



UNIVERSITY OF
OXFORD

Financial Statements 2014/15



University of Oxford

Financial Statements 2014/15



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Five Year Summary of Key Statistics

Year ended 31 July	2011 £'m	2012 £'m	2013 £'m	2014 £'m	2015 £'m
Funding body grants	200.3	203.6	193.8	182.2	183.5
Academic fees and support grants	152.7	173.3	197.0	235.9	258.3
Research grants and contracts	376.7	409.0	436.8	478.3	522.9
Research and Development Expenditure Claim ('RDEC')	-	-	-	-	85.1
Other income	167.4	191.0	203.0	213.2	224.3
Special transfer from Oxford University Press	203.3	-	-	-	120.0
Endowment and investment income	21.5	25.6	27.8	30.3	25.2
Profit on sale of NaturalMotion	-	-	-	33.6	-
Donation of heritage assets	0.2	0.3	28.5	0.9	10.0
Total Income	1,122.1	1,002.8	1,086.9	1,174.4	1,429.3
Total Expenditure	908.2	971.8	1,037.4	1,146.3	1,238.3
Surplus on ordinary activities	213.9	31.0	49.5	28.1	191.0
Surplus for the Year retained within General Reserves	217.9	39.0	60.7	38.9	184.3
Net cash (outflow)/inflow before management of liquid resources and financing	(49.9)	54.9	(77.4)	10.6	3.8
Fixed assets	1,667.6	1,777.6	1,999.4	2,096.2	2,363.0
Endowment assets	564.3	592.7	686.1	705.9	833.9
Net current assets/(liabilities)	(50.8)	(108.8)	(189.8)	(183.7)	72.8
Long term creditors/provisions and minority interests	(59.1)	(56.1)	(51.7)	(49.3)	(250.4)
Net Assets	2,122.0	2,205.4	2,444.0	2,569.1	3,019.3
Student numbers					
Full-time equivalent students - undergraduates	11,723	11,752	11,832	11,772	11,703
Full-time equivalent students - graduates	9,327	9,621	9,857	9,850	10,173
Visiting students/other	485	499	488	494	472
Total students at 1 December in the financial year	21,535	21,872	22,177	22,116	22,348
Average number of staff – full-time equivalent	9,140	9,540	10,422	11,057	11,596
Staff costs as a percentage of expenditure	52.8	51.4	52.2	52.0	51.5
Size of Estate					
Buildings (square metres, thousands)	590	602	613	636	647

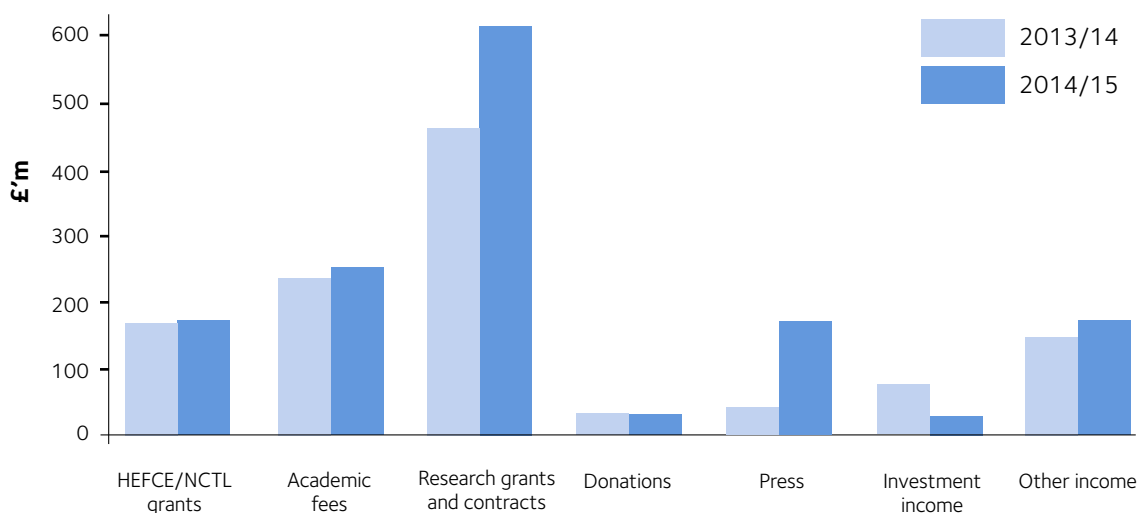
The five year summary excludes Oxford University Press

Financial Highlights excluding Oxford University Press

Results for the Year

- Total income increased by 21.7% to £1,429.3 million (2013/14: £1,174.4 million).
- The largest source of income continued to be research grants and contracts. After removing exceptional income (the RDEC and the special transfer from Oxford University Press ('the Press')), this represented 42.7% of the total income (2013/14: 40.7%).

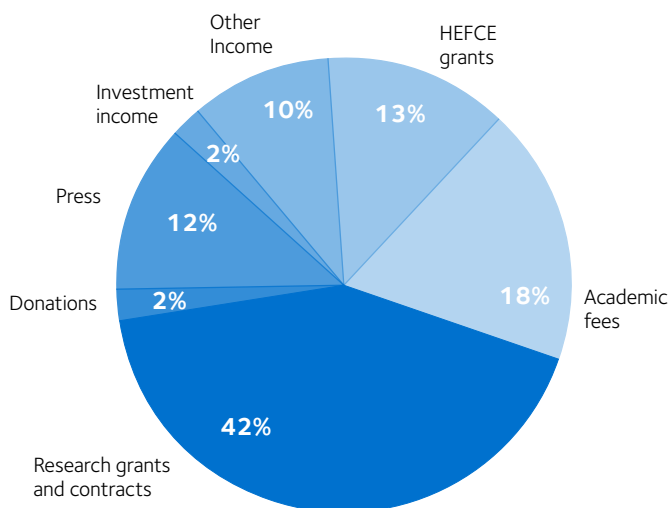
Year-on-Year Income (£'m)



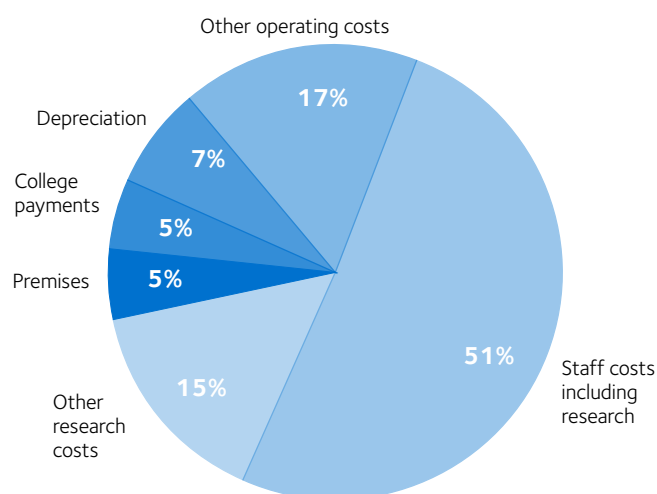
Total expenditure increased by 8.1% to £1,238.3 million (2013/14: £1,146.3 million).

- Staff costs increased by 6.9% to £637.2 million (2013/14: £596.3 million) and were equivalent to 51.5% of total expenditure (2013/14: 52%).
- The surplus for the year retained within general reserves was £184.3 million (2013/14: £38.9 million). The increase of £145.4 million is primarily due to the RDEC and the transfer from the Press.
- A taxation charge of £18.5 million was incurred solely relating to RDEC.

Consolidated University Income 2014/15



Consolidated University Expenditure 2014/15



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 22,300 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. While 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, 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, as such, their financial results are consolidated into the University's financial statements.

² Available at: www.ox.ac.uk/about/organisation/strategic-plan

- 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/organisation/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/?AB=B&cc=gb.

Research

The scale of the University's research activity is substantial: 1,800 academics, 5,000 research and research support staff and over 5,600 postgraduate research students are involved, collaborating with other universities and research organisations, healthcare providers (especially the Oxford University Hospitals NHS Trust⁴), businesses, community groups, charities, and government agencies. According to the 2014 Research Excellence Framework, the official UK-wide assessment of all university research, the University has the largest volume of world-leading research in the country. The public benefits from this 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 the quality of life.

Much of the University's research activity is underpinned by competitively won research grants and contracts with third parties (including the UK Research Councils, UK charities and the European Commission); there are currently 4,378 active research awards worth £2.5 billion. In addition, HEFCE provides invaluable support through Quality-Related block grant funding and the Higher Education Innovation Fund.

Research highlights in 2014/15 include:

- the first trial of a new Ebola vaccine, destined for West Africa, was undertaken by Oxford researchers and collaborators in response to the epidemic in 2014. Sufficient safety and immunogenicity data was generated to progress to a phase III trial in Liberia in January 2015. Since then, four new Ebola vaccines have entered clinical testing in Oxford using healthy volunteers from Oxfordshire and trials are ongoing in Sierra Leone and Senegal. The University played a key role in accelerating the initiation and conduct of the phase I trials;

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 2015 are set out on pages 61-66. The rest of this Operating and Financial Review does not include the Press unless expressly stated.

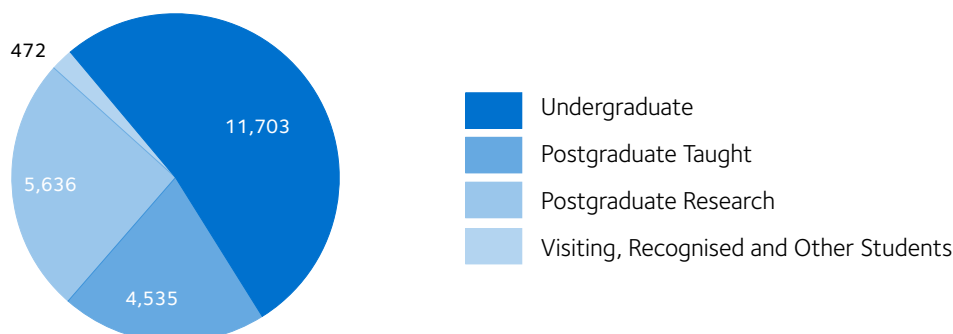
⁴ Now the Oxford University Hospitals NHS Foundation Trust, following the granting of Foundation Trust status from 1 October 2015.

- chemistry researchers developed 3D printing techniques that create synthetic tissue-like materials from thousands of tiny water droplets, each coated in a thin membrane and studded with protein pores to act like simplified cells. Spin-out company OxSyBio is developing the techniques to produce materials for wound healing and drug delivery. In the longer term, the company aims to print synthetic tissues for organ repair or replacement;
- the Oxford Poverty and Human Development Initiative developed a new, more comprehensive method of defining poverty, including dimensions such as health, education and living standards. The method can be used to create a Multidimensional Poverty Index which provides governments with the information and framework for enhanced poverty reduction efforts. To date, the governments of Bhutan, Colombia, Mexico, Malaysia and Chile, along with the state of Minas Gerais in Brazil and Ho Chi Minh City in Vietnam, have launched official multidimensional poverty measures that help shape social policies and better target anti-poverty programmes;
- researchers at the Institute of Biomedical Engineering were awarded a prestigious international prize by the Institute of Engineering and Technology for their pioneering use of 'nano-bubbles' for targeted delivery of chemotherapy drugs. Encasing the drugs in ultrasound-activated bubbles aims to increase the amount of drug delivered to a target site while diminishing unpleasant and dangerous side effects, such as nausea, hair loss and risk of infection;
- Oxford researchers were involved in the development of new school food standards, to be implemented by the government as part of The School Food Plan and designed to make it easier for school cooks to create imaginative, flexible and nutritious menus;
- the Kennedy Institute of Rheumatology was involved in research to successfully identify a number of potential targets for the treatment of rheumatoid arthritis;
- researchers from the University, Tropical Power, Imperial College London and the Royal Botanic Gardens at Kew collaborated on ways to release the huge energy potential of succulent plants that can survive in hostile environments. The technology is relatively simple, putting it within reach of some of the world's poorest communities who are most in need of cheap sources of energy;
- University spinout Brainomix launched its e-ASPECTS software which automates expert analysis of CT brain scans to support doctors in making life-saving treatment decisions;
- the Oxford Education Deanery, a research-engaged professional learning partnership, drew on the expertise of Oxford researchers to support local teachers' professional learning and so improve outcomes for pupils in local schools; and
- in collaboration with researchers based in Cape Town, Oxford researchers developed and implemented a highly successful text message service to send reminders about clinic appointments and taking medicine, in an effort to tackle the growing problem of lifestyle-related disease in South Africa.

Further information on the range of impacts that University research has on the world of policy, health, business and culture is available in a series of case studies and films at: www.ox.ac.uk/research/research-impact.

Education

Student numbers



On 1 December 2014, the University had 22,346 registered full-time, part-time and visiting students⁵. In addition, within the Department for Continuing Education, there were approximately 14,500 enrolments on a range of more than 800 non-award bearing courses.

Attracting the best candidates

The University seeks to recruit the best students from the UK and abroad through transparent and fair admission 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 groups⁶. 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 2014/15, the University received 18,384 undergraduate applications (an increase of 5% on the previous year). 60% of UK applicants were from schools in the maintained sector, and of offers made to UK applicants, 55% were to applicants from the maintained sector. 6,651 applications were received from non-UK (i.e. EU beyond the UK and overseas) applicants, an increase of 10% on 2013/14.

The University's UNIQ summer school programme⁷ brought 875 young people from state schools and colleges to Oxford in 2015 for week-long courses. Success rates for UNIQ 2014 participants who subsequently applied to Oxford were strong, with 38% 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 Schemes⁸. In 2014/15, the University provided the lowest-income UK students with financial support of up to £11,000 per student per year. In 2014/15, £6.9 million in bursaries and scholarships was distributed to around 2,500 undergraduate students and a further £3.6 million in tuition fee reductions was allocated to over 1,200 undergraduate/PGCE students.

In 2015/16, the collegiate University will spend approximately 50% of 'additional fee income'⁹ on access measures. Based on current student profiles, around one in six UK undergraduate students at Oxford will receive a tuition fee reduction (students from eligible cohorts with household incomes below £25,001) and almost a quarter will receive a bursary (those with household incomes below £42,621).

⁵ Excluding those undertaking non-award bearing courses through the Department for Continuing Education.

⁶ 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.

⁷ A residential access programme for high-performing state school students from schools and areas with little or no history of successful application to Oxford.

⁸ 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.

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

Graduate admissions and funding

In 2014/15, applications for graduate study rose by 6% compared with 2013/14. Applications from the UK increased by 9.1%, those from the EU beyond the UK by 7.2%, and those from non-EU countries by 4.3%. Applications for 2015/16 are up by 14% at around 24,000.

In 2014/15, some £18.5 million was disbursed in scholarships (compared with £14.3 million in 2013/14). Further information about graduate scholarships available at Oxford can be found at: www.ox.ac.uk/admissions/graduate/fees-and-funding/graduate-scholarships.

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 46 endowed schemes, worth £66.9 million from donors and £44.6 million from the University. Matching for a further 50 spend-down schemes, worth £4.1 million from donors and £2.7 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, with a further 71 arriving in October 2014. In October 2015, at least another 120 scholars will start their studies at Oxford.

During 2014/15, the University ran 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:

- 116 full scholarships for 2014/15 have been awarded using a selection procedure that takes account of socio-economic background and financial need as well as academic merit;
- funded research internships for undergraduates and professional internships for postgraduate taught course students have been provided through the scheme, engaging 87 new host organisations, as well as a personal and professional development course, Springboard, for female students on taught courses; and
- data analysis and research into access to postgraduate study at Oxford is being undertaken.

In 2014/15, HEFCE launched a second scheme offering £10,000 bursaries, jointly funded by the University, to encourage students from under-represented groups who were charged the higher undergraduate fee in 2012/13 and were from the UK and the EU beyond the UK to undertake postgraduate taught courses. Around 100 such bursary holders are expected to come to Oxford in 2015/16.

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's Employability Programmes offer learning and development opportunities, generally work-based or experiential, which enable students to develop their confidence, commercial awareness and entrepreneurial skills, and build professional networks within particular industries. In 2014/15, the programmes engaged over 1,000 undergraduate and postgraduate students and included:

- over 500 funded research and professional international placements in more than 40 countries (25% more than the previous year);
- a pilot programme of micro-internships for students to develop a wide range of employability skills while working on a defined project of value to an organisation in Oxfordshire;
- over 160 students taking part in the 'Insight Into...' programmes, offering work experience and learning opportunities in teaching, medicine, policy and business;

- the Student Consultancy, with almost 450 students running 110 voluntary consultancy projects for local organisations;
- over 120 female students at undergraduate and master's levels receiving training through the Springboard programme to enhance their academic, career and overall life skills;
- 90% of undergraduate finalists engaging with the University's Careers Service; and
- over 1,500 one-to-one sessions (via Skype) with alumni all over the world.

Widening engagement

The University of Oxford aims to provide significant public benefit to society by sharing its teaching, research and collections as widely as possible with the scholarly community and the public, and working with regional partners to support innovation and share academic expertise and research with industry.

Dissemination through 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 high-quality digital solutions that the Press develops have dramatically increased the organisation's reach and impact on learners. For example, *Oxford Learner's Bookshelf* enables English learners to access course books in app or web platform, including interactive elements. It is now used by over 50,000 students globally. Meanwhile *Oxford Global Languages* is a new initiative to develop digital lexical content for 100 languages and make this content freely available online.

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 2015 are included for information on pages 61-66, but do not form part of these financial statements.

Public access and collaboration

Many University activities are designed to facilitate wide-scale public involvement, such as Zooniverse, Oxford Citizen Science, and Penguin Watch¹⁰. Other projects have sought to engage communities in environmental issues, such as Agile-ox¹¹, a new project working to increase the use of the University's environmental research in Oxfordshire and beyond, and Environmental Competency Groups, working collaboratively with communities to address flood risk¹². The University also works with partners to foster public involvement across a huge range of disciplines, through events such as the Breath Festival, the Being Human Festival, the Oxfordshire Science Festival and the exhibition 'That Other Place', exploring Alzheimer's disease¹³.

¹⁰ www.zooniverse.org, www.ox.ac.uk/news/2013-10-16-oxford-based-project-look-citizen-science-through-ages, www.penguinwatch.org

¹¹ www.agileox.org

¹² www.geog.ox.ac.uk/staff/swatmore.html

¹³ www.torch.ox.ac.uk/breath-festival, www.socsci.ox.ac.uk/research/impact-and-knowledge-exchange-seminars, <http://torch.ox.ac.uk/other-place>

University researchers share their work and contribute to public discussion in a host of ways, not only through books and journals, but also through the media, the web, social media, iTunes U, Oxford Sparks, and the Oxford University Research Archive¹⁴. In 2015, the University became a partner in The Conversation, an online forum for academics and researchers to contribute informed commentary on topical issues for a wide audience. Free to read and republish, the site attracts over 700,000 visitors a month. In April 2015, the University launched a new series of online interviews with Oxford researchers, Research in Conversation¹⁵, to provide access to the latest thinking on big issues, such as how to live a healthy life and our changing relationship with information.

The University also offers many public lectures, some of which are published online for the global audience. Major events during 2014/15 included the Oxford London Lecture on the theme of improving the nation's diet; the Romanes Lecture on disequilibrium in the world economy; and the inaugural Oxford India Lecture on the topic of mobilising healthcare.

Oxford's Department for Continuing Education is one of the largest providers of continuing education in the UK, offering more than 800 courses each year, including over 90 online and distance learning accredited courses, as well as live and online open days. In January 2015, the Department ran access events in East Oxford aimed at widening participation, with sessions on funding and help for those with disabilities.

Sharing the University's collections

The tens of millions of objects in the University's collections provide a resource of international importance for scholars and the public. The University's museums, libraries and gardens offer extensive programmes of public events throughout the year, including talks, tours and family-friendly activities.

In 2015, the newly refurbished Weston Library opened its doors and its historic collections to the public, enabling people to explore the Bodleian's Special Collections through tours, exhibitions and events. The successful 'Sounds of the Bodleian' feature¹⁶ on the University's website also provides people with a novel way to experience the special atmosphere of the Bodleian Libraries.

The Ashmolean Museum's Live Friday events allow visitors to experience the museum after hours. In May 2015, the Social Sciences Division hosted the 'Social Animals' Live Friday event¹⁷, attracting over 4,000 people for an evening of live activities presenting cutting-edge research.

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

The University is committed to making a positive contribution to the economic, cultural and social life of the region through a wide-ranging programme of outreach activities.

In 2014/15, the University and Christ Church supported the establishment of the IntoUniversity Oxford South East centre, based in Blackbird Leys. The centre works with local schools and teachers to offer educational support to 900 young people each year, tackling educational disadvantage, and inspiring them to achieve. The centre provides after school academic support and mentoring, alongside programmes for primary and secondary school groups.

One of the largest employers in Oxfordshire, the University employs 11,998 staff¹⁸ on a full-time equivalent basis and makes a major contribution to the regional economy. Working with the Local Enterprise Partnership, the University supports local entrepreneurs and develops new channels for University innovations to reach local companies. This includes investing with government to develop new innovation centres and knowledge parks such as the Begbroke Innovation Accelerator and the Oxford BioEscalator. The Knowledge Exchange Fellowships scheme, hosted by The Oxford Research Centre in the Humanities (TORCH), enables researchers to build partnerships with local organisations that will benefit from and inform their research.

¹⁴ www.ox.ac.uk/itunes-u, www.oxfordsparks.ox.ac.uk, <http://ora.ox.ac.uk/>

¹⁵ www.ox.ac.uk/research/research-in-conversation

¹⁶ www.ox.ac.uk/soundsofthebodleian/#radcam

¹⁷ www.socsci.ox.ac.uk/research/livefriday

¹⁸ Not including staff employed solely by the colleges or by Oxford University Press.

The University also makes a major contribution to improving quality of life through its research-led engagement in healthcare. Most patients in Oxfordshire come into contact with a University medic: many academics 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 and health-related research, the University works with institutions around the globe to investigate some of the leading causes of disease and death, and to develop health training and infrastructure¹⁹. The University's worldwide academic partnerships, clinical trials and epidemiological studies include projects to develop vaccines for Ebola, TB and HIV, and to combat serious health issues such as diabetes and hypertension.

The University also contributes to the cultural and sporting life of the city and region in the following ways:

- the Faculty of Music hosts public concerts and workshops;
- Oxford Philomusica²⁰, the orchestra-in-residence at the University, maintains a programme of education and community work;
- the University is a major financial supporter of the Oxford Playhouse;
- each September, the collegiate University opens to the public during the Oxford Open Doors weekend, one of the largest heritage open day events in the country;
- in 2014/15, the Community Grants Scheme²¹ provided financial support to community activities and organisations including Rose Hill Youth Club, the Cowley Road Carnival, Oxford Refugee Week, and Oxford Conservation Volunteers;
- under a new joint initiative with Oxford City Council, arts and community organisations are able to use some University and college space for community activities without charge²²; and
- 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.

Personnel

Staff are the major resource of the University, representing 51.5% of expenditure. For the financial year, the University employed 11,998 staff²³ on a full time equivalent basis. Further statistical information about the University's staff is available at: www.admin.ox.ac.uk/personnel/figures.

In order to recruit and retain high-calibre staff from across the world in an increasingly competitive international market, the University balances the need for cost constraint with the need to reward staff appropriately. During 2014/15, the University has:

- implemented the nationally negotiated 2% pay deal for all staff;
- used a small number of highly targeted recruitment and retention measures to ensure appropriate pay for specific categories of staff. These included: the conferment of the title of Professor through the Recognition of Distinction process which attracts a pay premium; and the Awards for Excellence scheme, which targets a small number of academic-related and support staff who have made an exceptional individual contribution;
- taken the decision to become an accredited Living Wage employer, to help recruit and retain more junior staff in a very competitive local labour market;
- revised its approach to the recruitment of statutory professors to improve the effectiveness and fairness of the search and selection processes;

¹⁹ www.medsci.ox.ac.uk/research

²⁰ Now the Oxford Philharmonic Orchestra, from September 2015.

²¹ www.ox.ac.uk/local-community/small-community-grants

²² www.ox.ac.uk/news/2015-02-25-new-scheme-offers-free-use-college-spaces-community-groups

²³ Not including staff employed solely by the colleges or by Oxford University Press.

- expanded the Temporary Staffing Service which has grown steadily over the last year to provide 80–100 workers at any time, receiving very positive feedback from users as well as saving the University commercial fees;
- improved support to departments employing the University's 900 staff from outside the EU to help ensure compliance with immigration and right to work legislation;
- launched a web-based 'welcome service' to help staff moving to Oxford with practical information on local issues; and
- increased its apprenticeship scheme to employ 25 people, with a similar number in the pipeline. The scheme aims to recruit apprentices into a variety of appropriate existing vacancies across the University, and uses recently secured Oxfordshire Local Enterprise Partnership funding to help market and communicate the scheme to local people.

Pensions have been a focus of attention throughout the year. Following an extensive consultation with members about proposed changes to the Universities Superannuation Scheme, a number of changes have been made to the Scheme, principally: the final salary section ending on 31 March 2016; Career Revalued Benefits and the associated contribution increases (to rates of 18% for employers and 8% for employees) being introduced on 1 April 2016 for all members; and the salary threshold and the new defined contribution section being added as soon as practicable after that date (and no later than 1 October 2016). The Oxford Staff Pension Scheme also has significant funding pressures, which are being addressed by the implementation of the agreed schedule of annual 0.5% increases in employer contributions over four years. A working group has started reviewing options for change and discussions will follow with representatives of scheme members in preparation for a formal consultation on possible changes to the scheme in the coming academic year.

The University is committed to working towards an increasingly diverse staffing profile. In order to address the under-representation of Black Minority Ethnic ('BME') staff and of women in academic and research roles the University has:

- trialed a revised recruitment process which may help recruit more BME staff resident within the Oxford area;
- consulted on and obtained University-wide agreement to a challenging set of targets for gender equality²⁴;
- overseen the implementation of the University's institutional Athena SWAN action plan and supported all 26 departments in MPLS and MSD to obtain Athena SWAN awards which will help secure future research funding;
- co-ordinated the extension of Athena SWAN to the Social Sciences and Humanities;
- become a founding member of the UN's 'HeforShe' Impact campaign to engage men in gender equality. The University's commitments focus on combatting sexual violence and on securing more women in decision-making roles, in support of the gender equality targets; and
- co-ordinated the second round of applications to the Vice-Chancellor's Diversity Fund²⁵. The largest project to be funded has been in support of those returning to research after a caring break.

In order to further develop the skills and abilities of employees whilst also reducing costs and redeploying resources more effectively, the Oxford Learning Institute's Professional Development Group has re-structured its support into four key areas:

- leadership and management development, targeted at groupings including Heads of Department and aspiring academic leaders from under-represented groups;
- core, transferable, personal effectiveness skills, such as assertive communication, personal organisation, managing working relationships or emotional intelligence;
- technical skills, such as project management, proof-reading or dealing with minutes and agendas; and
- "compliance" or "advised" training on topics such as unconscious bias, equality and diversity or recruitment and selection.

²⁴ www.admin.ox.ac.uk/eop/equalityreporting/oxfordequalityobjectives

²⁵ www.admin.ox.ac.uk/eop/thevice-chancellorsdiversityfund

The Human Resources Policy team continues to keep the University's employment-related policies under review via consultation with University staff. The second 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, was completed and the processes for employees subject to the employer justified retirement age to apply for extensions to work beyond age 67 were revised.

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.

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, benefiting 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) of income 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. This involves scrutinising divisional and service plans in the annual planning round, through an iterative process which includes referring plans back to divisions and service units for further work, if in aggregate, the Planning and Resource Allocation Committee ('PRAC') assesses that the sustainability target will not be met. In response to the climate of financial uncertainty in which the University is currently operating (the HEFCE grant for 2014/15 was reduced 11 months into the financial year and further cuts were made for 2015/16), the University is now considering additional cost-saving measures, including tighter control on staff costs.

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 estate 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 2014/15 the University's functional estate grew by 1.8% to approximately 647,000 square metres. This includes the addition of the Weston Library and the Dickson Poon University of Oxford China Centre Building.

	2015	2014
Building and equipment additions	£132.7m	£152.1m
Heritage asset additions (purchased/donated)	£0.4m/£10.0m	£1.4m/£0.9m
Capital grants received	£80.1m	£71.3m
Building repairs and maintenance	£18.4m	£18.2m
Repairs and maintenance as % of building insurance value	0.61%	0.62%
Gross internal area (1,000 x m ²)	647	636

Progress has been made in the following areas:

- the Blavatnik School of Government is nearing completion in the south-west corner of the Radcliffe Observatory Quarter ('ROQ'), and is scheduled to open in January 2016;

- work is under way on the restoration and refurbishment of the Grade II listed Outpatients' Building on the ROQ, due for completion in November 2015;
- the Weston Library, the new name for the iconic Giles Gilbert Scott Grade II-listed building formerly known as the New Bodleian, opened in September 2014 and was completed in March 2015, following a major rebuild;
- a major refurbishment of premises in St Giles' (formerly occupied by the Mathematical Institute) is due for completion in December 2015; and
- notable repairs and maintenance works included replacement of the water system in the Le Gros Clarke Building, rewiring and relighting at the University Museum of Natural History, replacement of windows in the Denys Wilkinson Building, rewiring at Rewley House and ventilation work at the Weatherall Institute of Molecular Medicine.

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 Policy²⁶ identifies the University's key impacts and how it aims to manage them. During 2014/15, the University has:

- adopted a detailed Transport Strategy, with initial activities to deliver its objectives focussing on the expansion of the City's bike hire scheme, reducing the impact of University freight movements on the City and developing improved public transport links between the Science Area and both Old Road Campus and Harwell;
- accelerated implementation of carbon emission mitigation projects across the estate. Projects have been delivered to save a projected 5,000 tonnes CO₂ and a further 5,000 tonnes CO₂ savings have been identified to be delivered over the coming year;
- delivered renewable energy projects totaling 33 MWh annual electricity generation; and
- increased its involvement in Green Impact, the environmental accreditation and awards scheme run by the National Union of Students, from 23 departments in 2013/14 to 35 in 2014/15.

Information Technology (IT) infrastructure

The University's IT Strategic Plan 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 plays 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. This year has seen a focus on new infrastructure projects, either upgrading capability such as better network capacity, or new capability such as an integrated communications system together with developing further the University information systems to achieve the best value from them.

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

	2015	2014
IT Systems to support teaching, learning and research through administration: new and improved	£11.0m	£11.5m
IT Systems to support teaching, learning and research directly: new and improved	£1.7m	£0.6m
Infrastructure upgrades and renewal	£7.7m	£6.5m
Service maintenance	£1.2m	£1.8m
Total	£21.6m	£20.4m

²⁶ www.admin.ox.ac.uk/media/global/wwwadminoxacuk/localsites/estatesdirectorator/documents/intranet/EMS_P_0001_Enviriomental_Sustainability_Policy_2016.pdf

The central operational costs for 2014/15 for IT services that provide support for existing academic IT, administrative IT and infrastructure services were £21.7 million.

Key IT projects during 2014/15 included the following:

- a new student record system;
- the development of an integrated communications system that will in future years replace the telephone system;
- a Research Services Case Management system;
- an increased capability for research computing;
- piloting of lecture captures; and
- the first elements of a whole network upgrade.

Projects are now under way to build on the student record system to deliver a new admissions system for both undergraduate and graduate students, to roll out Integrated Communications capability, complete the upgrade to the backbone network, and build a new University Shared Data Centre.

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 the £2 billion milestone in May 2015²⁷. All of the gifts received for *Oxford Thinking* 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 these priorities include:

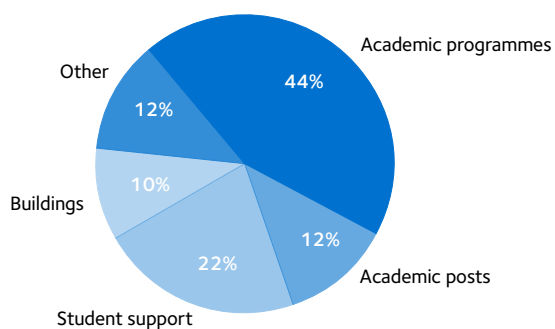
- a number of generous donations including a lead gift of £4 million from Adrian Beecroft to construct the new Beecroft Building in the Department of Physics. Over £10 million of the total cost was secured through philanthropy;
- donations to the Oxford Teaching Fund, established to support core joint teaching posts across the Divisions. Donors provide £1.2 million, matched with £0.8 million from the University to create a total fund of £2 million for each post. To date, 70 of the 75 posts have been secured, representing new endowment of £140 million in support of teaching posts;
- over £10 million in donations has been received via the Weidenfeld Hoffmann Trust to secure the future of the Weidenfeld and Hoffmann Scholarship Programme. Matched by the Oxford Graduate Scholarship Matched Fund scheme, the endowment is expected to create over 20 scholarships in perpetuity. Lead donors and volunteers are André Hoffmann and Michael Lewis;
- the collegiate University has been successful in securing the first £50 million in donations to meet the target set under the Moritz-Heyman Challenge for undergraduate support. This has enabled the release of a second tranche of £25 million from Sir Michael Moritz and Harriet Heyman;
- Dickson Poon provided £10 million towards the Dickson Poon University of Oxford China Centre Building. It officially opened in September 2014 and provides an academic hub for the study of China, cementing the University's position as one of the leading global institutions for Chinese studies; and
- donations to the Oxford Graduate Scholarship Fund, which continues to be a big success. The University matches gifts from donors to create scholarships to support students from both the UK and around the world to study in a wide and growing range of academic disciplines. Council has now agreed to double the amount of matched funding available from £40 million to £80 million, which will be used to match donations of £120 million, thus creating a total endowment pool of £200 million.

²⁷ Including donations received directly by the colleges and Rhodes Trust up to 31 January 2015.

Further information on the funds raised for the University during 2014/15 is shown below.

2014-15 New funds-raised 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 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 2015 are included for information at pages 61-66 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.

Council has reviewed the University's ten-year financial forecast and 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.

Underlying Financial Surplus

The University received a number of one-off receipts this year which mask the underlying financial results. After excluding these one-off items the growth in costs exceeded the growth in income resulting in an underlying deficit for the year of £12.3 million. The one-off items were a special transfer from the Press totalling £120 million, a Research & Development Expenditure Credit ('RDEC') claim subject to review by HMRC totalling £66.6 million (net of tax payable) and the donation of heritage assets.

	2015 £'m	2014 £'m
Net surplus for the year (as reported)	184.3	38.9
Profit on sale of NaturalMotion	-	(33.6)
Special transfer from Oxford University Press	(120.0)	-
Research and Development Expenditure Credit claim (net of tax charge)	(66.6)	-
Donation of heritage assets	(10.0)	(0.9)
Underlying (deficit)/surplus for the year	(12.3)	4.4

The University aims to retain an operational surplus (calculated as earnings before interest, tax, depreciation and amortisation) of at least 5% of income to enable future maintenance of its infrastructure and to fund the increasing cost of replacing assets through inflation or rising expectations of functional suitability. In 2013/14, the operational surplus totalled 5.2% and in 2014/15 this reduced to 3.3% (excluding the one-off items outlined above).

The reasons for the change from a surplus in 2013/14 to a deficit in 2014/15 include reduced overhead recovery on externally funded research. In addition, expenditure in 2014/15 also included the University's share of the costs in setting up the Alan Turing Institute, increased IT expenditure to support teaching and research, demolition costs of certain buildings which are being replaced and the increased net cost of scholarships (a key University priority).

Reported Financial Surplus

The University retained a surplus of £184.3 million in 2014/15 compared to £38.9 million in 2013/14.

	2015 £'m	2014 £'m
Income	1,429.3	1,174.4
Expenditure	(1,238.3)	(1,146.3)
Surplus on ordinary activities	191.0	28.1
Taxation	(18.5)	-
Transfer from expendable endowments	11.8	10.8
Net surplus for the year retained within General Reserves	184.3	38.9

Although the University has retained a large surplus this year it has significant future financial commitments to fund pension fund deficits and a £1bn programme of capital expenditure.

Income

Compared with the previous year, income to the University rose by 21.7%, from £1,174.4 million to £1,429.3 million. After removing the one-off items, income for 2014/15 totalled £1,214.2 million, a rise of 6.4% compared to an adjusted 2013/14 figure of £1,140.8 million (excluding the profit on sale of NaturalMotion).

	2015 Actual £'m	2015 Adjusted £'m
Funding body grants	183.5	183.5
Academic fees and support grants	258.3	258.3
Research grants and contracts	522.9	522.9
Research and Development Expenditure Credit claim	85.1	-
Other income	224.3	224.3
Special transfer from Oxford University Press	120.0	-
Endowment and investment income	25.2	25.2
Donation of heritage assets	10.0	-
Total Income	1,429.3	1,214.2

The RDEC claim of £85.1 million represents a repayment of eligible research and development costs under measures enacted through the Finance Act 2013. The calculation covers the period April 2013 to July 2015 and it was confirmed in the Summer Budget 2015 that universities are ineligible to claim for expenditure after 31 July 2015. The claim is subject to corporation tax and a tax charge of £18.5 million is included in Note 8. The net amount due from HMRC of £66.6 million is disclosed separately in Debtors (Note 15). The claim has been made on best estimates of the eligible costs and the claims are subject to review by HMRC.

The main changes in 2014/15 were:

- research grants and contracts continued to be the largest source of income to the University and increased by 9.3% to £522.9 million, 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 were slightly higher than the prior year at £183.5 million. A reduction in the recurrent teaching grant in line with the increase in fees was largely offset by a rise in research funding. Extra funding was received in 2014/15 for a short-term scholarship scheme and the release of capital funding to income totalled £12.6 million compared to £7.2 million in 2013/14;

- academic fees and support grants represent the second largest source of University income and totalled £258.3 million, up by 9.5% as a result of increased fee levels, reflecting the fact that in 2014/15 three cohorts of students were paying the higher fees;
- other income includes donations totalling £29.0 million in 2014/15. This figure excludes donations of £159.6 million received during the year for capital projects (£80.1 million) and endowments (£79.5 million), 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 £10 million were donated to the University in the year (2013/14: £0.9 million) and included the Sullivan Collection of modern and contemporary Chinese art; and
- endowment and investment income fell from £30.3 million to £25.2 million following a change in investment strategy and one-off spin-out gains in the prior year.

Expenditure

The University's expenditure of £1,238.3 million was 8.0% higher than in 2013/14. The main reasons for the increase were:

- staff costs totalled £637.2 million, an increase of 6.9%. Staff numbers rose by 4.9% compared with 2013/14 and this, combined with the annual negotiated pay settlement of 2%, promotional salary increments and increased pension costs, has driven this increase;
- other expenditure has risen in line with staff numbers but ahead of research income due to lower overhead recoveries; and
- depreciation has increased from £73.7 million in 2013/14 to £82.6 million as a result of significant fixed asset additions during the year which included the Weston Library and higher IT expenditure.

Cash flow and financing

The overall increase in cash for the year was £221.1 million. The special transfer from the Press and partial receipt of the RDEC have contributed to a net cash inflow from operating activities of £130.4 million. Investment in capital projects totalling £133.2 million includes expenditure on the new building for the Blavatnik School of Government. The net cash impact of investment activities includes the receipt of a £200 million investment loan by the European Investment Bank (EIB) to provide funding for the University's programme of improvement and expansion of research and teaching facilities, offset by the investment of the special transfer from the Press.

	2015 £m	2014 £m
Net cash inflow / (outflow) from operating activities	130.4	(3.8)
Capital expenditure	(133.2)	(153.1)
Capital grants received	80.1	71.3
Net cash impact of investment activities	93.2	69.0
Other inflows	50.6	21.0
Increase in cash	221.1	4.4

As at 31 July 2015, the University had bank loans outstanding totalling £235 million. Net liquidity days were 74 (2013/14: 14).

Net Assets

Net assets totalled £3.0 billion (2014: £2.6 billion). Fixed assets increased by £266.8 million to £2,363.0 million and endowment asset investments increased by £128.0 million to £833.9 million reflecting an increase of 13.1% in market value and the receipt of new endowments.

The University is a member of three multi-employer pension schemes whose assets and liabilities are not hypothecated to individual institutions. Two of the schemes, USS and OSPS, are funded schemes facing substantial deficits. Details of the schemes and associated deficits are set out in Note 36. The net assets shown in the financial statements do not include any liabilities for the future contributions towards the schemes' deficits. This will change in 2015/16 with the introduction of the new HEFE SORP which will require the net assets of the University to be materially restated to include the estimated liability for future deficit contributions.

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 600 individual trusts.

The Oxford Endowment Fund

The OEF aims to preserve and grow the value of the perpetuity capital of the collegiate University of Oxford, while providing a sustainable income stream. 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 2015, the market value of the Oxford Endowment Fund was £1,897 million having distributed £61.5 million to the collegiate University for the calendar year 2014. For the 12 month period to 31 July 2015 the Fund returned 13.8%. For the three years to 31 July 2015, it returned an annualised (average) 11.9%, and over five years, it returned an annualised 9.9%. The annualised volatility of the Fund since inception is 7.8%. These performance figures are quoted net of all fund expenses.

The Oxford Capital Fund

The OCF exists to invest expendable capital over a medium term time horizon. 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 1.5% return over the consumer prices index with a volatility range of 5–8%. The OCF does not make an annual distribution as all income generated is reinvested, and it is designed to allow for subscriptions and redemptions on a monthly basis.

At 31 July 2015 the market value of the Oxford Capital Fund was £353 million. For the twelve month period to 31 July 2015 the Fund returned 6%. For the three years to 31 July 2015, it returned an annualised (average) 5.6%, and over five years, it returned an annualised 5.5%. The annualised volatility of the Fund since inception is 5.6%. These performance figures are quoted net of all fund expenses.

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 Regulations²⁸.

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 members²⁹. 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 memorandum of assurance and accountability 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 memorandum of assurance and accountability 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 Press³⁰) 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.

²⁸ www.admin.ox.ac.uk/statutes

²⁹ Membership of Council can be found on page 24.

³⁰ 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 UK 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 2014/15, 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, among 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'³¹.
- 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 management letter 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 2015, 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 its understanding of strategic, operational and financial risks.

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.

³¹ 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 implemented a new Strategic Risk Register and a Risk Management Policy during the year ended 31 July 2014. During 2014/15, risk management processes and risk reporting have been further strengthened.

Council confirms that a system of risk management has been in place and operating as intended during the year ended 31 July 2015, and up to the date of approval of the audited financial statements. It notes that some progress has been made in developing and embedding risk management in the University during 2014/15. It anticipates further strengthening of risk management during 2015/16.

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:

- UK government funding of teaching and research following the autumn 2015 Comprehensive Spending Review;
- the implications for Oxford of any changes in strategy by research funding bodies, including the funding of research overheads;
- continued growth in endowments and investment returns;
- the continued economic success of the Press;
- the pressures on the cost base and the level of support for capital investment;
- the ability of pension funds to meet future liabilities from current assets and agreed recovery plans;
- the failure to invest in infrastructure and meet student expectations; and
- the impact of Government policies and regulation on Oxford's 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 2015, 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. The University needs to prioritise the further development of its approach to risk management, and to embed this approach in the business of the University.

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.

The Committee considers that the Governance Statement and the Statement of Internal Control and Risk Management, 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)

During 2014/15, the University has brought 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, and adopting a Value for Money policy that follows HEFCE guidance. The Committee is of the opinion that the University's new arrangements will, once fully embedded, allow more effective promotion of value for money, with value for money considerations embedded and more closely aligned with the normal course of business.

Data quality

The Committee is of the opinion that the controls around data management are suitably designed and were operating with sufficient effectiveness during the period under review. However the Committee notes that, as a result of regulatory changes, the University needs to strengthen its framework for providing quality assurance over external data returns. 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.

Membership of Council

The members of Council are the Charity Trustees of the University. Membership of Council from 1 August 2014 to 1 December 2015 was as follows:

Position	Name	Date
<i>Ex officio members</i>		
Vice-Chancellor	Professor A Hamilton	Throughout
Chairman of Conference of Colleges	Sir Jonathan Phillips, Warden of Keble Professor P Madden, Provost of Queen's	To 31 August 2015 From 1 September 2015
Head of the Medical Sciences Division	Professor A M Buchan	Throughout
Head of the Mathematical, Physical and Life Sciences Division	Professor A Halliday Professor D Bradley	To 31 August 2015 From 1 September 2015
Head of the Humanities Division	Professor S West Professor C J Wickham	To 31 August 2015 From 1 September 2015
Head of the Social Sciences Division	Professor R Goodman	Throughout
Senior Proctor	Dr K L Blackmon Dr G Garnett	To 17 March 2015 From 18 March 2015
Junior Proctor	Dr H Ertl Dr L Bendall	To 17 March 2015 From 18 March 2015
Assessor	Dr P J Martin Dr P Daley	To 17 March 2015 From 18 March 2015
<i>Elected by the Conference of Colleges</i>		
	Professor P Madden, Provost of Queen's Professor H R Woudhuysen, Rector of Lincoln	To 30 September 2014 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 L Tarassenko Professor M S Williams Professor M Freeman Professor P A Robbins Professor H I McShane Professor R Hobbs	Throughout To 30 September 2015 From 1 October 2015 To 30 September 2014 From 1 October 2014 Throughout
One of four members of Congregation elected by Congregation from members of the faculties in the Divisions of Humanities and of Social Sciences	Dr T J Morgan Professor S N MacFarlane Dr E Smith Dr K L Blackmon Dr J Nightingale Dr I M C Watson	Throughout Throughout To 30 September 2015 From 1 October 2015 To 30 September 2014 From 1 October 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 H R Dorkins Professor A E Trefethen Dr F Lannon, Principal of Lady Margaret Hall Sir Rick Trainor, Rector of Exeter Professor C J Wickham	To 30 September 2014 From 1 October 2014 To 30 September 2015 From 1 October 2015 To 31 August 2015
<i>External members</i>		
	Ms J Almond Sir Crispin Davis Ms A Perkins Lord Drayson Mr D Norgrove	Throughout Throughout To 30 September 2014 From 1 January 2014 From 1 October 2014
<i>Co-opted members</i>		
	Professor S Mapstone	Throughout

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 2015 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 the Higher Education Funding Council for England (HEFCE) Memorandum of Assurance and Accountability August 2014. 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 2015 would have recognised additional net assets of some £413 million (2014: £516 million) and a reduction in the reported surplus for the year of some £74 million (2014: increase in surplus £37 million) based on unaudited management accounts of the Press to 31 July 2015. Extracts from the accounts of the Press for the year ended 31 March 2015 are included for information at pages 61 to 66 but do not form part of these financial statements.

We qualified our audit opinion on the financial statements for the year ended 31 July 2014 with regard to this same disagreement.

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 2015 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 with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts Direction to higher education institutions for 2014-15 financial statements*.

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 2015 has been applied in accordance with the University's statutes and, where appropriate, with the HEFCE Memorandum of Assurance and Accountability;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts Direction to higher education institutions for 2014-15 financial statements* have been met.

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

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

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 2015 are included for information at pages 61–66 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 statements 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 refurbishments	20 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.

Taxation is payable on the Research and Development Expenditure Credits (RDEC) under measures enacted through the Finance Act 2013.

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, if applicable.

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 2015

	Note	2015 £'m	2014 £'m
INCOME			
Funding body grants	1	183.5	182.2
Academic fees and support grants	2	258.3	235.9
Research grants and contracts	3	522.9	478.3
Research and Development Expenditure Credit	3	85.1	-
Other income	4	224.3	213.2
Oxford University Press special transfer	4	120.0	-
Endowment and investment income	5	25.2	30.3
Profit on sale of NaturalMotion	5	-	33.6
Donation of heritage assets	12	10.0	0.9
TOTAL INCOME		1,429.3	1,174.4
EXPENDITURE			
Staff costs	6&7	637.2	596.3
Other operating expenses	7	516.6	474.4
Depreciation	7&12	82.6	73.7
Interest and other finance costs	7	1.9	1.9
TOTAL EXPENDITURE		1,238.3	1,146.3
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		191.0	28.1
TAXATION	8	(18.5)	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		172.5	28.1
TRANSFER FROM EXPENDABLE ENDOWMENTS	21	11.8	10.8
SURPLUS FOR THE YEAR RETAINED WITHIN GENERAL RESERVES	24	184.3	38.9

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 2015 are included for information at pages 61–66 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 2015

	Note	2015 £'m	2014 £'m
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		172.5	28.1
Increase in value of fixed asset investments	25	101.2	30.5
Increase in value of expendable asset endowments	21	11.8	3.6
New endowments receivable	20&21	79.5	21.0
Movement in unapplied endowment return on permanent endowments	20	48.5	6.0
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		413.5	89.2
OPENING RESERVES AND ENDOWMENTS		1,898.7	1,809.5
CLOSING RESERVES AND ENDOWMENTS		2,312.2	1,898.7

BALANCE SHEETS

As at 31 July 2015

	Note	Consolidated		University	
		2015	2014	2015	2014
		£'m	£'m	£'m	£'m
FIXED ASSETS					
Intangible fixed assets	11	(0.2)	(0.2)	-	-
Tangible fixed assets	12	1,343.1	1,283.3	1,342.1	1,282.1
Fixed asset investments	13	1,020.1	813.1	1,035.9	829.4
		2,363.0	2,096.2	2,378.0	2,111.5
ENDOWMENT ASSET INVESTMENTS	14	833.9	705.9	766.6	639.1
Current assets:					
Stocks		3.1	2.8	1.5	1.1
Debtors	15	242.7	188.0	247.8	196.8
Current asset investments	16	-	19.5	-	19.8
Cash at bank and in hand		246.7	21.0	214.4	4.7
		492.5	231.3	463.7	222.4
Creditors: Amounts falling due within one year	17	(419.7)	(415.0)	(410.3)	(418.0)
NET CURRENT ASSETS/(LIABILITIES)		72.8	(183.7)	53.4	(195.6)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,269.7	2,618.4	3,198.0	2,555.0
Creditors:					
Amounts falling due after more than one year	18	(241.7)	(41.6)	(241.7)	(41.6)
Provisions for Liabilities and Charges	19	(8.7)	(7.7)	(7.7)	(6.9)
NET ASSETS		3,019.3	2,569.1	2,948.6	2,506.5
ENDOWMENTS					
Permanent	20	718.4	624.5	651.1	557.7
Expendable	21	115.5	81.4	115.5	81.4
		833.9	705.9	766.6	639.1
RESERVES					
Income and expenditure account	24	1,292.4	1,060.2	1,289.2	1,063.1
Revaluation reserve	25	185.9	132.6	185.9	132.4
		1,478.3	1,192.8	1,475.1	1,195.5
RESERVES AND ENDOWMENTS		2,312.2	1,898.7	2,241.7	1,834.6
DEFERRED CAPITAL GRANTS	26	706.7	670.0	706.9	671.9
Minority Interest	27	0.4	0.4	-	-
TOTAL FUNDS		3,019.3	2,569.1	2,948.6	2,506.5

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 2015 are included for information at pages 61–66 but do not form part of these financial statements.

The financial statements were approved by Council on 30 November 2015 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 2015

	Note	2015 £'m	2014 £'m
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	28	130.4	(3.8)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Income from endowments received		0.3	3.3
Receipts re sale of shares in NaturalMotion		3.2	30.4
Other net income from investments and interest received		(0.4)	4.6
		3.1	38.3
Interest paid		(1.9)	(1.5)
Net cash inflow from returns on investments and servicing of finance		1.2	36.8
TAX PAID		-	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(133.2)	(153.1)
Proceeds of disposal of fixed assets		1.1	-
Net (acquisition) / disposal of fixed asset investments		(106.6)	14.0
Net (acquisition) / disposal of endowment asset investments		(18.7)	24.4
Capital grants received		80.1	71.3
Endowments received		49.5	21.0
Net cash outflow from capital expenditure and financial investment		(127.8)	(22.4)
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		3.8	10.6
MANAGEMENT OF LIQUID RESOURCES			
Net disposal / (acquisition) of current asset investments	29	19.5	(4.0)
FINANCING			
Loans repaid	31	(2.2)	(2.2)
		21.1	4.4
New loan	31	200.0	-
INCREASE IN CASH	30	221.1	4.4

NOTES TO THE FINANCIAL STATEMENTS

1. FUNDING BODY GRANTS

	2015 £'m	2014 £'m
HEFCE recurrent grants	159.9	165.6
Non-recurrent grants:		
Museums and Galleries	3.4	3.4
HE innovation fund	3.6	4.4
Scholarships	2.7	0.3
Other	1.3	1.3
Deferred capital grants released (note 26):		
Buildings	11.7	7.1
Equipment	0.9	0.1
	183.5	182.2

2. ACADEMIC FEES AND SUPPORT GRANTS

	2015 £'m	2014 £'m
Full-time students:		
Home / EU fees	98.8	85.6
Overseas and other fee rates	80.4	72.2
Part-time students:		
Home / EU fees	6.5	9.3
Overseas and other fee rates	11.6	9.5
Professional and non-matriculated courses	33.9	34.9
Examinations and other fees	0.8	1.1
Research training and support grants	26.3	23.3
	258.3	235.9

3. RESEARCH GRANTS AND CONTRACTS

	2015 £'m	2014 £'m
Research Councils	146.5	135.4
UK charities	159.6	144.5
UK government and health authorities	50.9	47.3
UK industry and commerce	18.9	16.1
European Commission and other EU government bodies	60.4	53.3
Other EU based grantors	8.5	8.4
Other overseas	76.1	71.9
Other bodies	2.0	1.4
	522.9	478.3
Research and Development Expenditure Credit	85.1	-
	608.0	478.3

The Research and Development Expenditure Credit ('RDEC') claim of £85.1m represents a repayment of eligible research and development costs under measures enacted through the Finance Act 2013. The calculation covers the period April 2013 to July 2015 and it was confirmed in the Summer Budget 2015 that universities are ineligible to claim for expenditure after 31 July 2015. The claim is subject to corporation tax and a tax charge of £18.5m is included in note 8. The net amount due from HMRC of £66.6m is disclosed separately in Debtors (note 15). The claim has been made on best estimates of the eligible costs and the claims are subject to review by HMRC.

Research grants and contracts income include £22.0m in respect of the release of deferred capital grants (2014: £12.1m). Research income includes £Nil (2014: £0.6m) relating to a release from an externally-managed endowment.

4. OTHER INCOME

	2015 £'m	2014 £'m
Residence, catering and conferences	5.5	4.7
Other services rendered	42.0	40.2
NHS	17.2	14.1
Deferred capital grants released	8.8	13.1
Benefactions and donations	29.0	29.8
Transfer from the Press (note 10)	46.8	49.6
Foreign exchange gains	5.4	6.6
Royalty income	7.9	6.8
Receipts from educational activities	12.8	16.0
Rental income from operating leases	11.1	11.0
Other income	37.8	21.3
	224.3	213.2
Special Transfer from the Press (note 10)	120.0	-
	344.3	213.2

Included in Other income is rental income from operating leases of £11.1m with the following expiry dates by year:

CONSOLIDATED	2015 Land and Buildings £'m	2015 Equipment £'m	2015 Total £'m	2014 Total £'m
Expiry Date				
- Within one year	8.8	-	8.8	6.9
- Between two and five years	1.1	-	1.1	2.9
- After five years	1.2	-	1.2	1.2
	11.1	-	11.1	11.0
UNIVERSITY				
Expiry Date				
- Within one year	8.8	-	8.8	6.9
- Between two and five years	1.1	-	1.1	2.9
- After five years	2.0	-	2.0	2.3
	11.9	-	11.9	12.1

5. ENDOWMENT AND INVESTMENT INCOME

	2015 £'m	2014 £'m
Income from expendable endowments (note 21)	0.2	0.3
Income recognised from permanent endowments (note 20)	24.0	23.3
Profits on disposal of spin-out company investments	1.7	3.2
Net other income from investments and interest receivable	(0.7)	3.5
	25.2	30.3

Profit on disposal of spin-outs includes £1.3m (2014: £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 18) and £0.8m (2014: £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 18) offset by write-downs on some spin-out company valuations in 2014/15. The other income is negative due to net costs on managed funds.

Profit on Sale of NaturalMotion

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 in 2014.

6. STAFF COSTS

	2015 £'m	2014 £'m
Wages and salaries	516.6	485.0
Social security costs	43.2	40.2
Pension costs (note 36)	77.4	71.1
	637.2	596.3

The average number of staff in the year was:

	2015 No.	2014 No.
Average number of staff	11,596	11,057

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

	2015 £'000	2014 £'000
Salary	346	339
Taxable benefits	61	61
Total, excluding employer pension contributions	407	400
Pension contributions	55	54
Total emoluments	462	454

The Vice-Chancellor made pension contributions through the Salary Exchange Scheme which is available to all staff who are members of the Universities Superannuation Scheme (USS) and Oxford Staff Pension Scheme (OSPS).

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as a trustee (2014: Nil).

The total expenses paid to or on behalf of a trustee were less than £1,700 (2014: £325). 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.

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 442 staff earning in excess of £100k, 161 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. This analysis excludes the Vice Chancellor's salary (page 37).

	Clinical		Non-clinical		Total	
	2015	2014	2015	2014	2015	2014
£100,000 to £109,999	35	17	84	66	119	83
£110,000 to £119,999	17	18	40	51	57	69
£120,000 to £129,999	18	14	48	32	66	46
£130,000 to £139,999	9	10	18	27	27	37
£140,000 to £149,999	15	16	30	23	45	39
£150,000 to £159,999	12	10	13	18	25	28
£160,000 to £169,999	9	12	6	10	15	22
£170,000 to £179,999	10	9	12	5	22	14
£180,000 to £189,999	8	9	4	5	12	14
£190,000 to £199,999	6	5	1	5	7	10
£200,000 to £209,999	4	3	4	2	8	5
£210,000 to £219,999	5	2	4	3	9	5
£220,000 to £229,999	4	6	4	2	8	8
£230,000 to £239,999	2	1	5	1	7	2
£240,000 to £249,999	3	2	3	3	6	5
£250,000 to £259,999	1	1	1	1	2	2
£260,000 to £269,999	1	2	-	-	1	2
£270,000 to £279,999	1	-	-	-	1	-
£280,000 to £289,999	-	-	-	1	-	1
£290,000 to £299,999	-	1	-	-	-	1
£300,000 to £309,999	1	-	-	-	1	-
£310,000 to £319,999	-	-	1	1	1	1
£320,000 to £329,999	-	-	-	1	-	1
£330,000 to £339,999	-	-	1	1	1	1
£430,000 to £439,999	-	-	-	1	-	1
£440,000 to £449,999	-	-	1	-	1	-
£470,000 to £479,999	-	-	-	1	-	1
£590,000 to £599,999	-	-	-	1	-	1
£770,000 to £779,999	-	-	1	-	1	-
	161	138	281	261	442	399

No payments were made to staff members included in the above salary bands for compensation for loss of office (2014: £289k).

7. ANALYSIS OF EXPENDITURE

	Staff costs	Other operating expenses	Depreciation	2015 Total	2014 Total
	£'m	£'m	£'m	£'m	£'m
Academic departments	255.9	74.0	30.2	360.1	357.0
Research grants and contracts	242.5	182.7	22.0	447.2	406.9
Academic services	30.2	15.1	8.2	53.5	49.4
Residences, catering and conferences	0.3	0.4	-	0.7	0.7
Bursaries and scholarships	-	51.5	-	51.5	44.3
Premises	18.0	66.5	10.9	95.4	84.6
Administration	67.9	27.4	10.1	105.4	87.3
Paid to colleges via JRAM	-	55.9	-	55.9	55.2
Subsidiary Companies	16.8	34.5	0.3	51.6	43.6
Other expenses	5.6	8.6	0.9	15.1	15.4
	637.2	516.6	82.6	1,236.4	1,144.4
Interest payable: other				1.9	1.9
Total expenditure	637.2	516.6	82.6	1,238.3	1,146.3

Interest payable is on 2 loans not wholly repayable within 5 years and one loan repayable in 2019.

The Joint Resource Allocation Method (JRAM) is the method used to split the funding received centrally for teaching and research between the University and the colleges.

	2015 £'m	2014 £'m
Depreciation has been funded by:		
Deferred capital grants released (note 26)	43.4	32.4
General income	39.2	41.3
Total depreciation	82.6	73.7

	2015 £'000	2014 £'000
Remuneration paid to auditors during the year was in respect of the following services:		
Audit of the consolidated University's annual financial statements	171	168
Audit of the subsidiaries' annual financial statements	110	102
Total audit fees	281	270
Services relating to taxation	57	2
Research grant certification services	188	135
Other non-audit services	13	33
Total non-audit fees	258	170
Total fees to auditors	539	440

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. TAXATION

The tax charge for the year arises from the claim for Research and Development Expenditure Credit (RDEC).

	CONSOLIDATED	
	2015 £'m	2014 £'m
Current Tax	18.5	-
UK Corporation tax		
Taxation charge for the year	18.5	-

The RDEC claim relates to 2012/13, 2013/14 and 2014/15. The tax rates have been 23.67% in 2012/13, 22.33% in 2013/14 and 20.7% in 2014/15 and have been applied against the research income for the relevant year. The differences are explained below:

	CONSOLIDATED	
	2015 £'m	2014 £'m
FACTORS AFFECTING THE TAX CHARGE		
Surplus on ordinary activities before taxation	191.0	28.1
Surplus on ordinary activities multiplied by the standard rate of corporation tax of 20.67% (2014: 22.3%)	39.5	6.3
Less Tax due on surplus falling within charitable exemption	(21.0)	(6.3)
Taxation charge for the year	18.5	-

9. LEASE COMMITMENTS

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

CONSOLIDATED	Land and Buildings £'m	Equipment £'m	Total £'m
	Expiry Date		
- Within one year	0.6	-	0.6
- Between two and five years	1.1	1.4	2.5
- After five years	4.8	-	4.8
	6.5	1.4	7.9

UNIVERSITY			
Expiry Date	Land and Buildings £'m	Equipment £'m	Total £'m
- Within one year	0.6	-	0.6
- Between two and five years	1.1	1.4	2.5
- After five years	5.3	-	5.3
	7.0	1.4	8.4

10. 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 £0.9m (2014: £1.2m) of which £0.9m were free of charge (2014: £0.9m). The Press leased premises from the University during the year for a total of £248k (2014: £250k); the University leased premises from the Press during the year for a total of £97k. At 31 July 2015 the Press owed the rest of the University £0.1m (2014: £0.1m). There were no material amounts due to the Press by the rest of the University at 31 July 2015 or 31 July 2014. An extract of the Press accounts for the year ended 31 March 2015 is included on pages 61–66.

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

	2015 £'m	2014 £'m
Annual transfer	45.9	48.7
Special transfer	120.0	-
Benefits in kind (University year)	0.9	0.9
	166.8	49.6
Lease payments received from Press	0.2	0.3
Lease payments paid to Press	(0.1)	(0.1)

11. 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 and end of year	5.5
Net book value at start and end 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.

12. TANGIBLE FIXED ASSETS

CONSOLIDATED	Land and buildings	Equipment and machinery	Assets under construction	Heritage assets	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
At start of year	1,349.4	128.8	124.8	66.6	1,669.6
Additions	5.9	29.7	97.1	10.4	143.1
Completed	96.7	12.5	(109.2)	-	-
Disposals	(0.9)	(24.7)	-	-	(25.6)
At end of year	1,451.1	146.3	112.7	77.0	1,787.1
Depreciation					
At start of year	337.7	48.6	-	-	386.3
Charge for year	46.1	36.5	-	-	82.6
Disposals	(0.2)	(24.7)	-	-	(24.9)
At end of year	383.6	60.4	-	-	444.0
Net book value at end of year	1,067.5	85.9	112.7	77.0	1,343.1
Net book value at start of year	1,011.7	80.2	124.8	66.6	1,283.3
UNIVERSITY	Land and buildings	Equipment and machinery	Assets under construction	Heritage assets	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
At start of year	1,335.1	125.9	136.7	66.6	1,664.3
Additions	5.9	29.5	97.1	10.4	142.9
Completed	108.7	12.5	(121.2)	-	-
Disposals	(0.9)	(24.6)	-	-	(25.5)
At end of year	1,448.8	143.3	112.6	77.0	1,781.7
Depreciation					
At start of year	335.7	46.5	-	-	382.2
Charge for year	45.9	36.2	-	-	82.1
Disposals	(0.1)	(24.6)	-	-	(24.7)
At end of year	381.5	58.1	-	-	439.6
Net book value at end of year	1,067.3	85.2	112.6	77.0	1,342.1
Net book value at start of year	999.4	79.4	136.7	66.6	1,282.1

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

Land and buildings (Consolidated and University) includes £84.7m (2014: £84.4m) 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).

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 £15.2m (2014: £14.7m).

Land and buildings (Consolidated and University) includes properties financed and occupied by the University on NHS sites with a net book value of £5.4m (2014: £4.3m).

Equipment additions include £6.5m (2014: £8.0m) of labour capitalisation relating to internal IT resource, which has been applied to major IT projects. The largest spend on a single project is for further development of the Student Systems Programme of £3.0m.

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 2015 the fixed assets of the University included a cost of £62.7m (2014: £62.7m) in respect of the building.

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

Heritage Assets

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 2014/15 was £0.4m (2014: £1.4m). The main acquisition was the *Shelley Poetical Essay - Existing State of Things* for a total of £0.2m. Disposals are unlikely as most donations have conditions preventing disposal, and there were no disposals in 2014/15. The values of donated assets are based on valuations by experts in the relevant field. The five year summary for heritage asset donations/additions is:

£'m	2011	2012	2013	2014	2015
Brought forward	21.7	24.6	25.3	64.3	66.6
Acquisitions purchased with specific donations	1.3	0.4	10.5	1.1	0.3
Acquisitions purchased with University funds	1.4	-	-	0.3	0.1
Total cost of acquisitions purchased	2.7	0.4	10.5	1.4	0.4
Value of acquisitions by donation	0.2	0.3	28.5	0.9	10.0
Carried forward	24.6	25.3	64.3	66.6	77.0

Heritage assets of £10.0m were donated in the year (2014: £0.9m). The largest donation was £7.9m for the Sullivan Chinese Art Collection. 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.

13. FIXED ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Investments stated at market value				
Global equities and bonds	1,460.2	1,093.5	1,493.3	1,123.7
Inflation Hedges	77.6	46.6	80.0	48.4
Property	117.3	92.3	120.1	95.1
Participating interests	0.3	0.4	-	-
Investments stated at cost				
Associated and subsidiary undertakings	-	-	16.9	17.4
Other investments	12.3	81.6	12.7	82.9
	1,667.7	1,314.4	1,723.0	1,367.5
Less: amounts attributable to outside bodies	(647.6)	(501.3)	(687.1)	(538.1)
Total at end of year	1,020.1	813.1	1,035.9	829.4
Investments stated at market value before amounts attributable to outside bodies: at original cost	1,353.0	1,091.7	1,399.7	1,138.5
		CONSOLIDATED £'m		UNIVERSITY £'m
At start of year		1,314.4		1,367.5
Net investment		261.2		261.2
Increase in market value		92.1		94.3
At end of year		1,667.7		1,723.0

At 31 July 2015, 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	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:		
Designer Carbon Materials Ltd	Commercial exploitation of intellectual property	50
Isis Changzhou International Technology Transfer Centre Co. Ltd ³	Technology transfer	40
Oxtex Ltd	Commercial exploitation of intellectual property	37
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
Suzhou Isis International Technology Transfer Co. Ltd ⁴	Technology transfer	30
Oxford Risk Research and Analysis Ltd	Commercial exploitation of intellectual property	30
TdeltaS Ltd	Commercial exploitation of intellectual property	29
Oxford Electromagnetic Solutions Ltd	Commercial exploitation of intellectual property	27
Shenzhen Isis International Technology Transfer Co. Ltd ⁵	Technology transfer	25
Kepler Energy Ltd	Commercial exploitation of intellectual property	22
Minervation Ltd	Commercial exploitation of intellectual property	21
Aurox Ltd	Commercial exploitation of intellectual property	20
Celleron Therapeutics Ltd	Commercial exploitation of intellectual property	20
Oxcept Ltd	Commercial exploitation of intellectual property	20
Oxford Multispectral 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, 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.

Note:

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

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

³ Isis Innovation (Hong Kong) Limited has established a Sino-foreign joint venture in partnership with the Changzhou city government and Oxtex in the People's Republic of China (PRC). Oxtex is a company registered in PRC.

⁴ Isis Innovation (Hong Kong) Limited has established a Sino-foreign joint venture in partnership with the Suzhou city government and Oxlink Investment Consulting Co. Ltd (Oxlink). Oxlink is a company registered in PRC.

⁵ Isis Innovation (Hong Kong) Limited has established a Sino-foreign joint venture in partnership with Shenzhen City Jinyucheng Science & Technology Co. Ltd (Jinyucheng), and Shenzhen City Guochuang Lianhe Science & Technology Investment Co. Ltd (Guochuang). Jinyucheng and Guochuang are companies registered in PRC.

Investment in associated undertakings	£'m
Share of net assets at start of year	2.3
Share of losses of associates	(0.7)
Share of net assets at end of year	1.6

14. ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	£'m	£'m	£'m	£'m
At start of year		705.9		639.1
New funds invested or receivable		79.3		79.3
Increase in market value of investments relating to:				
expendable endowments	11.8		11.8	
permanent endowments	72.4		69.5	
		84.2		81.3
Income received	0.3		0.2	
Recognised in Income and Expenditure Account	(35.8)		(33.3)	
Distribution in excess of income received		(35.5)		(33.1)
At end of year		833.9		766.6

	CONSOLIDATED		UNIVERSITY	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Investments stated at market value				
Global Equities and Bonds	299.6	275.6	281.6	258.1
Non-Directional	74.1	73.9	69.6	69.2
Private Equity	146.9	103.2	138.0	96.7
Inflation Hedges	40.3	28.9	37.9	27.1
Property	69.7	64.3	66.8	61.6
3rd Party managed	83.6	51.3	58.0	28.6
Other Assets	76.2	60.3	73.8	52.8
Balance held as cash	43.5	48.4	40.9	45.0
At end of year	833.9	705.9	766.6	639.1
Original cost of endowment asset investments	642.3	553.1	609.3	515.6

2014 comparatives have been reclassified to reflected updated view of asset allocations.

15. DEBTORS

	CONSOLIDATED		UNIVERSITY	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Research grants and contracts debtors	107.5	114.3	107.5	114.3
Research and Development Expenditure credit	66.6	-	66.6	-
Amounts due from subsidiaries	-	-	17.0	18.8
Other debtors and prepayments	68.6	73.7	56.7	63.7
	242.7	188.0	247.8	196.8

University and Consolidated debtors include amounts falling due after more than one year of £0.1m (2014: £0.1m).

16. CURRENT ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Short-term deposits	-	19.5	-	19.8
At end of year	-	19.5	-	19.8

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		UNIVERSITY	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Research grants and contract advances	227.9	210.8	227.9	210.8
Other creditors and accruals	189.5	202.0	172.7	188.1
Bank loans (see note 18)	2.3	2.2	2.3	2.2
Amounts due to subsidiaries	-	-	7.4	16.9
	419.7	415.0	410.3	418.0

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

	CONSOLIDATED		UNIVERSITY	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Bank loans	232.7	35.0	232.7	35.0
Deferred income – Beeson Gregory	-	0.4	-	0.4
Deferred income – Teknikos	4.9	5.7	4.9	5.7
Grant to Turing Institute	4.0	-	4.0	-
Salix Fund	0.1	0.5	0.1	0.5
	241.7	41.6	241.7	41.6
Due between one and two years	4.4	3.5	4.4	3.5
Due between two and five years	13.4	12.6	13.4	12.6
Due in five years or more	223.9	25.5	223.9	25.5
	241.7	41.6	241.7	41.6

Bank loans are unsecured and repayable over between 15 and 40 years. Loan 1 is due to be repaid in April 2019. Loan 2 commenced in 2007 for a period of 40 years. It has an initial capital repayment holiday of 26 years from 2007. During the year the European Investment Bank agreed to provide a £200m 30 year loan (Loan 3) towards the University's programme of improvement and expansion of research and teaching facilities. Loan 3 commenced in 2015 for a period of 30 years. It has an initial capital repayment holiday of 5 years from 2015. At 31 July 2015 the University has an undrawn loan facility of £50m.

Bank Loans	Loan 1 £'m	Loan 2 £'m	Loan 3 £'m	Total £'m
Amount borrowed	25.0	25.0	200.0	250.0
Amount outstanding at 31 July 2015	10.0	25.0	200.0	235.0
Interest rate	5.13%	5.07%	2.55%	
Final repayment date	April 2019	June 2047	July 2045	
Amount due within one year	2.3	-	-	2.3
Amount due between one and two years	2.4	-	-	2.4
Amount due between two and five years	5.3	-	2.8	8.1
Amount due after five years	-	25.0	197.2	222.2
	10.0	25.0	200.0	235.0

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 2015 was £0.4m.

During 2007, the University entered into an agreement with Teknikos LLP to fund the Institute of Biomedical Engineering over a 15-year period following completion of a new building. The building was completed on 1 October 2007. Cash of £12m had been received from Teknikos by July 2010. The total balance that had not been set against costs at 31 July 2015 was £5.7m.

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 2015/16 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'.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	CONSOLIDATED £'m	UNIVERSITY £'m
At start of year	7.7	6.9
Charged to Income and Expenditure Account	1.4	1.2
Released	(0.2)	(0.2)
Utilised	(0.2)	(0.2)
At end of year	8.7	7.7

The main increase is for a provision for reverse charge VAT accounted for on foreign operations yet which has not been recognised yet as a cost. 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 36, page 58) who receive pension supplements and provisions for building and tax. During the year £0.2m of the pension provision (2014: £0.2m) was utilised. The timing of future payments is uncertain.

20. PERMANENT ENDOWMENTS

CONSOLIDATED	Unrestricted £'m	Restricted £'m	Total £'m
Original cost	75.3	190.9	266.2
Indexation of capital - restated	21.2	42.7	63.9
Unapplied total return - restated	141.2	153.2	294.4
At start of year	237.7	386.8	624.5
Investment income	0.1	-	0.1
Increase in market value of endowment asset investments	21.7	50.7	72.4
Released to Income and Expenditure Account	(9.3)	(14.7)	(24.0)
Movement in unapplied endowment return on permanent endowments	12.5	36.0	48.5
New endowments receivable	-	45.4	45.4
Reclassifications	(0.2)	0.2	-
At end of year	250.0	468.4	718.4
Represented by:			
Original cost	75.1	236.5	311.6
Indexation of capital	21.3	45.2	66.5
Unapplied total return	153.6	186.7	340.3
	250.0	468.4	718.4

UNIVERSITY	Unrestricted £'m	Restricted £'m	Total £'m
Original cost	24.7	187.9	212.6
Indexation of capital	12.5	44.8	57.3
Unapplied total return	133.7	154.1	287.8
At start of year	170.9	386.8	557.7
Investment income	-	-	-
Increase in market value of endowment asset investments	18.8	50.7	69.5
Released to Income & Expenditure Account	(6.8)	(14.7)	(21.5)
Movement in unapplied endowment return on permanent endowments	12.0	36.0	48.0
New endowments	-	45.4	45.4
Reclassifications	(0.2)	0.2	-
At end of year	182.7	468.4	651.1
Represented by:			
Original cost	24.5	233.5	258.0
Indexation of capital	12.6	45.2	57.8
Unapplied total return	145.6	189.7	335.3
	182.7	468.4	651.1

To ensure the preservation of original endowment capital in real terms the University has a policy of indexing up brought forward permanent endowment capital by the Consumer Price Index ('CPI'). Transfers in the current year from unapplied total return to indexation for the Consolidated University are £0.1m (2014: £0.6m) for Unrestricted Permanent Endowments and £2.5m (2014:£3.6m) 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	Moritz-Heyman Scholarship Fund	Nuffield Benefaction	James Martin 21 st Century Foundation and UK Trust (restated)
	£'m	£'m	£'m
Original cost	24.6	3.1	50.6
Indexation of capital	0.4	0.6	8.7
Unapplied total return	3.1	74.4	0.3
At start of year	28.1	78.1	59.6
New endowments receivable	25.0	-	-
Exchange rate movement	2.3	-	1.9
Increase in market value of endowments assets	3.9	10.8	5.9
Return for the year	(1.8)	(3.2)	(2.4)
Capital value at end of year	57.5	85.7	65.0
Represented by:			
Original cost	49.6	3.1	50.6
Indexation of capital	0.4	0.6	8.8
Unapplied total return	7.5	82.0	5.6
	57.5	85.7	65.0

Material endowments are disclosed if they are greater than 5% of net endowment assets.

The Moritz-Heyman Scholarship Fund was established in 2012/13 through an initial £25m 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. Additionally, the donor has set a challenge whereby further amounts are payable by the donor if the collegiate University manages to raise additional funding from external philanthropic sources for undergraduate support, subject to certain targets being achieved. During the year the first £50m fundraising target was achieved, which has enabled the inclusion of a new endowment receivable for the second tranche of £25m from the donor.

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 (2014: none).

21. EXPENDABLE ENDOWMENTS

CONSOLIDATED AND UNIVERSITY	Restricted expendable £'m
Capital value	79.8
Accumulated income	1.6
At start of year	81.4
Investment income	0.2
Expenditure for the year	(12.0)
Net transfer to income and expenditure account	(11.8)
New endowments receivable	34.1
Increase in market value of endowment asset investments	11.8
At end of year	115.5
Represented by:	
Capital value	112.7
Accumulated income	2.8
	115.5

22. ENDOWMENT RESERVES (CONSOLIDATED)

Charitable donations classified as endowments, both permanent and expendable, fell into the following categories for the year to 31 July 2015:

	Opening reserves £'m	Income and market value movements £'m	Endowments received £'m	Released to I&E account £'m	Closing reserves £'m
General academic	318.8	3.6	13.9	(14.7)	321.6
Academic posts	233.6	12.7	11.5	(12.9)	244.9
Scholarship funds	116.0	58.6	47.5	(5.8)	216.3
Support for libraries and museums	21.4	5.5	6.6	(1.5)	32.0
Societies	13.9	3.3	-	(0.6)	16.6
Prize funds	2.2	0.6	-	(0.3)	2.5
Total	705.9	84.3	79.5	(35.8)	833.9

23. 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	Income & Endowments Received	Investment Gains & Revaluations	Transfers	Expenditure	Closing Reserves
	£'m	£'m	£'m	£'m	£'m	£'m
University of Oxford Development Trust Fund ^a	797.8	192.4	32.7	(37.9)	(10.9)	974.1
James Martin 21st Century Foundation ^b	22.9	-	2.7	-	-	25.6
James Martin 21st Century (UK) Trust ^b	36.7	1.4	5.1	-	(3.8)	39.4
The Gray Laboratory Cancer Research Trust ^b	0.7	1.3	-	-	(1.3)	0.7
Oxford University Law Foundation ^a	0.7	0.1	0.1	-	(0.1)	0.8
Nuffield Dominions Trust ^c	24.7	0.4	0.7	-	(0.3)	25.5
College Contributions Fund ^c	38.4	5.4	4.3	-	(1.2)	46.9
Oxford University Boat Club ^c	3.6	0.8	-	-	(0.5)	3.9
Oxford University Rugby Club ^c	0.6	0.3	-	-	(0.3)	0.6
Oxford University Women's Boat Club ^c	0.1	0.3	-	-	(0.3)	0.1
Smaller sports charities ^c	0.2	0.9	-	-	(0.9)	0.2
Smaller non-sports charities ^c	0.6	0.6	-	-	(0.5)	0.7

^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

24. INCOME AND EXPENDITURE ACCOUNT

	CONSOLIDATED £'m	UNIVERSITY £'m
At start of year	1,060.2	1,063.1
Surplus for the year retained in general reserves	184.3	178.3
Realised gains transferred from revaluation reserve (note 25)	47.9	47.8
At end of year	1,292.4	1,289.2

The Income and Expenditure Account includes £48.9m (2014: £38.9m) 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 £408.4m of funds that are held in the University of Oxford Development Trust Fund and certain special purpose trusts of the University. Although these funds are accounted for as income and, for accounting purposes, are treated as unrestricted, for legal purposes the funds are held as expendable endowment and, as to £74.0m, are legally restricted for specific teaching posts and graduate scholarships.

25. REVALUATION RESERVE

	CONSOLIDATED £'m	UNIVERSITY £'m
At start of year	132.6	132.4
Realised gains transferred to retained earnings (note 24)	(47.9)	(47.8)
Appreciation in market value of Fixed Asset Investments, net of amounts attributable to outside bodies (note 13)	101.2	101.3
At end of year	185.9	185.9

26. 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	281.8	2.8	284.6
	receipts	14.3	0.9	15.2
	released in year	(11.7)	(0.9)	(12.6)
	at end of year	284.4	2.8	287.2
Other:	at start of year	343.3	42.1	385.4
	receipts	42.5	22.4	64.9
	released in year	(14.7)	(16.1)	(30.8)
	at end of year	371.1	48.4	419.5
Total:	at start of year	625.1	44.9	670.0
	receipts	56.8	23.3	80.1
	released in year	(26.4)	(17.0)	(43.4)
Total		655.5	51.2	706.7

UNIVERSITY		Buildings £'m	Equipment £'m	Total £'m
Funding Council:	at start of year	281.8	2.8	284.6
	receipts	14.3	0.9	15.2
	released in year	(11.7)	(0.9)	(12.6)
	at end of year	284.4	2.8	287.2
Other:	at start of year	345.1	42.2	387.3
	receipts	42.3	22.4	64.7
	released in year	(16.2)	(16.1)	(32.3)
	at end of year	371.2	48.5	419.7
Total:	at start of year (restated)	626.9	45.0	671.9
	receipts	56.6	23.3	79.9
	released in year	(27.9)	(17.0)	(44.9)
Total		655.6	51.3	706.9

Included within deferred capital grants is a total of £0.2m (2014: £13.9m) received on account from funders for projects where the funding has not yet been applied to an asset.

27. MINORITY INTEREST

CONSOLIDATED	2015 £'m	2014 £'m
At start and end of year	0.4	0.4

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

	2015 £'m	2014 £'m
Surplus on continuing operations after depreciation of tangible fixed assets	191.0	28.1
Depreciation	82.6	73.7
Heritage assets non-cash donation	(10.0)	(0.9)
Unrealised exchange rate gains	(3.3)	(5.2)
Deferred capital grants released	(43.4)	(35.4)
Endowment income and interest receivable	(25.2)	(30.3)
Profit on sale of fixed assets	(0.3)	-
Profit on Sale of NaturalMotion shares	-	(33.6)
Interest payable	1.9	1.9
(Increase) in stocks	(0.3)	(0.5)
(Increase) in debtors	(57.9)	(16.6)
(Decrease)/Increase in creditors	(5.7)	13.0
Increase in provisions	1.0	2.0
Net Cash Inflow /(Outflow) from operating activities	130.4	(3.8)

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

	2015 £'m	2014 £'m
Increase in cash for the year	221.1	4.4
(Decrease)/Increase in liquid resources	(19.5)	4.0
(Increase)/Decrease in debt	(197.8)	2.2
Increase in net funds resulting from cash flows	3.8	10.6
Exchange rate movements	(0.3)	(1.0)
Increase in net funds	3.5	9.6
Net funds at start of year	51.7	42.1
Net funds at end of year	55.2	51.7

30. ANALYSIS OF CHANGES IN NET FUNDS

	2014	Exchange and other non-cash movements	Cash changes	2015
	£'m	£'m	£'m	£'m
Cash at bank and in hand	21.0	(0.3)	226.0	246.7
Endowment assets cash	48.4	-	(4.9)	43.5
	69.4	(0.3)	221.1	290.2
Current asset investments	19.5	-	(19.5)	-
Loans due within one year	(2.2)	(2.3)	2.2	(2.3)
Loans due after one year	(35.0)	2.3	(200.0)	(232.7)
	51.7	(0.3)	3.8	55.2

31. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR

	Mortgages and loans £'m
At start of year	37.2
Loan received in year	200.0
Amounts repaid	(2.2)
At end of year	235.0

32. CAPITAL AND INVESTMENT COMMITMENTS

CONSOLIDATED AND UNIVERSITY	2015 £'m	2014 £'m
At the end of the year the University had major capital commitments for building projects as follows:		
Contracted for	77.3	61.8
Authorised but not contracted	69.6	63.4
At the end of the year the University had commitments to invest additional funds within its investment portfolio	265.6	234.7

Financial Instruments

CONSOLIDATED AND UNIVERSITY	2015 £'m	2014 £'m
Nominal value of current hedging contracts	318.0	274.0
Forward contracts relating to research assets	9.7	25.0
Unrealised gains/(losses) in year on forward contracts:		
Forward foreign currency contracts for investments	5.7	(0.9)
Forward foreign currency contracts for research	(1.0)	(1.2)

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 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 recognised in 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 2015 was £318.0m (2013/14: £274.0m) and the contracts, when marked to market, showed an unrealised gain of £5.7m (2013/14: unrealised loss of £0.9m)

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 2015 was £9.7m (2014: £25.0m), and the contracts, when marked to market, showed an unrealised loss of £1.0m (2014: £1.2m loss).

Foreign Currency Risk

Risk analysis is an integral part of University's investment decision making and portfolio management. Geographical and foreign currency exposures and the liquidity of the underlying portfolio are consistently evaluated. 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.

33. 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 2015, the date of its latest audited balance sheet, the Press had total net assets of £370.8m (2014: £466.1m), after deducting total liabilities of £385.3m (2014: £365.9m).

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.

A contingent liability exists in relation to the USS pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

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.

34. RELATED PARTY TRANSACTIONS

During the year ended 31 July 2015 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
Engineering and Physical Sciences Research Council	-	472	307
European Commission	29,146	-	5,421
GMEC Management Company Ltd	-	184	-
Imperial College London	292	148	2,781
JISC Collections & Janet Ltd	-	1,227	-
Medical Schools Council	-	19	-
Taylor & Francis	18	11	-
The Royal Society	272	336	4
The University of Edinburgh	-	58	58
University College London	-	143	71

During the year, the University made grants and other payments totalling £531k (2014: £402k) to the Oxford University Student Union and its wholly-owned subsidiary.

The Alan Turing Institute: The institute has been created as a government initiative to fund a national centre for data science and analysis, and is a joint venture between five universities who are all making grants to the Institute. The University as a founding partner has agreed to make a grant of £5m to the new Institute. This commitment has been recorded as a creditor at 31 July 2015.

Oxford Sciences Innovation plc: The University has signed a 15 year agreement with OSI for the funding and development of spin-out companies based on research from the MPLS and Medical Sciences Divisions. The University will retain a 5% equity stake in OSI.

Spin-Outs: 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	2015 £'m	2014 £'m
Medical Research Council	61.1	54.7
Science and Technology Facilities Council	9.8	8.8
Engineering and Physical Sciences Research Council	37.7	35.3
Arts and Humanities Research Council	4.0	3.2
	112.6	102.0

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. While 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 £55.9m to the colleges via its Joint Resource Allocation Method (JRAM) (see note 7) out of HEFCE funding and fee income (2014: £55.2m).

The University made a payment of £1m to the College Contributions Fund in 2014/15 (2014: £1m) and will make further payments of £1m per year for the next three 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 35).

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 13). At 31 July 2015 the University held investments in the Endowment Fund amounting to £404.5m (2014: £324.3m) on colleges' behalf. Colleges are also among the investors in the Oxford Capital Fund. They have invested £23.5m as at 31 July 2015 (2014: £13.9m).

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

Other external trusts: Certain external trusts provide research and other funding to the University and some colleges. A number of these trusts (note 23) 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 13).

35. HEFCE HARDSHIP FUNDS/NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP ('NCTL')

	HEFCE		NCTL	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
At start of year	0.1	0.1	-	-
Net funds received	-	0.1	1.9	2.0
Disbursed to students	-	(0.1)	(1.9)	(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.

36. 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 agreed that the employer contributions rate would increase from 14.0% to 14.3% from 1 April 2015. With the introduction of the new pension arrangements based on Career Average Revalued Earnings, the 2015 Scheme, the contributions will be 14.3% for a four year period and the rate will be reassessed at the next valuation to be carried out as at 31 March 2016.

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:	31/03/2014	31/03/2013
Date valuation results published:	24/07/2015	23/06/2014
Value of liabilities:	£46.9bn	£597m
Value of assets:	£41.6bn	£424m
Funding surplus/(deficit):	(£5.3bn) ^a	(£173m) ^b
Principal assumptions:		
Investment return	5.2% ^c 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	RPI + 1%pa ^d	4.5% pa
Rate of increase in pensions	CPI pa ^d	4.4% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	24.2 yrs	22.5 yrs
Assumed life expectancy at age 65 (females)	26.3 yrs	25.2 yrs
Funding Ratios:		
Technical provisions basis	89%	71%
Statutory Pension Protection Fund basis	82%	69%
'Buy-out' basis	54% ^e	44%
Estimated FRS17 basis	72% ^e	75%
Recommended employer's contribution rate (as % of pensionable salaries):	18% ^e	21.5%, increasing to 23.5% ^f
Effective date of next valuation:	31/03/2017	31/03/2016

Notes:

a. USS' actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members will accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 pa; member contributions will be 8% of salary; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section of which the first 1% of salary is to be matched by the employer. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. For the period up to 1 April 2016 the employer deficit contribution will be 0.7% pa of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of Salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and once the salary threshold and defined contribution section are introduced this gives rise to deficit contributions of at least 2.1% pa of salaries. At 31 July 2015 USS reported that the funding deficit had increased to £8.3 billion.

b. 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 three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.

c. USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years.

d. USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% pa thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% pa less an inflation risk premium) less RPI/CPI gap of 0.8% pa.

e. As noted above (note a) the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards DC benefits including employer matching contributions and certain investment management costs relating to the DC section.

f. As noted above (note b), 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%.

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 USS liabilities
Initial discount rate	increase / reduce by 0.25%	decrease / increase by £0.8bn
Discount rate in 20 years' time	increase / reduce by 0.25%	decrease / increase by £1.1bn
RPI inflation	increase / decrease by 0.1%	increase / decrease by £0.8bn
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £0.5bn

Assumption	Change in assumption	Impact on OSPS liabilities
Valuation rate of interest	increase / decrease by 0.5%	decrease / increase by £63m
Rate of pension increases	increase / decrease by 0.5%	increase / decrease by £41m
Rate of salary growth	increase / decrease by 0.5%	increase / decrease by £13m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £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	2015 £'m	2014 £'m
Universities Superannuation Scheme	58.3	53.7
University of Oxford Staff Pension Scheme	13.1	12.0
NHS Pension Scheme	3.9	3.6
Other Schemes - contributions	2.1	1.8
Total	77.4	71.1

Included in other creditors and accruals (Note 17) are pension contributions payable of £7.7m (2014: £7.7m).

The additional information on pages 61–66 does not form part of the audited Financial Statements for the University of Oxford for the years ended 31 July 2015 and 31 July 2014.

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 2015.

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 and Reserve Fund of Oxford University Press for the year ended 31 March 2015 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 and 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 2015. 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 2015.

KPMG LLP

Chartered Accountants

Arlington Business Park, Theale, Reading, RG7 4SD

26 May 2015

Abstract of the combined results of the Trading Operations for the year ended 31 March 2015

	Year ended 31 March 2015	Year ended 31 March 2014
	£'m	£'m
TURNOVER	767.2	759.0
Profit for the year before tax	104.0	107.2
Taxation	(9.5)	(10.4)
PROFIT AFTER TAX	94.5	96.8
Profit attributable to minority interests	(1.4)	(1.3)
NET PROFIT FOR THE YEAR	93.1	95.5

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 2015

	Year ended 31 March 2015	Year ended 31 March 2014
	£'m	£'m
Net profit for the financial year	93.1	95.5
Actuarial (losses)/gains on Group Pension Schemes	(38.9)	(49.4)
Currency translation differences on foreign currency net investments	(1.7)	(15.1)
TOTAL RECOGNISED GAINS RELATING TO THE YEAR	52.5	31.0
Actuarial (losses)/gains on Group Pension Schemes		
Difference between actual and expected return on scheme assets	25.6	(21.1)
Effect of change in liability experience	0.1	(0.1)
Effects of changes in assumptions underlying the present value of scheme liabilities	(64.6)	(28.2)
	(38.9)	(49.4)

Abstract of the Combined Balance Sheet of the Trading Operations as at 31 March 2015

	2015		2014	
	£'m	£'m	£'m	£'m
Fixed Assets				
Tangible Assets		40.3		36.1
Intangible Assets		22.2		25.7
Goodwill		41.4		50.1
Investments		0.5		0.5
		104.4		112.4
Current Assets				
Stocks and Work-in-progress	98.3		98.4	
Debtors	190.6		188.5	
Current Asset Investments	153.3		212.0	
Cash at bank and in hand	23.6		32.7	
	465.8		531.6	
Less: Current Liabilities				
Creditors: amount falling due within one year	(201.1)		(209.3)	
Taxation	(11.5)		(10.7)	
Bank loans and overdrafts	(14.0)		(11.3)	
	(226.6)		(231.3)	
Net Current Assets		239.2		300.3
TOTAL ASSETS LESS CURRENT LIABILITIES		343.6		412.7
Less:				
Creditors: amounts falling due after more than one year		(4.3)		(4.8)
Provisions for Liabilities		(1.9)		(1.7)
NET ASSETS EXCLUDING PENSION LIABILITY		337.4		406.2
Pension Liability		(135.8)		(112.5)
NET ASSETS INCLUDING PENSION LIABILITY		201.6		293.7
Capital Employed				
Accumulated Fund		200.1		292.4
Minority Interests		1.5		1.3
TOTAL FUNDS		201.6		293.7

Abstract of the Combined Statement of Financial Activities of the Delegates' Property and Reserve Fund for the year ended 31 March 2015

	Strategic Property Reserve £'m	Effective Operating Reserve £'m	2015 Total £'m	2014 Total £'m
INCOMING RESOURCES FROM GENERATED FUNDS				
Rental Income from properties	15.2	2.8	18.0	17.2
Income from investments	0.2	0.2	0.4	0.4
Transfer from Trading Operations	-	145.9	145.9	57.7
TOTAL INCOMING RESOURCES	15.4	148.9	164.3	75.3
RESOURCES EXPENDED				
Cost of generating Funds				
Transfer of funds to the rest of the University:				
- Cash	-	(165.9)	(165.9)	(48.7)
- Benefits in kind	(0.9)	-	(0.9)	(1.0)
Other resources expended	(9.8)	(0.9)	(10.7)	(9.7)
TOTAL RESOURCES EXPENDED	(10.7)	(166.8)	(177.5)	(59.4)
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS BETWEEN FUNDS				
	4.7	(17.9)	(13.2)	15.9
Transfer between funds	(10.0)	10.0	-	-
NET INCOMING RESOURCES FOR THE YEAR	(5.3)	(7.9)	(13.2)	15.9
Other Recognised Gains/(Losses)				
Surplus on revaluation of investment properties				
	-	8.2	8.2	4.6
Currency translation differences on foreign currency net investments				
	1.8	-	1.8	(0.9)
NET MOVEMENTS IN FUNDS	(3.5)	0.3	(3.2)	19.6
RECONCILIATION OF FUNDS				
TOTAL FUNDS BROUGHT FORWARD	71.2	101.2	172.4	152.8
TOTAL FUNDS CARRIED FORWARD	67.7	101.5	169.2	172.4

The above results relate to continuing operations.

**Abstract of the Combined Balance Sheet of the Delegates' Property and Reserve Fund
as at 31 March 2015**

	Strategic Property Reserve £'m	Effective Operating Reserve £'m	2015 Total £'m	2014 Total £'m
Fixed Assets				
Tangible Fixed Assets	52.9	78.1	131.0	117.9
Investments	5.0	35.1	40.1	47.0
	57.9	113.2	171.1	164.9
Current Assets				
Debtors	-	0.2	0.2	0.4
Cash at hand and bank	14.6	-	14.6	22.7
	14.6	0.2	14.8	23.1
Creditors: Amounts falling due within one year	(4.8)	(11.9)	(16.7)	(15.5)
Net Current (Liabilities) / assets	9.8	(11.7)	(1.9)	7.6
TOTAL ASSETS LESS CURRENT LIABILITIES	67.7	101.5	169.2	172.5
Creditors: Amounts falling due after more than one year	-	-	-	(0.1)
NET ASSETS	67.7	101.5	169.2	172.4
Reconciliation of Funds				
Opening balance	71.2	101.2	172.4	152.8
Net movement in funds	(3.5)	0.3	(3.2)	19.6
TOTAL FUNDS	67.7	101.5	169.2	172.4

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.

