxford Ltd, Oxford Saïd Business School Ltd, Oxford University Endowment Management Ltd, Oxford University Fixed Assets Ltd, Oxford University Trading Ltd, The Gray Laboratory Cancer Research Trust, and Voltaire Foundation Ltd.

³ Isis Innovation (Hong Kong) Ltd has entered into a joint venture with the Changzhou city government in China.

Investment in associated undertakings	£'m
Share of net assets at start of year	0.9
Share of profit of associates	1.4
Share of net assets at end of year	2.3

13. ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	£'m	£'m	£'m	£'m
At start of year		686.1		619.8
New funds invested		21.0		21.0
Increase in market value of investments relating to:				
expendable endowments		3.6		3.6
permanent endowments		26.1		23.4
Income received	3.5		3.3	
Recognised in Income & Expenditure Account	(34.4)		(32.0)	
Distribution in excess of income received		(30.9)		(28.7)
At end of year		705.9		639.1

	CONSOLIDATED		UNIVERSITY	
	2014 £'m	2013 £'m	2014 £'m	2013 £'m
Investments stated at market value				
Global Bonds	0.2	0.6	0.1	0.6
Global Equities	275.5	282.2	258.0	254.9
Non-Directional	73.9	69.6	69.2	62.8
Private Equity	91.8	86.5	86.0	78.1
Real Assets	148.2	148.4	143.0	134.1
3rd Party managed	51.3	53.8	28.6	48.6
Other Assets	16.6	10.9	9.2	9.9
Balance held as cash	48.4	34.1	45.0	30.8
At end of year	705.9	686.1	639.1	619.8
Original cost of endowment asset investments	553.1	503.0	515.6	454.4

14. DEBTORS

	CONSOLIDATED		UNIVERSITY	
	2014 £'m	2013 £'m	2014 £'m	2013 £'m
Research grants and contracts debtors	114.3	106.0	114.3	106.0
Amounts due from subsidiaries	-	-	18.8	14.0
Other debtors and prepayments	73.7	62.3	63.7	54.4
	188.0	168.3	196.8	174.4

University and Consolidated debtors include amounts falling due after more than one year of £0.1m (2013: £0.8m).

15. CURRENT ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	2014 £'m	2013 £'m	2014 £'m	2013 £'m
Icelandic bank deposits	-	5.3	-	5.3
Short-term investment in foreign shares	-	0.6	-	0.6
Short-term deposits	19.5	4.5	19.8	2.4
Short-term bonds	-	5.1	-	5.1
At end of year	19.5	15.5	19.8	13.4

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.

During 2013/14 the remaining debt was sold and a small outstanding amount, which is unlikely to be received, remains fully provided for.

The short term investment in foreign shares was a donation in the form of shares saleable on a foreign stock exchange. These shares were sold and invested in units of the Oxford Endowment Fund during the year.

The short term deposits are for a period of less than three months.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		UNIVERSITY	
	2014 £'m	2013 £'m	2014 £'m	2013 £'m
Research grants and contract advances	210.8	231.6	210.8	231.6
Other creditors and accruals	202.0	174.1	188.1	151.6
Bank loans (note 17)	2.2	2.1	2.2	2.1
Amounts due to subsidiaries	-	-	16.9	15.2
	415.0	407.8	418.0	400.5

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

	CONSOLIDATED		UNIVERSITY	
	2014 £'m	2013 £'m	2014 £'m	2013 £'m
Bank loans	35.0	37.3	35.0	37.3
Deferred income – Beeson Gregory	0.4	1.8	0.4	1.8
Deferred income – Technikos	5.7	6.4	5.7	6.4
Salix Fund	0.5	0.5	0.5	0.5
	41.6	46.0	41.6	46.0
Due between one and two years	3.5	4.3	3.5	4.3
Due between two and five years	12.6	10.2	12.6	10.2
Due in five years or more	25.5	31.5	25.5	31.5
	41.6	46.0	41.6	46.0

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 capital repayment holiday of 26 years from 2007. At 31 July 2014 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 2014	12.2	25.0	
Interest rate	5.13%	5.07%	
Final repayment date	April 2019	June 2047	
Amount due within one year	2.2	-	2.2
Amount due between one and two years	2.3	-	2.3
Amount due between two and five years	7.7	-	7.7
Amount due after five years	-	25.0	25.0
	12.2	25.0	37.2

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 2014 was £1.8m.

During 2007, the University entered into an agreement with Technikos LLP to fund the Institute of Biomedical Engineering over a 15-year period following completion of a new building. The building was completed on 1 October 2007. Cash of £12m had been received from Technikos by July 2010. The total balance that had not been set against costs at 31 July 2014 was £6.5m.

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 2014/15 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'.

The University received £400k from HEFCE for the Salix Fund. A further £100k of University funds has been ring-fenced to provide a further 25% of funding towards the carbon reduction initiatives. Of the £500k available funds, £325k of costs were identified against an agreed list of projects. Of this £160k was incurred during the year (2012/13: £89k). The estimated saving from the identified projects is 190t of CO² per annum.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	CONSOLIDATED £'m	UNIVERSITY £'m
At start of year	5.7	5.0
Charged to Income and Expenditure Account	2.9	2.8
Released	(0.7)	(0.7)
Utilised	(0.2)	(0.2)
At end of year	7.7	6.9

The main increase is for a provision for irrecoverable VAT on utility costs. The provision also includes amounts in respect of pension provisions for retired staff members of Federated Superannuation System for Universities and Employees Pension Scheme (see note 35, page 55) who receive pension supplements and provisions for building and tax. During the year £0.2m of the pension provision (2013: £0.2m) was utilised. The timing of future payments is uncertain.

19. PERMANENT ENDOWMENTS

CONSOLIDATED	Unrestricted £'m	Restricted £'m	Total £'m
Original cost	74.8	185.0	259.8
Indexation of capital	27.0	39.1	66.1
Unapplied total return	137.7	148.5	286.2
At start of year	239.5	372.6	612.1
Investment income	1.2	2.0	3.2
Increase in market value of endowment asset investments	6.0	20.1	26.1
Released to Income & Expenditure Account	(9.5)	(13.8)	(23.3)
Movement in unapplied endowment return on permanent endowments	(2.3)	8.3	6.0
New endowments	0.5	5.8	6.3
Reclassifications to expendable endowments	-	0.1	0.1
At end of year	237.7	386.8	624.5
Represented by:			
Original cost	75.3	190.9	266.2
Indexation of capital	28.6	42.7	71.3
Unapplied total return	133.8	153.2	287.0
	237.7	386.8	624.5

UNIVERSITY	Unrestricted £'m	Restricted £'m	Total £'m
Original cost	24.1	185.0	209.1
Indexation of capital	12.0	39.1	51.1
Unapplied total return	137.1	148.5	285.6
At start of year	173.2	372.6	545.8
Investment income	1.0	2.0	3.0
Increase in market value of endowment asset investments	3.3	20.1	23.4
Released to Income & Expenditure Account	(7.1)	(13.8)	(20.9)
Movement in unapplied endowment return on permanent endowments	(2.8)	8.3	5.5
New endowments	0.5	5.8	6.3
Reclassifications to expendable endowments	-	0.1	0.1
At end of year	170.9	386.8	557.7
Represented by:			
Original cost	24.6	190.9	215.5
Indexation of capital	12.6	42.7	55.3
Unapplied total return	133.7	153.2	286.9
	170.9	386.8	557.7

To ensure the preservation of original endowment capital in real terms the University has adopted a policy of indexing up brought forward permanent endowment capital by the Consumer Price Index ('CPI'). Previous indexation was based on the Retail Price Index ('RPI'); however the University considers that CPI is a more realistic measure and is the basis on which returns on the Oxford Endowment Fund are assessed. Transfers in the current year from unapplied total return to indexation for the Consolidated University are £0.6m (2013: £3.1m) for Unrestricted Permanent Endowments and £3.6m (2013: £6.3m) for Restricted Permanent Endowments.

In accordance with the 2007 HEFE SORP endowment funds that are material to the University accounts are disclosed separately, as follows:

Material Endowments (restated)	Moritz-Heyman Scholarship Fund	Wytham Woods Estate	Nuffield Benefaction	James Martin 21st Century Foundation and UK Trust
	£'m	£'m	£'m	£'m
Original cost	24.6	1.1	3.1	50.6
Indexation of capital	-	0.2	0.5	7.8
Unapplied total return	3.2	38.1	72.8	2.3
At start of year	27.8	39.4	76.4	60.7
Exchange rate movement	(2.8)	-	-	(1.2)
Increase in market value of endowment asset investments	4.3	1.6	4.8	4.3
Return for the year	(1.2)	(1.6)	(3.1)	-
Distributed in the year	-	-	-	(4.2)
Capital value at end of year	28.1	39.4	78.1	59.6
Represented by:				
Original cost	24.6	1.1	3.1	50.6
Indexation of capital	0.4	0.2	0.6	8.7
Unapplied total return	3.1	38.1	74.4	0.3
	28.1	39.4	78.1	59.6

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

The Wytham Woods Estate was bequeathed to the University in 1942 with a requirement that the University take all reasonable steps to preserve and maintain the woodlands and use them for the purpose of 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 and provide special facilities for research.

The primary purpose of the James Martin 21st Century Foundation (established in 2004) and James Martin 21st Century (UK) Trust (established in 2012) is to support the Oxford Martin School and establish or support any other entity within the University that advances specialised education relating to severe problems of the 21st century.

Total return accounting can lead to negative unapplied total returns, especially in the short term, as the total return rate is a long term expected rate of return. The University reduces the risk of permanent endowment being eroded by ensuring that accumulated expenditure does not exceed the accumulated income for individual trust funds. There are no trust funds with greater than £0.5m deficit in their unapplied total return (2013: none).

20. EXPENDABLE ENDOWMENTS

CONSOLIDATED AND UNIVERSITY	Restricted expendable £'m
Capital value	72.6
Accumulated income	1.4
At start of year	74.0
Investment income	0.3
Expenditure for the year	(11.1)
Net transfer to income and expenditure account	(10.8)
New endowments	14.7
Reclassification from permanent endowments	(0.1)
Increase in market value of endowment asset investments	3.6
At end of year	81.4
Represented by:	
Capital value	79.8
Accumulated income	1.6
	81.4

21. ENDOWMENT RESERVES (CONSOLIDATED)

Charitable donations classified as endowments, both permanent and expendable, fell into the following categories for the year to 31 July 2014:

	Opening reserves reclassified £'m	Income and market value movements £'m	Endowments received £'m	Released to I&E Account £'m	Closing reserves £'m
General academic	311.0	17.0	6.2	(15.4)	318.8
Academic posts	227.2	8.9	9.9	(12.4)	233.6
Scholarship funds	110.4	6.2	4.1	(4.7)	116.0
Support for libraries and museums	21.5	0.5	0.8	(1.4)	21.4
Societies	13.8	0.3	-	(0.2)	13.9
Prize funds	2.2	0.3	-	(0.3)	2.2
Total	686.1	33.2	21.0	(34.4)	705.9

Opening reserves have been reclassified to reflect a change of purpose of certain endowment reserves.

22. LINKED CHARITIES

The University administers, either directly or indirectly, a number of charitable institutions that are established for its general purposes or a special purpose of or in connection with it. Under paragraph 28(1) of Schedule 3 of the Charities Act 2011, these institutions are referred to as 'paragraph 28' or 'linked' charities. They fall under the umbrella of the University's charitable status and are exempt from registration with the Charity Commission.

The University maintains a detailed register of its linked charities and for those with income of more than £100k publishes information via its gateway page at: www.ox.ac.uk/about/organisation/university-as-a-charity.

The financial results of the linked charities during the year were as follows:

	Opening Reserves £'m	Income & endowments received £'m	Investment Gains & Revaluations £'m	Transfers £'m	Expenditure £'m	Closing Reserves £'m
University of Oxford Development Trust Fund ^a	741.1	67.0	14.9	(11.9)	(13.3)	797.8
James Martin 21 st Century Foundation ^b	22.8	-	0.8	-	(0.9)	22.7
James Martin 21 st Century (UK) Trust ^b	37.9	1.3	1.0	-	(3.3)	36.9
The Gray Laboratory Cancer Research Trust ^b	0.7	1.3	-	-	(1.3)	0.7
Oxford University Law Foundation ^a	0.6	0.1	0.1	-	(0.1)	0.7
Nuffield Dominions Trust ^c	21.1	0.4	3.5	-	(0.3)	24.7
College Contributions Fund ^c	33.7	5.2	1.1	-	(1.6)	38.4
Oxford University Boat Club ^c	3.7	0.4	-	-	(0.5)	3.6
Oxford University Rugby Club ^c	0.7	0.3	-	-	(0.3)	0.6
Oxford University Women's Boat Club ^c	0.1	0.4	-	-	(0.4)	0.1
Smaller sports charities ^c	0.2	0.9	-	-	(0.9)	0.2
Smaller non-sports charities ^c	0.5	0.5	-	-	(0.4)	0.6

^a These are aggregated in the University's financial statements

^b These are consolidated in the University's financial statements

^c These are not consolidated in the University's financial statements as they either are not controlled by the University or do not benefit the University directly

23. INCOME AND EXPENDITURE ACCOUNT

	CONSOLIDATED £'m	UNIVERSITY £'m
At start of year	965.3	974.7
Surplus for the year retained in general reserves	38.9	32.5
Realised gains transferred from revaluation reserve (note 24)	56.0	55.9
At end of year	1,060.2	1,063.1

The Income and Expenditure Account includes £50.3m (2013: £49.4m) 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.

The Income and Expenditure Account includes £254.5m of funds that the University has transferred to the University of Oxford Development Trust Fund. Although these funds are accounted for as income and, for accounting purposes, are treated as unrestricted, the funds are legally held as expendable endowment and, £43.6m are subject to a legal restriction.

24. REVALUATION RESERVE

	CONSOLIDATED £'m	UNIVERSITY £'m
At start of year	158.1	157.8
Realised gains transferred to retained earnings (note 23)	(56.0)	(55.9)
Appreciation in market value of Fixed Asset Investments, net of amounts attributable to outside bodies	30.5	30.5
At end of year	132.6	132.4

25. DEFERRED CAPITAL GRANTS

Funding received from sponsors for fixed assets, excluding land and heritage assets 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	265.6	2.8	268.4
	receipts	23.3	0.1	23.4
	released in year	(7.1)	(0.1)	(7.2)
	at end of year	281.8	2.8	284.6
Other:	at start of year	335.8	29.9	365.7
	receipts	23.8	24.1	47.9
	donor reclassification	(3.0)	-	(3.0)
	released in year	(13.3)	(11.9)	(25.2)
	at end of year	343.3	42.1	385.4
Total:	at start of year	601.4	32.7	634.1
	receipts	47.1	24.2	71.3
	donor reclassification	(3.0)	-	(3.0)
	released in year	(20.4)	(12.0)	(32.4)
Total		625.1	44.9	670.0

UNIVERSITY				
Funding Council:	at start of year	265.6	2.8	268.4
	receipts	23.3	0.1	23.4
	released in year	(7.1)	(0.1)	(7.2)
	at end of year	281.8	2.8	284.6
Other:	at start of year	333.4	29.9	363.3
	receipts	28.1	24.1	52.2
	donor reclassification	(3.0)	-	(3.0)
	released in year	(13.4)	(11.8)	(25.2)
	at end of year	345.1	42.2	387.3
Total:	at start of year (restated)	599.0	32.7	631.7
	receipts	51.4	24.2	75.6
	donor reclassification	(3.0)	-	(3.0)
	released in year	(20.5)	(11.9)	(32.4)
Total		626.9	45.0	671.9

Included within deferred capital grants is a total of £13.9m (2013: £15.5m) received on account from funders for projects where the funding has not yet been applied to an asset.

In year there was a reclassification made by a donor relating to a prior year donation. The reclassification moved it from capital spend to operating spend so the non-capitalised deferred capital grant has been amended to reflect this.

26. MINORITY INTEREST

CONSOLIDATED	2014 £'m	2013 £'m
At start of year	0.4	10.9
Transfer of Oxford Capital Fund into University	-	(10.5)
At end of year	0.4	0.4

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

	2014 £'m	2013 £'m
Surplus on continuing operations after depreciation of tangible fixed assets	28.1	49.5
Depreciation	73.7	60.2
Heritage assets non-cash donation	(0.9)	(28.5)
Negative goodwill released	-	(0.5)
Unrealised exchange rate (gain) / loss	(5.2)	4.2
Deferred capital grants released	(35.4)	(34.2)
Endowment income and interest receivable	(30.3)	(27.8)
Profit on Sale of Natural Motion shares	(33.6)	-
Write-back of Icelandic bank impairment	-	(0.6)
Interest payable	1.9	2.2
(Increase) / decrease in stocks	(0.5)	0.1
(Increase) in debtors	(16.6)	(0.6)
Increase in creditors	13.0	69.3
Increase / (decrease) in provisions	2.0	(0.2)
Net Cash (outflow) / inflow from operating activities	(3.8)	93.1

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

	2014 £'m	2013 £'m
Increase / (decrease) in cash for the year	4.4	(76.6)
Increase / (decrease) in liquid resources	4.0	(2.8)
Decrease in debt	2.2	2.0
Increase / (decrease) in net funds resulting from cash flows	10.6	(77.4)
Exchange rate movements	(1.0)	0.3
Other non-cash movements	-	(0.1)
Increase / (decrease) in net funds	9.6	(77.2)
Net funds at start of year	42.1	119.3
Net Funds at end of year	51.7	42.1

29. ANALYSIS OF CHANGES IN NET FUNDS

	2013 £'m	Exchange and other non-cash movements £'m	Cash changes £'m	2014 £'m
Cash at bank and in hand	31.9	(1.0)	(9.9)	21.0
Endowment assets cash	34.1	-	14.3	48.4
Current asset investments	66.0	(1.0)	4.4	69.4
Loans due within one year	15.5	-	4.0	19.5
Loans due after one year	(2.1)	(2.3)	2.2	(2.2)
	(37.3)	2.3	-	(35.0)
	42.1	(1.0)	10.6	51.7

30. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR

	Mortgages and loans £'m
At start of year	39.4
Amounts repaid	(2.2)
At end of year	37.2

31. CAPITAL AND INVESTMENT COMMITMENTS

CONSOLIDATED AND UNIVERSITY	2014 £'m	2013 £'m
At the end of the year the University had major capital commitments for building projects as follows:		
Contracted for	61.8	90.5
Authorised but not contracted	63.4	48.0
At the end of the year the University had commitments to invest additional funds within its investment portfolio	234.7	-

Financial Instruments

CONSOLIDATED AND UNIVERSITY	2014 £'m	2013 £'m
Nominal value of current hedging contracts	274.0	216.5
Forward contracts relating to research assets	25.0	45.4
Unrealised gains / (losses) in year on forward contracts:		
Forward foreign currency contracts re investments	(0.9)	1.4
Forward foreign contracts for research	(1.2)	0.8

All forward contracts are current.

Description of hedging relationship, hedging instruments and hedge item

Forward contracts are used by the Oxford Funds to hedge exposure to foreign exchange risk. These contracts are used as hedging instruments to ensure that the sterling investment value of investments are within a range decided by the Investment Committee between 50% and 70% of the assets held in the Oxford Funds.

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

The nominal value of current hedging contracts in place in relation to investments at 31 July 2014 was £274.0m (2012/13 £216.5m) and the contracts, when marked to market, showed an unrealised loss of £0.9m (2012/13 unrealised gain of £1.4m)

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 2014 was £25.0m (2013: £45.4m), and the contracts, when marked to market, showed an unrealised loss of £1.2m (2013: £0.8m gain).

Foreign Currency Risk

Risk analysis is an integral part of the University investment decision making and portfolio management. Geographical and foreign currency exposures and the liquidity of our underlying portfolio are consistently evaluated, in order to ensure that the fundamental views have produced an optimal portfolio position. An in-house performance and risk system have been developed to provide the ability to review the Oxford Funds performance, understand the risks and evaluate them on a real time basis.

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 2014, the date of its latest audited balance sheet, the Press had total net assets of £466.1m (2013: £473.3m), after deducting total liabilities of £365.9m (2013: £321.3m).

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

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 2014 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 which the University undertakes transactions which are considered material to the University's financial statements and / or the other party. Due to the nature of the University's operations and the composition of Council (being drawn from colleges and other private and public sector organisations) it is inevitable that transactions in the normal course of business will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the University's financial regulations and normal procurement procedures.

Included in the financial statements are the following transactions between the University and related parties where a member of the University or senior officer was also a director or trustee of the related party. This excludes the colleges which are separate legal entities.

	Income	Expenditure	Balance due to the University
	£'000	£'000	£'000
British Academy	35	36	37
European Commission	26,933	-	3,400
Imperial College London	220	69	2,178
North West London Hospitals NHS Trust	-	5	-
Oxford Biomedica (UK) Ltd.	7	-	1
Penningtons Manches LLP	-	149	-
Pepscan Presto BV	-	10	-
The Royal Society	126	142	35
Royal Society of Medicine	-	5	-
Taylor & Francis	27	-	-

During the year, the University made grants and other payments totalling £402k (2013: £296k) 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 Equity Management.

Research Councils: In common with many universities, senior members of the University sit on Research Councils, other NHS Trust boards and other grant awarding bodies which have their own internal procedures to avoid potential conflicts of interest. Members of Council also sit on Research Councils and their sub-committees including the Engineering and Physical Sciences Research Council, the Science and Technology Facilities Council, the Medical Research Council and the Arts and Humanities Research Council.

INCOME	2014 £'000	2013 £'000
Medical Research Council	54,660	44,037
Science and Technology Facilities Council	8,854	8,230
Engineering and Physical Sciences Research Council	35,278	30,762
Arts and Humanities Research Council	3,237	2,799
	102,029	85,828

Colleges: The 36 external colleges of the University of Oxford are independent legal institutions and are therefore not included in the financial results of the University. Whilst the University has no financial responsibility for the colleges, the collegiate nature of Oxford gives rise to financial interaction between the University and colleges. During the year the University paid £55.2m to the colleges via its Joint Resource Allocation Method (JRAM) (see note 7) out of HEFCE funding and fee income (2013: £52.5m).

The University made a payment of £1m to the College Contributions Fund in 2013/14 (2013: £1m) and will make further payments of £1m per year for the next four years. The Fund finances a scheme which provides support to colleges with relatively low assets. The University agreed to make these payments to help build up a permanent endowment to provide income grants. Grants are 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 2014 the University held investments in the Endowment Fund amounting to £324.3m (2013: £376.9m) on colleges' behalf. Colleges are also among the investors in the Oxford Capital Fund. They have invested £13.9m as at 31 July 2014 (2013: £11.5m).

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: Certain external trusts provide research and other funding to the University and some colleges. A number of these trusts (note 22) 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/NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP ('NCTL')

	HEFCE		NCTL	
	2014 £'m	2013 £'m	2014 £'m	2013 £'m
At start of year	0.1	0.1	-	-
Net funds received	0.1	0.1	2.0	2.0
Disbursed to students	(0.1)	(0.1)	(2.0)	(2.0)
At end of year	0.1	0.1	-	-

The University acts only as a paying agent in relation to Funding Council hardship funds and NCTL bursaries, distributing them to students. The funds received and related disbursements are therefore excluded from the Income and Expenditure Account.

35. PENSION SCHEMES*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 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 responsibility for any increased contributions arising from a withdrawal.

The University has made available National Employment Savings Trust for non-employees who are eligible under automatic enrolment regulations and certain staff who are ineligible to join USS, OSPS or NHSPS.

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 and two units which were acquired by the University on 1 July 2013.

Actuarial valuations

The last full actuarial valuation of the NHSPS was performed as at 31 March 2012. The 2012 valuation reported scheme liabilities of £240 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 increase from 14.0% currently to 14.3% from 1 April 2015.

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	31/03/2013
Date valuation results published:	15/06/2012	23/06/2014
Value of liabilities:	£35,344m	£597m
Value of assets:	£32,434m	£424m
Funding surplus/(deficit):	(£2,910)m ^{a&b}	(£173m) ^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)	-	4.4% pa
Rate of interest (periods after retirement)	-	4.4% pa
Rate of increase in salaries	4.4% pa	4.5% pa
Rate of increase in pensions	3.4% pa ^d	4.4% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	23.7 yrs	22.5 yrs
Assumed life expectancy at age 65 (females)	25.6 yrs	25.2 yrs
Funding Ratios:		
Technical provisions basis:	92%	71%
Statutory Pension Protection Fund basis:	93%	69%
'Buy-out' basis:	57% ^e	44%
Estimated FRS17 basis	84% ^e	75%
Recommended employer's contribution rate (as % of pensionable salaries):	16% ^e	21.5%, increasing to 23.5% ^f
Effective date of next valuation:	31/03/2014	31/03/2016

Notes:

- a. USS's actuarial valuation as at 31 March 2011 identified a funding deficit of £2.9bn. USS implemented with effect from 1 October 2011 a package of changes, including the admission of new members into a Career Revalued Benefits section. 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 this deficit by 31 March 2021.
- b. As part of the formal valuation process, the trustee of USS has prepared a preliminary valuation as at 31 March 2014 with the support of the scheme actuary. The initial results of the actuarial valuation, based on the assumptions proposed by the trustee of the scheme's technical provisions and assuming the current benefit structure remains in place, reveals a deficit as at 31 March 2014 of £12.3bn. A formal consultation is underway.
- c. OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries, but also a funding deficit of £173m. The University of Oxford, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by raising the employer contribution rate in increments of 0.5% of pensionable salary to 23.5%, with this increase being implemented over the next three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.
- d. USS' actuary has assumed that pension increases will be 3.4% per 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 20.1% of total pensionable salaries. It was agreed that employers increase their contribution rate by 0.5% each year to 1 August 2017 to 23.5%.

The increasing and uncertain costs of pension provision in the current low interest rate environment and possible changes to the USS Pension Scheme may result in higher pension contributions in the future.

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 £63m
Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £2.0bn	increase / decrease by £41m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £1.2bn	increase / decrease by £13m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £0.8bn	increase by £20m

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	2014 £'m	2013 £'m
Universities Superannuation Scheme	53.7	47.8
University of Oxford Staff Pension Scheme	12.0	11.0
NHS pension Scheme	3.6	3.5
Other Schemes - contributions	1.8	1.4
Total	71.1	63.7

The additional information on pages 58–63 does not form part of the audited Financial Statements for the University of Oxford for the years ended 31 July 2014 and 31 July 2013.

OXFORD UNIVERSITY PRESS: FINANCIAL REPORT EXTRACTS

ABSTRACT OF THE ACCOUNTS OF THE TRADING OPERATIONS AND THE DELEGATES' PROPERTY AND RESERVE FUND OF OXFORD UNIVERSITY PRESS FOR THE YEAR ENDED 31 MARCH 2014.

The Delegates wish to observe that:

- (a) The abstracts of Accounts are drawn from the full audited accounts of the Trading Operations and the Delegates' Property and Reserve Fund of the Press;
- (b) with regard to the abstract of the combined Balance Sheet of the Trading Operations, the short term cash position is substantially stronger at 31 March than at certain other times of the year;
- (c) a proportion of earnings and cash balances arising in certain overseas countries is not available for use elsewhere;
- (d) the Delegates' Property and Reserve Fund was established during the year ended 31 March 1984 in order to distinguish more clearly the reserve investments of the Press from the assets and liabilities relating to the Trading Operations. The Fund holds and manages the properties of the Press together with the income arising therefrom. The main purpose of the Fund is to manage, in the short and medium term, the impact on the Press, and consequently on the University, of the realisation of material economic and financial risks to the Press.

OXFORD UNIVERSITY PRESS: FINANCIAL REPORT EXTRACTS

INDEPENDENT AUDITOR'S 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 Oxford University Press for the year ended 31 March 2014 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 Oxford University 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 KPMG LLP

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 accurate extraction of the captions and amounts included in the Abstract within the Financial Statements of the University of Oxford with the full annual financial statements of the Trading Operations and Delegates' Property and Reserve Fund of Oxford University Press.

Basis of opinion

Our examination of the Abstract consisted primarily of agreeing the captions and amounts included in the Abstract to the corresponding items within the full annual financial statements of the Trading Operations and the Delegates' Property and Reserve Fund of Oxford University Press for the year ended 31 March 2014. We also read the other information contained in the Financial Statements of the University of Oxford and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Abstract. This engagement is separate from the audit of the annual financial statements of Trading Operations and the Delegates' Property and Reserve Fund of Oxford University Press and the report here relates only to the extraction of the Abstract from those annual financial statements and does not extend to the annual financial statements taken as a whole.

As set out in our audit report on those financial statements, that audit report is made solely to the Delegates, as a body, in accordance with Council Regulation 20 of 2002 of Oxford University. The audit work has been undertaken so that we might state to the Delegates 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 Trading Operations and Delegates' Property and Reserve Fund of Oxford University Press and the Delegates as a body for that audit work, for the audit report, or for the opinions we have formed in respect of that audit.

Opinion

On the basis of the work performed, in our opinion the captions and amounts included in the Abstract have been accurately extracted from the full annual financial statements of the Trading Operations and Delegates' Property and Reserve Fund of Oxford University Press for the year ended 31 March 2014.

KPMG LLP

Chartered Accountants

Arlington Business Park, Theale. Reading, RG7 4SD

27 May 2014

Abstract of the combined results of the Trading Operations for the year ended 31 March 2014

	Year ended 31 March 2014	Year ended 31 March 2013
	£'m	£'m
TURNOVER	759.0	759.2
Profit for the year before tax	107.2	116.2
Taxation	(10.4)	(12.8)
PROFIT AFTER TAX	96.8	103.4
Loss attributable to minority interests	(1.3)	(0.9)
NET PROFIT FOR THE YEAR	95.5	102.5

The above results relate to continuing operations.

Abstract of the Combined Statement of Total Recognised Gains and Losses of the Trading Operations for the year ended 31 March 2014

	Year ended 31 March 2014	Year ended 31 March 2013
	£'m	£'m
Net profit for the financial year	95.5	102.5
Actuarial (losses)/gains on Group Pension Schemes	(49.4)	(48.6)
Currency translation differences on foreign currency net investments	(15.1)	1.2
TOTAL RECOGNISED GAINS RELATING TO THE YEAR	31.0	55.1
Actuarial (losses)/gains on Group Pension Schemes		
Difference between actual and expected return on scheme assets	(21.1)	22.3
Effect of change in liability experience	(0.1)	(1.5)
Effects of changes in assumptions underlying the present value of scheme liabilities	(28.2)	(69.4)
	(49.4)	(48.6)

Abstract of the Combined Balance Sheet of the Trading Operations as at 31 March 2014

	2014		2013	
	£'m	£'m	£'m	£'m
Fixed Assets				
Tangible Assets		36.1		41.9
Intangible Assets		25.7		29.8
Goodwill		50.1		57.8
Investments		0.5		0.5
		112.4		130.0
Current Assets	98.4		102.8	
Stocks and Work-in-progress	188.5		173.5	
Debtors	212.0		160.7	
Current Asset Investments	32.7		51.0	
Cash at bank and in hand	531.6		488.0	
Less: Current Liabilities	(209.3)		(205.0)	
Creditors: amount falling due within one year	(10.7)		(11.5)	
Taxation	(11.3)		(12.4)	
Bank loans and overdrafts	(231.3)		(228.9)	
Net Current Assets		300.3		259.1
TOTAL ASSETS LESS CURRENT LIABILITIES		412.7		389.1
Less:				
Creditors: amounts falling due after more than one year		(4.8)		(5.6)
Provisions for Liabilities		(1.7)		(2.0)
NET ASSETS EXCLUDING PENSION LIABILITY		406.2		381.5
Pension Liability		(112.5)		(61.0)
NET ASSETS INCLUDING PENSION LIABILITY		293.7		320.5
Capital Employed				
Accumulated Fund		292.4		319.1
Minority Interests		1.3		1.4
TOTAL FUNDS		293.7		320.5

Abstract of the Combined Statement of Financial Activities of the Delegates' Property and Reserve Fund for the year ended 31 March 2014

	Strategic Property Reserve £'m	Effective Operating Reserve £'m	2014 Total £'m	2013 Total £'m
INCOMING RESOURCES FROM GENERATED FUNDS				
Rental Income from properties	14.5	2.7	17.2	16.9
Income from investments	0.2	0.2	0.4	0.5
Transfer from Trading Operations	9.0	48.7	57.7	50.0
TOTAL INCOMING RESOURCES	23.7	51.6	75.3	67.4
RESOURCES EXPENDED				
Cost of generating Funds				
Transfer of funds to the rest of the University:				
- Cash	-	(48.7)	(48.7)	(50.3)
- Benefits in kind	(1.0)	-	(1.0)	(0.9)
Other resources expended	(8.9)	(0.8)	(9.7)	(10.6)
TOTAL RESOURCES EXPENDED	(9.9)	(49.5)	(59.4)	(61.8)
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS BETWEEN FUNDS				
	13.8	2.1	15.9	5.6
Transfer between funds	10.0	(10.0)	-	-
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR	23.8	(7.9)	15.9	5.6
Other Recognised Gains/(Losses)				
Surplus on revaluation of investment properties				
	-	4.6	4.6	4.7
Currency translation differences on foreign currency net investments				
	(0.9)	-	(0.9)	-
NET MOVEMENTS IN FUNDS	22.9	(3.3)	19.6	10.3
RECONCILIATION OF FUNDS				
TOTAL FUNDS BROUGHT FORWARD	48.3	104.5	152.8	142.5
TOTAL FUNDS CARRIED FORWARD	71.2	101.2	172.4	152.8

The above results relate to continuing operations.

**Abstract of the Combined Balance Sheet of the Delegates' Property and Reserve Fund
as at 31 March 2014**

	Strategic Property Reserve £'m	Effective Operating Reserve £'m	2014 Total £'m	2013 Total £'m
Fixed Assets				
Tangible Fixed Assets	51.3	66.6	117.9	117.0
Investments	5.0	42.0	47.0	46.9
	56.3	108.6	164.9	163.9
Current Assets				
Debtors	0.1	0.3	0.4	0.5
Cash at hand and bank	22.7	-	22.7	12.2
	22.8	0.3	23.1	12.7
Creditors: Amounts falling due within one year	(7.8)	(7.7)	(15.5)	(23.4)
Net Current Assets (Liabilities)	15.0	(7.4)	7.6	(10.7)
TOTAL ASSETS LESS CURRENT LIABILITIES	71.3	101.2	172.5	153.2
Creditors: Amounts falling due after one year	(0.1)	-	(0.1)	(0.4)
NET ASSETS	71.2	101.2	172.4	152.8
Reconciliation of Funds				
Opening balance	48.3	104.5	152.8	142.5
Net movement in funds	22.9	(3.3)	19.6	10.3
TOTAL FUNDS	71.2	101.2	172.4	152.8

The audited annual accounts of the Trading Operations and Delegates' Property and Reserve Fund of Oxford University Press can be obtained from Oxford University Press, Great Clarendon Street, Oxford, OX2 6DP.

