



Financial Statements 2019/20

University of Oxford

Financial Statements 2019/20



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AT A GLANCE

Strategic and Operational Measures

Education



11,955

Postgraduate students

% change
2018/19 to
2019/20

1.2%

12,010

Undergraduate students

0.7%

1,899

undergraduates from state schools admitted, 68.4% of our UK intake for 2020/21

% change
2018/19 to
2019/20

20.4%

462

undergraduates from the most disadvantaged areas of the UK, 16.6% of our UK intake for 2020/21

47.6%

Research



£633.6m

Research income

1.4%

116.8m

Research income from industry

22.9%

1st

Ranking *Times Higher Education* World University Rankings

-

5,884

Research-related agreements executed

12.0%

Educational Publishing undertaken by the Press



£821.3m

Educational publishing income

-5.2%

2,500+

Journal articles made freely accessible to support COVID-19 response

N/A

£149.8

Operating cash flow

46.8%

£28.3m

Comprehensive Income

-72.6%

Engagement and Partnership



1,350

UNIQ summer school placements *

-

100

Participants in our new Opportunity Oxford bridging programme

1,304

Students from low-income backgrounds supported by Crankstart scholarships

25.3%

148

Companies incorporated by OUI

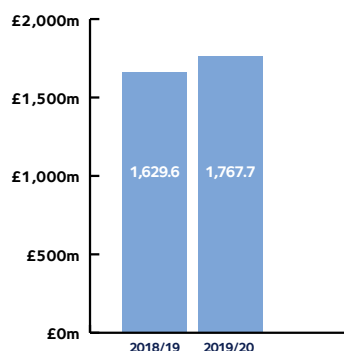
6.5%

Financial Measures

Income

£1,767.7m

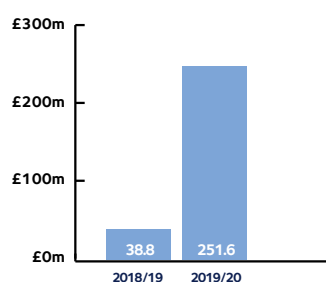
University
(excl educational publishing)



Comprehensive Income

£251.6m

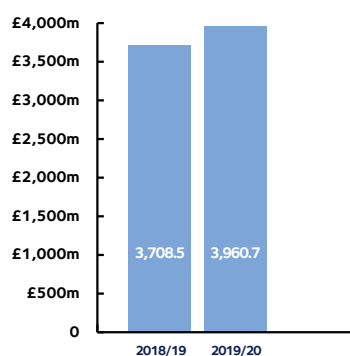
University
(excl educational publishing)



Net Assets

£3,960.7m

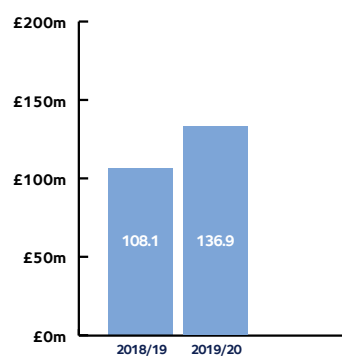
University
(excl educational publishing)



Capital Expenditure

£136.9m

University
(excl educational publishing)



LETTER FROM THE VICE-CHANCELLOR



This has been quite a year. A year of fire-fighting to contain a global pandemic and to protect our mission of research, teaching and contributing to the world around us. This mission has never been more important. I am deeply proud of the fact that the collegiate university has come together as One Oxford to ensure that our world-leading research could continue and that all our students could return to Oxford to continue their education in a Covid-secure environment.

We have adapted at a pace and on a scale few would have believed possible. In Trinity term we moved all our teaching and assessment online and spent the summer developing the means to ensure that we could offer our students the optimal mix of in-person and online teaching opportunities in Michaelmas term. We moved to remote provision of student services from counselling to careers and reached out to students and staff in financial hardship with a Covid Hardship Fund.

In addition to adapting our teaching at lightning speed, we also adapted our research – and the entire world has benefited. In January, the University provided a £1 million underwrite from the recently established Strategic Research Fund to enable the team in the Jenner Institute to ramp up their work to develop a vaccine for COVID-19. We judged that, if the venture proved successful, other funding would follow, as indeed it has. Government, international organizations and generous private individuals who contributed over £27 million, have invested in Oxford's vaccine. In April, we announced an agreement with the global biopharmaceutical company AstraZeneca for further development, large-scale manufacture and potential distribution of the vaccine.

In June, colleagues conducting the Recovery Trial demonstrated that an everyday, inexpensive steroid, dexamethasone, cut the risk of death by a third for patients on ventilators and by a fifth for those on oxygen, making it the first drug proven for treatment of COVID-19. It has been estimated that this discovery alone has already saved many thousands of lives.

Thanks to the work of all these extraordinary colleagues, the research profile of the University has never been higher. The impact of their research makes a powerful case for public investment in universities and in blue-skies thinking. The success of their research is linked to



the strong international connections and partnerships they have built over the years. As we know, many of the greatest threats facing us today, from infectious disease to climate change, do not respect national borders.

Looking beyond COVID-19, I am delighted to report that Oxford leads the Times Higher Education rankings for the fifth consecutive year while our Medical Division was ranked top for the 9th consecutive year. In addition, we topped the Guardian ranking and were named University of the Year by the Sunday Times in recognition of our work on the vaccine and our progress on access.

It is hard to avoid concluding that if Oxford were a currency, it would be a gold standard. We continue to build, quite literally, on our success. While many minor capital projects are delayed, construction and planning continue on our major capital projects. The demolition of the old Tinbergen has been taking place, and construction will begin on the new Life and Mind building in summer 2021. Plans for the new Schwarzman Humanities Centre have also proceeded apace despite COVID-19.

We have also received some extraordinarily generous individual donations. The transformational gift of £80 million from the Reuben Foundation for our newest Oxford college is a stand out. Reuben College is due to welcome its first graduate students next year and aims to generate novel insights into the biggest questions of our time by bringing together academics and graduate students from diverse disciplines.

We have also made significant progress on access. 68% of British undergraduate students starting in Oxford

this term were educated in state schools, an increase of 13% over five years. Between 2015 and 2019 the presence of BME students in our student community rose from 14.5% to 22%. Students coming from the two most socially disadvantaged areas (ACORN 4 and 5) now make up 16% of the entering class, up from 9% five years ago. These are stunning figures and a testament to the extraordinary work of dedicated admissions teams across the collegiate University.

Our focus is now turning to postgraduate access. We announced the launch of a new initiative, Black Academic Futures, with the creation of ten new scholarships for Black British postgraduate students for entry next academic year. We plan to expand this programme in the years to come.

In April we announced landmark plans to divest formally from the fossil fuel industry and to engage with fund managers to request evidence of net zero carbon business plans across their portfolio. Throughout the year the University's Sustainability Team has been consulting widely and developing a draft Sustainability Strategy setting the ambitious target of achieving net zero carbon and biodiversity net gain by 2035. We hope to have a new agreed strategy by early 2021.

Finally, Brexit will occur in 2021. The University is determined to support all those in our community whose lives and research will be practically affected by the coming changes and continuing uncertainties. At a time of ever-stricter border control, the University must be a bastion of intellectual free movement. We must foster debate, diversity, tolerance and creativity. At a time when physical touch is risky, we are more important than ever in allowing people's minds to meet, their words to travel, and their work to break down those barriers that prevent positive change.



A handwritten signature in black ink, which reads "Louise Richardson". The signature is fluid and cursive.

Louise Richardson



VISION AND STRATEGIC PRIORITIES

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

Vision

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

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

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

Strategic priorities

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

EMERGING TRENDS

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

The current Strategic Plan covers the period 2018 to 2023 and a full version can be found at www.ox.ac.uk/about/organisation/strategic-plan-2018-23.

COVID-19

Like all other UK Higher Education Institutions, the University has been impacted by the COVID-19 pandemic. Its principal concern at all stages has been the health and welfare of its students, researchers and staff. Oxford's initial priority was the continued education of its students via a successful transition to remote-only teaching and open book examinations. To support this the University has invested in its virtual learning environment and expanded its digital library access. Moving into the new academic year the focus remains on delivering the highest possible standard of education through a combination of online lectures and in-person small-group teaching, laboratory and practical work, where it is possible to do so in a safe and secure manner.

The University's scientific response to the pandemic has been distinguished in the extent of its collaboration, breadth, partnerships, interventions and global impact. Foremost of these has been its vaccine development, which has attracted both global attention and global funding, including an agreement with the biopharmaceutical company AstraZeneca for further development, large-scale manufacture and potential distribution of the vaccine.

It is too soon to say what the financial impact of the pandemic will be on the University in terms of publishing income, student income, research income and exhibition, conference and trading revenue. The University has invested in preparation for the new academic year, with testing for staff and students, adaptations of the learning environment, funding research extensions for postgraduate research students and an enhanced 'returning carers' fund to ease the return to work.

Oxford is fortunate in having unrestricted reserves to draw down and can thereby avoid the more radical financial steps other institutions have taken and protect its current staff. Savings are being made by cutting costs, deferring planned capital expenditure, and freezing recruitment and merit-based awards. The University remains resolutely committed to protecting existing jobs, going ahead with the implementation of the Oxford Living Wage, and to ensuring that all staff on furlough receive 100% of their salary.

Access and diversity

The University is committed to ensuring that our undergraduate admissions processes identify students with outstanding academic potential and the ability to benefit from an Oxford course whatever their background. We know that our main challenges lie in encouraging students from underrepresented groups to apply to Oxford and in helping them to make competitive applications. We are also committed to widening access to graduate level study and will continue to progress initiatives aimed at this. As well as increasing the numbers of ethnic minority staff and students, the wellbeing of those students and staff is also high on our agenda. We have increased the number of BME counsellors; we have introduced new online training modules on race inequality; and we are working to ensure greater BME representation on all committees. The University is deeply committed to promoting equality and diversity in the workplace, and to providing a welcoming and inclusive environment for all members of our community.

Emerging trends – continued

UK Government's R&D roadmap

The recently published R&D Roadmap heralds significant development of UK government priorities for the next five years and brings both opportunities and challenges to Oxford. The Roadmap restates government commitment to increasing UK expenditure on R&D to 2.4% of GDP, translating to an increase in public investment in R&D from £10bn in 2020/21 to £22bn p.a. by 2024/25. Promised additional investment in discovery research as well as better systems for innovation and commercialisation will enable Oxford to show the full extent of the impact our research can have. Greater funding for international collaboration – which will allow us to extend further our global reach – is also welcome but how this might act as a substitute for EU funding, should UK association with European framework programmes not be achieved, is of critical importance. The Roadmap places significant emphasis on the issue of place and how R&D investment can unlock local growth and societal benefit across the UK. This 'levelling up' agenda can be characterised in R&D terms as promoting investment outside of the so-called 'Golden Triangle' of Oxford, Cambridge and London. Oxford's strength in partnerships across the UK will be of growing importance.

Staff and student housing

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

In June 2019, the University entered into a joint venture with Legal & General Group plc with a focus on developing housing for graduate students and University staff. The joint venture operating company, Oxford University Development Limited, is working on detailed proposals for the redevelopment of the graduate accommodation at Court Place Gardens and it has commenced assessment of other University-owned sites within Oxford City for new graduate accommodation. The Oxford City Local Plan 2036 was adopted in June 2020 with specific housing allocation policies for several University-owned sites. The Cherwell District Council Local Plan Part 1 Partial Review was adopted in September 2020, allocating two large areas north of Oxford which are partly owned by the University for new housing. It is the University's intention to develop these sites to include new affordable housing for University staff.

Environmental Sustainability

An unstable climate, increasing carbon emissions and accelerating biodiversity loss require urgent action. The University is already playing a leading role in tackling these issues through the application of its research and educating its students; however, we also recognise the importance of addressing the negative impacts of our own operations. To address these, we set up a working group of leading academics from across the University which has worked hard over the last year to develop our Environmental Sustainability Strategy. This draft strategy proposes dual targets to achieve biodiversity net gain and net-zero carbon by 2035 and will go out for consultation with staff and students during October and November 2020.

OPERATIONAL REVIEW

Education

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

Our strategic priorities

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

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

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

Undergraduate admissions and outreach

With a view to increasing transparency, the University publishes an Annual Admissions Statistical Report, which gives information about the students who have applied to our undergraduate courses, received offers and been admitted, over the last five years. The latest version of this report was released in June 2020. It contains many positive points as well as providing evidence that there is still a great deal of work for us to do.

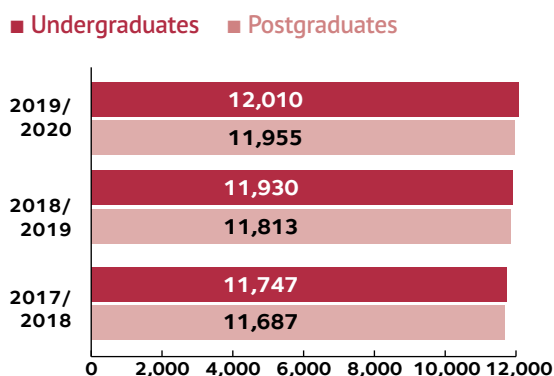
In 2019/20 applications for undergraduate study rose by 7.0% compared with 2018/19. Within this, the proportion of UK undergraduate admissions from the state sector continued to rise to 62.3% and the proportion identifying as Black and Minority Ethnic (BME) rose to 22.1%.

The University is fully committed to widening access to Oxford. Significant outreach activity takes place across the collegiate University to encourage applications from academically able students from disadvantaged backgrounds. The proportion of UK students admitted in 2019 from socio-economically disadvantaged areas rose to 12.2% (from 8.6% 2018), and the proportion from areas of low progression to higher education rose to 14.0% (from 10.8% 2018).

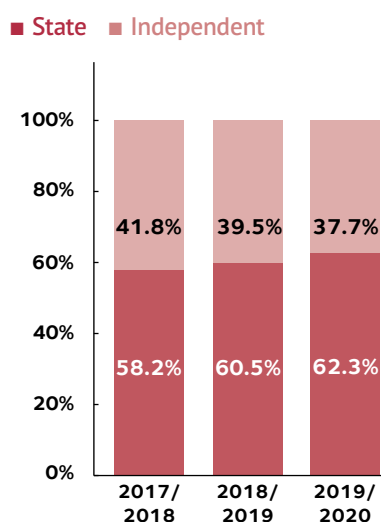
As part of the 2020/2021 admissions round, the University has welcomed the first students onto one of its major access initiatives: Opportunity Oxford. This programme aims to increase the number of high-achieving students admitted to Oxford from backgrounds identified by the collegiate University as priorities for widening participation. 100 students have been admitted under the scheme in its first year. It is a key component of the University's Access and Participation Plan.

The COVID-19 pandemic affected many aspects of the University's outreach programme, with many events moved online. This included the flagship UNIQ summer school, which aims to provide students from underprivileged backgrounds with the opportunity to spend a week studying their chosen subject, learning about undergraduate life, and learning how to make the best possible university application. More than

Student numbers



United Kingdom admissions from state and independent sectors



Education – continued

a third of the students who attended UNIQ in 2019 secured offers for undergraduate places.

Oxplore is our innovative digital outreach learning portal which has extended our outreach activities to a global scale, creating and publishing 57 ‘Big Questions’. The portal has had over 427,000 new site visitors from 227 countries viewing over 799,000 pages over the past year.

Graduate admissions and funding

Applications for graduate study rose by 6.1% to 30,861. Applications from the UK increased by 3.3%, EU by 2.1% and non- EU countries by 8.3%. The University has set up a Graduate Access Working Group to lead on initiatives to encourage and support access to graduate courses for students from underrepresented and deprived backgrounds. In the summer of 2019, the University launched the UNIQ+ research internship programme, offering 33 places in its first year. It is a pioneering programme that provides candidates with the opportunity to work within the academic community at Oxford and receive financial and academic support for making a graduate application, together with sessions on broader research and professional skills (presentation, interview, etc). A digital version of the programme was run, in response to COVID-19 restrictions.

The University also continued its application fee waiver scheme for low-income countries to enable international students to apply to the University without paying a fee. This led to a 96% increase in applications from those countries. This scheme has now been extended to UK applicants from low-income households.

Graduate funding

The University continues to face a substantial scholarship funding gap for graduate students, in particular for Masters’ courses, and fundraising for such scholarships remains a strategic priority. Further information about graduate scholarships available at Oxford can be found at www.ox.ac.uk/admissions/graduate/fees-and-funding/graduatescholarships.

Supporting student success

University Student Welfare services at Oxford continue to see a sustained increase in demand and work has continued to ensure that students receive timely access to high-quality services. Wellbeing (for staff and students) is of critical importance to the University and in the last year it agreed a Student Mental Health and Wellbeing Strategy encompassing all aspects of the student journey. Additional resources have been agreed and online support approaches have proven valuable, particularly during the Covid pandemic. Our online provision has been cited as an example of good practice by the OfS.

Equipping students for future study and employment

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

- ▶ over 400 financially supported research and professional internships in more than 40 countries; and over 800 Micro-internships;
- ▶ over 600 students taking part in “Insight Into...” programmes in teaching, medicine, academia, pharmaceuticals, publishing, and business; and
- ▶ experiential programmes organised by The Oxford Strategy Challenge, The Student Consultancy, Researcher Strategy Consultancy and The Agency providing almost 1,000 students and researchers with opportunities to work on over 100 voluntary consultancy projects for business, charities and local government clients.

2019/20 HIGHLIGHTS

24,515 students at Oxford, including
12,010 undergraduates and
11,955 postgraduates
23,020 applications for
3,280 undergraduate places
62.3% of UK undergraduate admissions
 from state schools

Research

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

Our strategic priorities

To promote and enable ambitious research of exceptional quality.

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

To change the world for the better.

Research activity

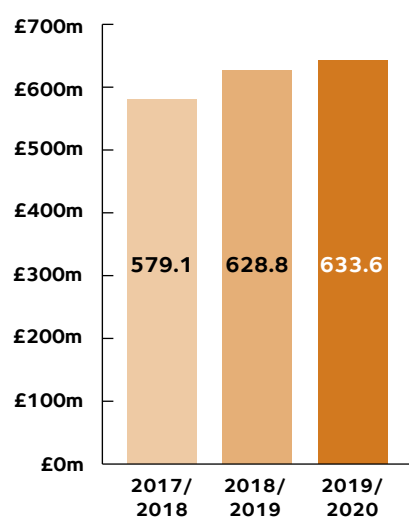
The scale of the University's research activity is substantial, involving over 1,800 academics, almost 4,500 research staff and 6,356 postgraduate research students. The University collaborates with other universities and research organisations, healthcare providers, businesses, community groups, charities and government agencies, nationally and internationally. According to the most recent Research Excellence Framework (the official UK-wide assessment of all university research), the University has the largest volume of world-leading research in the UK. The public benefits from this research include better public policy, improved health outcomes, economic prosperity, social cohesion, international development, community identity, the arts, culture and quality of life.

Research grant contracts awarded

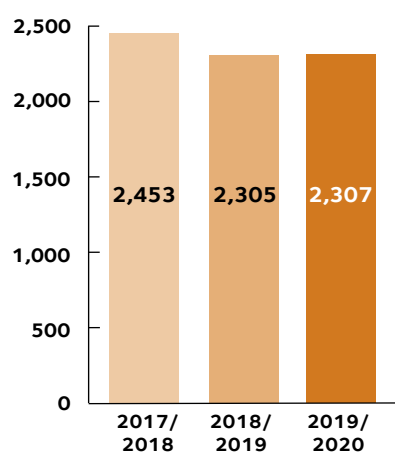
Much of the University's research activity is funded by competitively won research grants awarded by third parties (including the UK Research Councils, UK charities and the European Commission) as well as funding from business and other organisations. The University currently has 4,514 active research awards worth over £3.6 billion. In 2019/20 over 2,300 new research awards were received, with a cumulative value of £641m. In addition, Research England provided invaluable support through Quality-Related recurrent grant funding totalling £156m.

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

Research income



Research grant contracts awarded



Research – continued

COVID-19 and research funding

Annual research income rose in 2019/20 to £634m, an increase of 1.4% compared to 2018/19. This growth was particularly noteworthy given the level of disruption to research experienced across the University during the final five months of the financial year following government restrictions in the wake of the pandemic.

Whilst essential Covid-related research continued onsite during this period, the majority of University buildings were closed, precluding access for many researchers to laboratories, libraries and collections. Additional caring responsibilities during lockdown also curtailed the capacity of many researchers.

Whilst the majority of the University's research income during 2019/20 related to projects that secured funding prior to the COVID-19 crisis, the impact on future research income is more uncertain. The funding outlook for research charities and business may be particularly challenging; these sources respectively represent over 28% and 18% of the University's total research income in 2019/20.

Aside from COVID impacts, the terms of the UK's future relationship with the EU after the end of 2020 will determine whether UK institutions are able to access new EU research funding programmes. For existing EU research funding programmes, UKRI has confirmed that it will take over funding following the UK's withdrawal. Research income from the European Commission represented 10% of total research income in 2019/20.

Key milestones achieved in the past year include:

- ▶ Funding of £31m from the Department of Health & Social Care to support research and clinical trials of Oxford's COVID-19 vaccine, with a separate global licensing agreement between the University and AstraZeneca for the manufacture of the vaccine.
- ▶ £27.5m in philanthropic gifts received to support other University COVID-19 related research.
- ▶ Launching a new strategic collaboration with Amazon Web Services (AWS), underpinned by a £7m gift from AWS, in the areas of artificial intelligence, robotics, cyber-physical systems and human-centred computing.
- ▶ UK aid funding of £9.4m via the Department of International Development to the Young Lives programme, a major longitudinal study into children and youth around the world.
- ▶ Nine European Research Council (ERC) Consolidator Grants, worth over £56m, to researchers across each of the academic divisions, placing Oxford first amongst European universities for receipt of ERC awards.

The University is grateful to its research sponsors and partners for making the resources available to undertake these and many other projects. Further information on the range of impacts which 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.

2019/20 HIGHLIGHTS

For the fifth consecutive year, **ranked first** in the *Times Higher Education* (THE) worldwide ranking of universities (both overall and for research)

Recipient of **highest quality-related recurrent funding** for research of any UK university

Highest research income from external sponsors of any UK university

Educational Publishing

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

Our strategic priorities

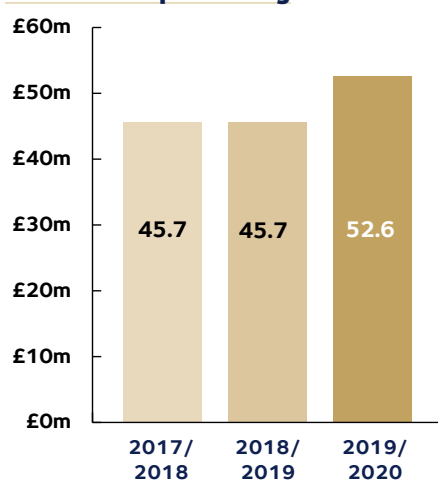
To demonstrate evidence of positive educational and research impact from the use of the Press's materials and services.

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

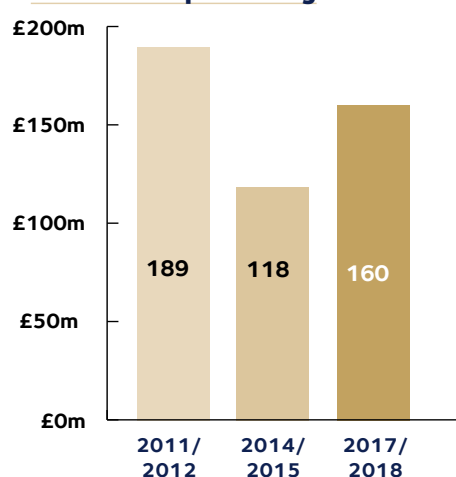
To focus on growth in emerging markets, in particular those where the Press is already well placed.

To focus on efficiency in order to remain competitive.

Value of annual transfer from educational publishing



Value of special transfers from educational publishing



Mission

Oxford University Press continues to serve three significant global publishing markets: Research, the Learning of English, and Education (Schools and Higher Education) – enabling the University to extend its reach and impact and accomplish its mission on a global scale. The Press pursues a series of common strategies across all of its markets: improving its digital, data, and technology capabilities; achieving growth in emerging markets; demonstrating and increasing the impact of its products and services; increasing efficiency and speed to market; developing services around high-quality content; and creating a diverse, inclusive culture that reflects its markets and enables its people to thrive.

Response to COVID-19

The Press has maintained its focus and commitment to delivering its mission, while taking the necessary steps to protect the health and safety of its employees. It has worked hard to identify new ways to support its customers and learners as they too adapted to this period of disruption.

Initiatives were launched in the education markets to support children's learning anywhere in the world, whether at school or at home, offering free access for an extended period of time to many of its education platforms such as *MyMaths* and *Kerboodle*, as well as providing valuable support through *Oxford Owl*.

To continue to support the learning of English, guidance was provided to teachers, parents and learners on learning from home, and a range of online teaching materials was offered including access to graded readers, ebooks, and free worksheets.

In Research, the Press provided free access to its relevant academic resources, to support those working to address the health crisis. As the publisher of the journals of the Infectious Disease Society of America and a publishing partner of the Center for Disease Control, the Press quickly established an information hub, bringing together various COVID-19-related resources to support those working in medicine.

It also provided support to tutors through free access to online remote-instruction training programmes *Teaching Online* and *Blended Learning*, while students were granted temporary free access to the Press's ebooks via RedShelf and VitalSource in the US, and Kortext and BibliU in the UK.

Educational Publishing – continued

Market and sector strategies

The Press has sector-specific strategies which allow it to build and extend its competitive position in its individual markets.

Journals saw a particularly strong performance, with usage increasing by seven per cent. The move toward Open Access (OA) remained the biggest area of growth in the journals industry, and the Press's strong engagement with OA continued. As well as having 70 fully Open Access journals, the Press signed several Read & Publish deals, including with the Spanish National Research Council, the University of Vienna, and Iowa State University in the US.

There was continued growth in the Press's online reference products. Increased customer demand for Oxford Research Encyclopedias (ORE) led to the introduction of a new perpetual access purchase option to provide users with ongoing digital access. ORE also saw 2,000 new articles published as well as seven new print encyclopedias spanning 18 volumes. Oxford Bibliographies Online piloted a new donation scheme enabling academic research authors to donate their fee to non-profit organization, Room to Read, which supports literacy in low-income countries.

Reference publishing underwent significant change. Oxford Dictionaries rebranded to become Oxford Languages and expanded its drive into language data services for the technology sector. This new chapter combines the Press's 150 years' experience with technological innovation to deliver authoritative, evidence-based content for languages across the world. Its book publishing won a number of significant awards, including:

- ▶ The Wolfson History Prize for *Reckonings: Legacies of Nazi Persecution and the Quest for Justice* by Mary Fulbrook
- ▶ The Lincoln Prize for *Armies of Deliverance: A New History of the Civil War* by Elizabeth R. Varon
- ▶ British Medical Association 2019 Medical Book Awards: First Prize in Psychiatry for *Oxford Textbook of Public Mental Health* edited by Dinesh Bhugra, Kamaldeep Bhui, Samuel Y.S. Wong, and Stephen E. Gilman.

- ▶ 2019 European Academy of Management Best Book Award for *Reinventing Business Models: How Firms Cope with Disruption* by Henk Volberda, Frans van den Bosch, and Kevin Heij

Alongside the wider publishing industry the Press saw continued decline in print revenues, driven by a shift to online and ebooks in Higher Education publishing and institutional library usage moving towards digital.

In Education, the Press won a competitive tender with the Organization for Economic Co-operation and Development (OECD) to develop the Science framework for its Programme for International Student Assessment (PISA) in 2025.

The Press also re-launched its digital maths platform *MyMaths*, with a refreshed brand identity and new technology to improve interactivity and accessibility. *MyMaths* is one of the Press's most established digital education products and reached 5.5 million learners in the UK and internationally in 2019 alone.

As part of the Press's digital partnership strategy, it entered into several significant new collaborations with leading Chinese internet technology companies. In September, the Press partnered with China's number one audio-sharing platform Ximalaya to license a complete series of *Oxford Reading Tree* (ORT) content. Its ORT courses attracted 10,000 new subscribers within the first three months of launch.

In the Learning of English, the Press launched the tenth edition of the *Oxford Advanced Learner's Dictionary* (OALD), its landmark advanced-level dictionary for English-learners used by students around the world. It received nearly 257 million website views and 540,000 app downloads in 2019/20.

The Press entered into several agreements to expand language learning worldwide, including with the Turkish edutainment company, Kidzania, and global online education company VIPKid. To support professional development among language teachers, it ran the English Language Teaching Online Conference (ELTOC) 2020. With 15,000 attendees from across the globe, it was the largest online conference in the industry's history.

2019/20 HIGHLIGHTS

163 awards for academic and educational resources

2,526 academic titles were published across print and digital

2,500+ journal articles made freely accessible to support COVID-19 response efforts

People

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

Our strategic priorities

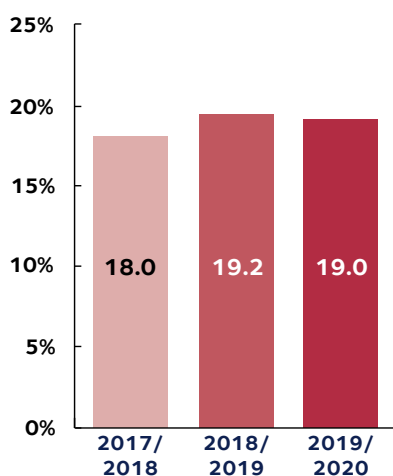
To attract, recruit and retain the highest calibre staff.

To work towards an increasingly diverse staffing profile.

To support staff in personal and professional development.

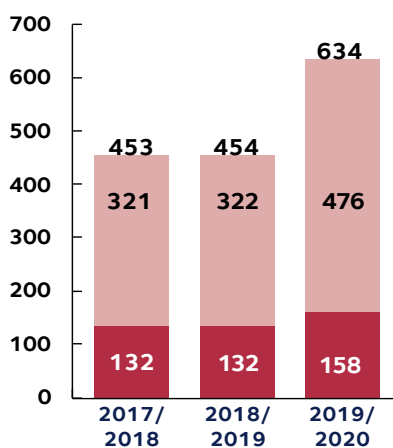
To create a policy and practice environment that is supportive of wellbeing, where responsibility for wellbeing is shared and owned by all and our staff are able to balance competing demands on their time.

Women as % of statutory professors



Number of new flexible working arrangements established annually

■ Men ■ Women



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

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

- ▶ 36 out of 49 departments hold Athena SWAN awards for promoting gender equality (up from 32 in 2019), and women currently represent 50% of University staff
- ▶ 44.5% of academic and research staff originate from outside the UK
- ▶ in 2020, we improved our position from 93 to 76 in the top 100 employers in the Stonewall Workplace Equality Index.

Areas of priority for 2020–21 include improving ethnic diversity in senior leadership and governance roles, and in our support and professional staff.

We encourage staff to plan their development through Personal Development Reviews and are strengthening development programmes for all staff, with a focus on management and leadership, support for early career researchers, and increasing our on-line provision for those working from home.

The University has implemented the Oxford Living Wage in 2020, which benefits junior staff, and has further developed its Apprenticeship programme, increasing the number of apprentices employed by the University to c. 150, and distributing £250,000 of Apprenticeship Levy across 16 local charitable organisations and apprenticeship training providers. For the second year running, the University made the 100 Top Apprenticeship Employers, which is voted for by apprentices themselves.

A priority for 2020–21 will be to coordinate and strengthen our welfare provision, with a particular focus on mental health.

2019/20 HIGHLIGHTS

Adoption of the Oxford Living Wage, supporting junior staff living in one of the country's most expensive cities

Introduction of day-1 family leave benefits, meaning no minimum length of service before accessing our generous family support



Engagement and Partnership

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

Our strategic priorities

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

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

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

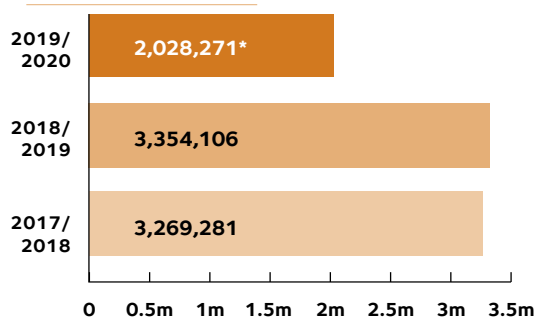
To maximise the global social, cultural and economic benefit derived from our research and scholarship through our international engagement.

Social contribution

Since lockdown the number of social enterprise spinouts from Oxford University Innovation (OUI) has doubled. The acceleration has been partly due to the University's response to the pandemic combined with a realisation that social enterprises are likely to play an important part in the UK's economic recovery. The groundwork OUI has laid over the last three years has further enhanced the opportunity for social enterprises to flourish in Oxford. These include support for companies limited by guarantee, a lean model for social enterprise venture creation and a regional social ventures fund.

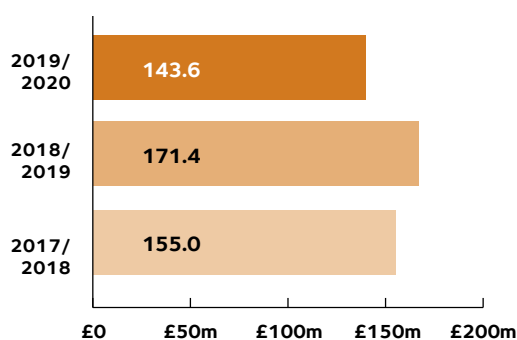
The University provides annual grant awards to community groups and events through its Small Community Grants Scheme. The Scheme awarded £50,000 to 43 separate projects in 2019/20. The grants focus on four criteria across promoting education, celebrating culture and heritage, benefiting communities and building ties between the University and city. As part of our support for the local community response to the COVID-19 pandemic, we provided an additional £10,000 to two key organisations; the Oxford Hub, running a volunteer initiative to support vulnerable residents, and the Oxfordshire Community Foundation, for a resilience fund helping local charities facing financial hardship. The Small Communities Grants Scheme will open for 2020/21 later in Michaelmas term.

Number of visitors to University gardens, libraries and museums

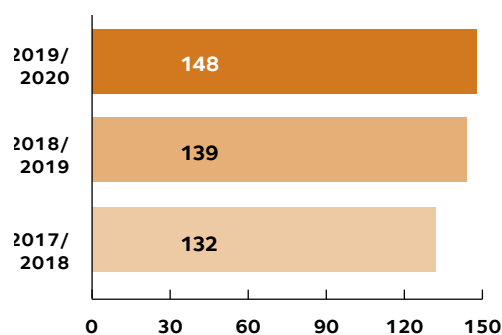


* In line with government guidelines the gardens, libraries and museums closed to the public in March 2020 for the remainder of the financial year.

Value of University's share of spinout companies



Number of spinout companies



Engagement and Partnership – continued

Economic contribution

In 2019/20 the University created 19 companies (spinouts and startups), with support from OUI. Since OUI was formed in 1997 it has launched 229 companies. These companies have raised over £3.3bn of investment, with £880m raised in 2019/20.

Many of Oxford's latest life sciences spinouts have been nurtured in the Medical Sciences Division's BioEscalator building which opened in 2019, providing lab and office space for 15 companies.

The University has further supported the creation and growth of new ventures – from its student community through the Oxford Foundry and nationally through the initiation of the Oxford Creative Destruction Lab (CDL). Both the Oxford Foundry and Oxford CDL have run programmes focused on ventures developing COVID-19 related innovations.

Cultural contribution

Despite COVID-19 closing the Gardens, Libraries and Museums physically during lockdown, 2019/20 was a busy year. Prior to lockdown, we welcomed 2,028,271 visitors during 2019/20 on site (down from 2018/19 due to the restrictions put in place in March). During lockdown activity continued behind closed doors safeguarding our collections and we continued to support and engage with local communities and international audiences through digital and community engagement initiatives:

- ▶ The Libraries continued to serve students and researchers through its Scan and Deliver Service
- ▶ “Decolonising Cultural Spaces: The Living Cultures Project”, a full-length documentary produced by InsightShare with the Pitt Rivers Museum, was released
- ▶ The History of Science and Pitt Rivers museums created 3D rendering and virtual tours
- ▶ The Artists in Residence art competition at the Ashmolean Museum captured what people were thinking, feeling, and making during lockdown.



Resources

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

Our strategic priorities

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

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

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

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

Financial resources

In July 2019 the University signed a long-term partnership with Legal & General plc, who will provide up to £4 billion over 10 years to fund the construction of graduate student accommodation, staff housing and research and innovation districts. In January 2020, the University issued a further £250m 100-year bond which, in conjunction with the £750m bond issued in 2017, will be deployed to fund a number of academic buildings as well as the University's emergent Environmental Sustainability strategy.

Estates

The past year has seen significant progress of the demolition and replacement for the Tinbergen building in the Science Area, and a new major project for the Humanities building, following a significant donation. The Beecroft building on Parks Road and the Danby Gate at the Botanic Garden were awarded Oxford Preservation Trust Awards for New Building and Small Building Conservation respectively. The University was also awarded with Fairtrade University One Star status.

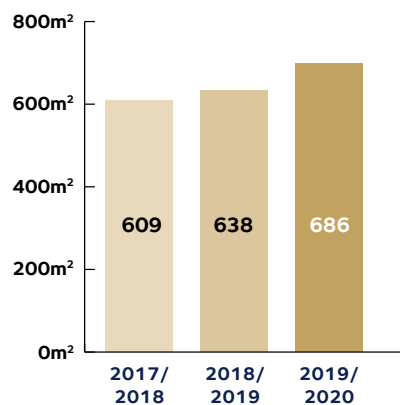
Information Technology

In progressing implementation of the IT Strategic Plan, the IT governance changes are now complete, and the coming year will focus on data and architectures and on more effective service provision. IT teams across the University were proactive in supporting the smooth transition to remote working as part of the Covid crisis management. There has also been increased focus and investment in IT security.

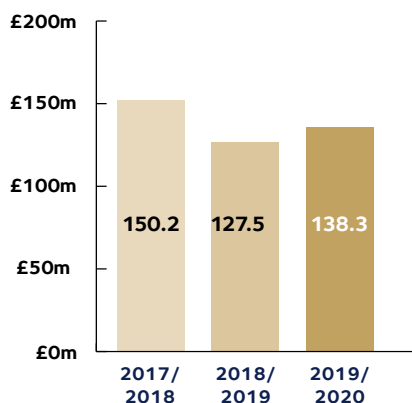
Development

In October 2019, the University announced the successful conclusion of the Oxford Thinking Campaign, with £3.34 billion raised. Fundraising has continued apace despite the challenges posed by Covid and national lockdowns. The University closed the 2019-20 financial year with £187.9m in new cash gifts and pledges: the second-largest year for philanthropy in Oxford's history. Among the gifts received were the landmark £80m donation from the Reuben Foundation to endow Reuben College, and £27.5m to support Oxford's Covid-related research.

Gross Internal Area (GIA) m² thousands



Capital additions





FINANCIAL REVIEW 2019/20

Financial results

Despite the financial impact of the pandemic, the University continued to make progress in implementing its strategic priorities, specifically in widening access, in securing a transformational donation for the new Reuben (formerly Parks) College and in progressing its innovative partnership with Legal & General plc to address the scarcity both of affordable housing for staff and graduate students in Oxford and of science parks for translation of research.

The University's financial results demonstrate its resilience in diversity. Whilst the Press's revenues were impacted by the closure of schools and universities around the world, the University posted continued growth in research income and was supported by the extraordinary generosity of donors.

As in previous years, the underlying financial performance of the University is overshadowed by the impact of successive valuations of the Universities Superannuation Scheme (USS). The £502m year-on-year movement in the pension deficit provision resulting from the 2018 scheme valuation is the primary driver of the doubling in comprehensive income from £96m to £227m, even as the sector responds to consultations on the more challenging 2020 valuations of the scheme deficit.

The underlying performance of the University is also overshadowed by the impact of the pandemic on valuations of its investments. Comprehensive income of £227m includes a £94m loss on investments, reflecting the adoption of prudent private equity valuations in the University's spinout portfolio and in The Oxford Funds. These losses were offset by a 2% gain in the University's Capital Account and an increase in value of investment properties in North Oxford. The dividend paid to the University from The Oxford Funds in 2019/20, calculated at 4.25% of the average net asset value (NAV) over the last twenty quarters, amounted to £89m (2018/19 £79m).

Recognising the material impact on its financial results of pension provision movements and investment gains, the University has increasingly focused on the operating cash available to the academic university as a more stable measure of financial performance. This measure, set out in the table below, shows operating

cash increased to £56m with the increase in employer contributions to the USS scheme and the impact of COVID-19 on trading and ancillary income in the final four months of 2019/20 being offset by cost savings across the University and by increases in research grant income and donations.

Educational publishing

Publishing income was £54.4m or 6.7% lower than 2018/19. From mid-March, COVID-19 had a significant impact on the Press's global business, with the majority of schools, universities, print plants and warehouses around the world closing for some period of time. The Press has been successful in mitigating the financial impact of these closures in the final four months of 2019/20, with the rapid implementation of a number of cost containment initiatives including a recruitment and pay freeze, and restrictions on discretionary expenditure. These initiatives, combined with strong digital sales, largely offset the loss of print revenues in emerging markets.

In addition, the Press has worked hard to identify new ways to support its customers and learners as they adapted to the disruption caused by COVID-19. These included offering free access for an extended period of time to many of its education platforms for children's learning and teaching of English; and free access to relevant academic resources to support those in research working to support the health crisis.

Capital expenditure

The University invested £138m in capital expenditure during the year. As noted elsewhere in this report, key additions in the year included the continued extension of the Biochemistry building, the IDR M building and acquisition of Farndon Court for student accommodation for our newest college, Reuben (formerly Parks) College. Demolition works continued on the Tinbergen building, the largest academic building in the University.

In July 2019 the University announced its partnership with Legal & General plc to develop new housing for staff and students. Planning for these housing schemes continued through 2019/20 with construction of the first of these expected to commence in 2021.

Financial Review – continued

Investments in The Oxford Funds and Spinouts

The Oxford Endowment Fund's objective is to generate a 5% real return over the long term and provide a sustainable income. For the 10 years to 31 July 2020, the Fund has grown Net Asset Value by 9% per annum. Against a background of extremely volatile markets, for the financial year to 31 July, the Fund posted a 1% reduction in Net Asset Value. The dividend for the year was £1.45 per unit (2019: £1.37).

The Strategic Capital Account's objective is to generate a 3% return in order to finance the University's medium term investment needs. For the financial year to 31 July, the Strategic Capital Account returned a gain of 2%.

Over recent years the University has supported the incorporation of 148 companies based on research and intellectual property developed at the University. The value of the University's equity share in these spinout companies reduced to £143.6m (2018/19: £171.4m) reflecting the adoption of prudent private equity valuation methodologies in light of COVID-19.

Pension schemes

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

In 2019/20 the Trustees of the OSPS pension scheme concluded its valuation of the scheme as at March 2019, with no material resulting change to the deficit provision held.

For the USS scheme, the 2018 valuation reduced the USS scheme deficit from the £7.5 billion (2017 valuation) to £3.6 billion. The University's share of this reduced pension deficit is dependent on assumptions regarding future salary growth and growth in staff numbers. These resulted in a credit to the pension provision of £216.5m.

Details of the University's provision, which has been discounted at a rate of 1.55% as at 31 July 2020, are included in note 38 to the financial statements.

Financial outlook

Whilst the financial results shown here demonstrate the resilience provided by the University's diversity of income, the scale of the pandemic's impact on the 2019/20 results was relatively limited. The University faces a period of heightened economic uncertainty with the UK's imminent exit from the European Union expected to impact teaching and research funding even as the economic implications of the pandemic develop, and sector discussions continue on the valuation of the USS scheme deficit as at March 2020.

Against this backdrop of international and domestic uncertainty, the University will continue to seek to balance its diverse sources of revenue effectively and its costs efficiently whilst seeking to establish new revenue streams and alternative sources of financing in order to generate the requisite long-term cashflow to maintain its pre-eminent position amongst the world's leading universities.

Basis of accounting

The accounts are produced under Financial Reporting Standard 102.

Going concern

The University's Council has determined that the University has adequate resources to continue in operational existence for the foreseeable future. Based on this determination, these statements have been prepared on a 'going concern' basis.

Financial Review – continued

Reconciliation of reported surplus to adjusted surplus	Consolidated		University Academic	
	2019/20 £'m	2018/9 £'m	2019/20 £'m	2018/9 £'m
Total Comprehensive Income	227.3	96.4	235.0	38.7
Pension provision movements	(216.5)	269.2	(214.2)	289.6
(Gain)/loss on investments	93.7	(237.1)	90.4	(236.4)
Capital grants	(40.4)	(55.0)	(40.4)	(55.0)
Depreciation	112.1	145.2	85.9	95.3
Loan repayments	(2.7)	(2.7)	(2.7)	(2.7)
New endowments, donated heritage assets etc	(107.3)	(66.0)	(107.3)	(65.9)
Tinbergen provision movements	-	(3.1)	-	(3.1)
Restructuring costs	1.2	1.9	1.2	-
Building sale and donations received	-	(19.0)	-	(19.0)
Other income, elimination and adjustments	(2.4)	(2.5)	(10.2)	(2.5)
Adjusted surplus for management accounting	65.0	127.3	37.7	39.0

The balances that contribute to the surplus have been refined year on year to better reflect the underlying position for management accounting purposes particularly for University Academic, other income and adjustments.



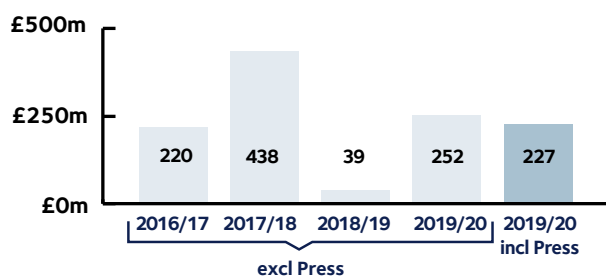
1. Comprehensive Income

Summary of movements in Comprehensive Income (excluding Press)

Statement of Comprehensive Income	2019/20 Consolidated (excl Press)	Press, Subs & Adj	Elimination of Press transfers	Consolidated (incl Press)	2018/19 Consolidated (excl Press)	Underlying (excl Press) variance *
Income	1,767.7	821.3	(52.6)	2,536.4	1,629.6	138.1
Expenditure	(1,414.6)	(730.9)	-	(2,145.5)	(1,822.6)	408.0
Surplus/(loss)	353.1	90.4	(52.6)	390.9	(193.0)	546.1
Investment gains	(98.4)	4.7	-	(93.7)	236.4	(334.8)
Surplus/(deficit) on joint ventures	(1.2)	(0.9)	-	(2.1)	(1.1)	(0.1)
Taxation	(1.9)	(10.0)	-	(11.9)	(0.5)	(1.4)
Increases in pension provisions	-	(44.8)	-	(44.8)	-	-
Currency translation differences on foreign currency net investments	-	(17.1)	-	(17.1)	-	-
Other Comprehensive Income	-	6.0	-	6.0	(3.0)	3.0
Comprehensive Income	251.6	28.3	(52.6)	227.3	38.8	212.8

*Further details can be found in note 13, 'Segmental Information' at page 82.

Comprehensive Income £'m



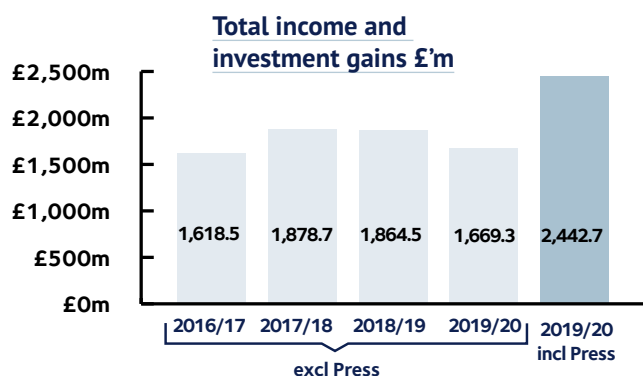
Total comprehensive income in 2019/20 was £227.3m, of which the Press accounted for £28.3m. Excluding the Press, comprehensive income increased by £212.8m to £251.6m (2018/19: £38.8m). This increase primarily reflects:

- ▶ a £502.4m year-on-year movement in pension provision to reflect the 2018 valuation of the USS scheme (£216.5m credit 2019/20 vs (£285.9m) debit 2018/19); and
- ▶ a (£334.8m) movement in investments from a gain of £236.4m 2018/19 to a loss of (£98.4m) in 2019/20.

Excluding these one-off items, underlying comprehensive income for the University grew by £45.2m.

Comprehensive Income – continued

1.1 Income and investment gains



Total income and investment gains in 2019/20 was £2,442.7m, of which the Press accounted for £826.0m.

Press income decreased by £41.5m (2018/19: £866.8m) with the majority of schools, universities, print plants and warehouses around the world closing from mid-March. The Asian Pacific and Latin American markets were particularly impacted and there was a steep decline in print sales partly offset by an increase in digital sales.

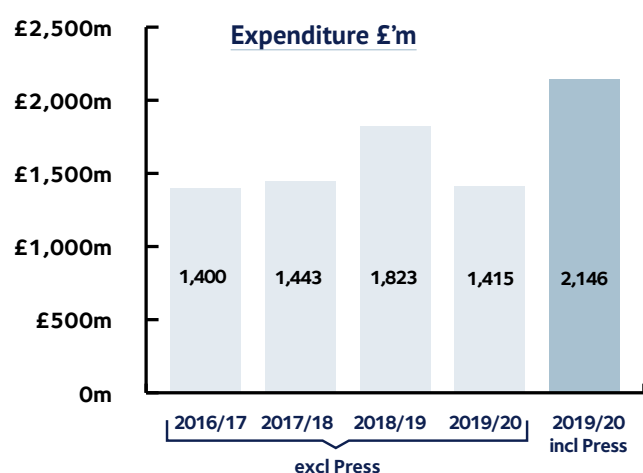
Key movements in income and investment gains (excl Press) included the following:

Excluding the Press, income and investment gains decreased by £196.7m to £1,669.3m, primarily as a result of a (£334.8m) movement in investments from a gain of £236.4m to a loss of (£98.4m). Underlying income increased by £138.1m, primarily reflecting:

- ▶ a £52.1m increase in donation income, including a new endowment for Reuben College and over £28m in donations to support COVID-19 research; and
- ▶ a £36.9m increase in research and grant income.

Note that a change in process for college fees resulted in a reported year-on-year increase in fee income to the University of £38.6m. This is offset by a corresponding increase in expenditure.

1.2 Expenditure



Total expenditure in 2019/20 was £2,145.5m, of which the Press accounted for £730.9m.

Expenditure in the Press decreased by £29.3m (2018/19: £760.2m) following the implementation a number of cost containment initiatives in response to the COVID-19 pandemic: these included a recruitment and pay freeze, and restrictions on discretionary expenditure, particularly travel and marketing. Furthermore, lower print sales and the move of many of the Press's staff to working from home led to savings in distribution and facilities costs.

Excluding the Press, expenditure decreased by £408.0m to £1,414.6m (2018/19: £1,822.6m), primarily as a result of:

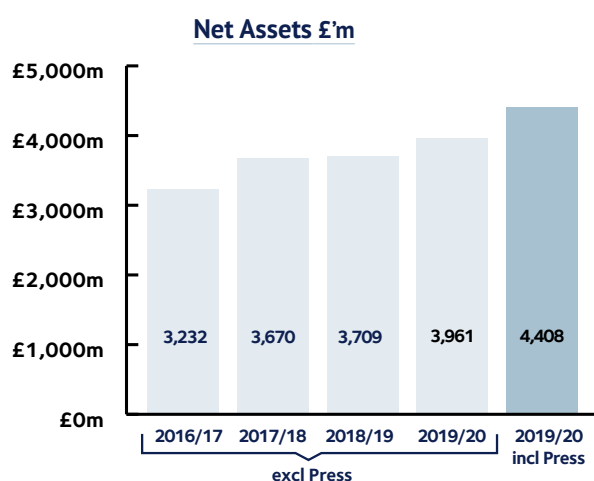
- ▶ a (£502.4m) change in pension provision charges from a debit of (£285.9m) to a credit of £216.5m; and
- ▶ a change in process for college fees which resulted in a reported increase in University expenditure of £38.6m, offset by a corresponding increase in income.

The underlying increase in expenditure of £56m materially comprises staff costs, reflecting the 2% national pay award and a 1.5% increase in employer pension contributions as well as a 2.3% increase in staff numbers. These increases were offset by furlough credits in the year totalling £7.6m.

2. Change in Net Assets

Summary of movements in Net Assets (excluding Press)

Balance Sheet £'m	2019/20 University (excl Press)	Press & Adj	Consolidated (incl Press)	2018/19 University (excl Press)	Underlying Variance (excl Press)
Non-current assets	5,170.8	248.1	5,418.9	5,081.2	89.6
Current assets	1,040.7	676.1	1,716.8	699.0	341.7
Creditors falling due within one year	(686.6)	(274.0)	(960.6)	(588.9)	(97.7)
Total assets less current liabilities	5,524.9	650.2	6,175.1	5,191.3	333.6
Creditors due after more than one year and provisions	(1,564.2)	(202.6)	(1,766.8)	(1,482.8)	(81.4)
Total net assets	3,960.7	447.6	4,408.3	3,708.5	252.2



Total net assets in 2019/20 amounted to £4,408.3m, of which the Press accounted for £447.6m.

Press net assets decreased by £24.8m (2018/19: £472.4m) primarily reflecting lower debtor balances following lower print sales and foreign exchange losses on overseas assets.

Excluding the Press, net assets increased by £252.2m to £3,960.7m (2018/19: £3,708.5m). Key movements in net assets (excl Press) included the following:

- ▶ £216.5m reduction in pension deficit provision reflecting the 2018 valuation of USS;
- ▶ £341.7m increase in current assets, including cash proceeds from a £250m bond issue in January 2020; and
- ▶ £138.3m in additions to fixed assets, including the Phase II extension to the Biochemistry building opening later in 2020.

As at 31 July 2020, the University had bank loans and bonds outstanding totalling £1,270.0m (2018/19: £977.3m), primarily in the form of £750m of unsecured bonds at a fixed rate of 2.544%, redeemable at their principal amount in 2117, an additional bond for £250m taken out in 2019/20 at an effective rate of 2.018% and a £200m amortising loan at a fixed rate of 2.55% redeemed in 2045.

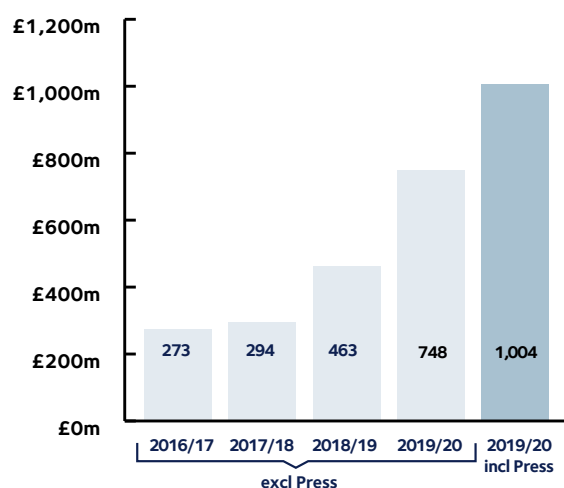
3. Cash and Cash Equivalents

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

Cash and Cash Equivalents £'m	2019/20 University (excl Press)	Press & Adj	Elimination of Press transfers	Consolidated (incl Press)	2018/19 University (excl Press)	Underlying (excl Press) variance *
Surplus for the year	253.6	94.1	(52.6)	295.1	38.9	214.7
Investment income and gains	106.3	(12.6)		93.7	(333.5)	439.8
Provision movements	(213.9)	0.7		(213.2)	278.4	(492.3)
Depreciation	60.4	28.7		89.1	108.6	(48.2)
Other non operating cash flows	(197.4)	1.6		(195.8)	(89.9)	(107.5)
Working capital and other movements	46.7	37.3		84.0	(17.6)	64.3
Net cash flow from operating activities	55.7	149.8	(52.6)	152.9	(15.1)	70.8
Investing and financing income/(expenditure)	370.6	(6.4)		364.2	264.4	106.2
Capital expenditure	(133.5)	(32.7)		(166.2)	(90.7)	(42.8)
Foreign exchange translation	-	(5.8)		(5.8)	2.5	(2.5)
Transfer to University	-	(52.6)	52.6	-	-	-
Cash movement	292.8	52.3	-	345.2	161.1	131.7
Cash and cash equivalents at beginning of year	454.8	203.8		658.4	293.7	161.1
Cash and cash equivalents at end of year	747.6	256.1	-	1,003.6	454.8	292.8

*these underlying variances are explained in the commentaries below

Cash and Cash Equivalents £'m



Cash and cash equivalents increased by £345.1m to £1,003.7m.

Within this, cash and cash equivalents relating to the Press increased by £52.3m to £256.1m. Excluding the Press, cash and cash equivalents of the University increased by £292.8m to £747.6m. The increase primarily reflects the proceeds of the £250m bond issue being retained in daily liquidity in light of uncertainty of the impact of COVID-19 on the University's income and liquidity.



GOVERNANCE

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 and is an independent and self-governing institution. The wider collegiate University consists of the University and the thirty-nine colleges.

Governing Bodies

Congregation

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

Council

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

OUP Delegacy

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

Conference of Colleges

The wider collegiate University consists of the University and the thirty-nine colleges. These colleges (other than Kellogg College, Reuben College (formerly Parks College, which was established in 2018/19 and endowed and renamed in 2019/20), and St Cross College, which are formally classified as societies) and the six permanent private halls are separate and independent legal entities

Divisional Boards

Academic Divisions

There are 4 academic divisions within the University:

Humanities; Social Sciences; Medical Sciences; and Mathematical, Physical and Life Sciences.

Each division has a divisional board that is responsible for its division.

Gardens, Libraries and Museums

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

The Oxford University Press

A department of the university that publishes thousands of research and education titles a year.

Committees

Committees of council

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

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

Governance – continued

Council

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

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

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

In preparing the financial statements, Council is required:

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

Council is also required:

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

From time to time Council reviews its own effectiveness. Council's most recent self-review took place in the 2018/19 academic year. Council approved and has implemented the majority of the recommendations. In particular, with the approval of Congregation and of Her Majesty in Council, it has increased by one the number of external members on Council and has provided for the attendance at Council's meetings of a representative of the early career research staff. Council made changes to its own practices: to raise the bar for what is 'reserved' business, to enable greater participation in the meetings by the student representatives and the representative of early career research staff; to enhance communications with Congregation through a variety of means, not simply publication on the intranet; to provide for greater input from the chairs of its main committees at Council (in particular through annual oral reports); and to provide for Council members to have more and earlier information on forthcoming major items of business. Responding to other recommendations, new programmes of induction for new members of Council have been implemented and the Council website has been enhanced and integrated with that relating to governance as a whole as part of the overall changes to UAS websites. The main recommendation not taken forward was to undertake a review of the membership and conduct of business of Congregation, which Council considered not to be timely.

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.

Governance – continued

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

During 2019/20, in addition to routine items and the impact of the COVID-19 pandemic (see below), Council approved the following:

- ▶ the commencement of work on a Sustainability Strategy;
- ▶ the extension of the University's bond, raising an additional £350m to support capital investment; and
- ▶ the receipt of a benefaction of £80m to the University from the Reuben Foundation to make a benefaction to provide an endowment for the society established in 2018/19 known as Parks College (now renamed as Reuben College) and to expand the Reuben Scholarship Programme for disadvantaged undergraduate students.

COVID-19

During 2019/20 the University triggered its crisis management framework to ensure a swift and effective response to the COVID-19 outbreak. The framework pulls together key individuals required to deal with a given crisis from across the collegiate University, is adaptable to the nature of the crisis and puts in place a clear decision-making structure which can rapidly take decisions in fast-moving situations.

Silver Group operates under the 'general delegation' by Council to the Vice-Chancellor, Silver Group's chair, and the delegations made by Council's main committees to their chairs, who are amongst the members of Silver Group.

Below Silver Group is a Bronze Group, chaired by the Registrar, which meets to develop and implement the plans and policies decided by Silver.

To help deal with the COVID-19 outbreak, Silver Group approved a significant extension of the University's contingency planning, putting in place formal contingency planning groups at divisional and departmental level. This has led to:

- ▶ The establishment of Divisional Silver groups to coordinate and lead contingency planning in each division.
- ▶ Departmental and College Bronze teams across the University and colleges to coordinate COVID-19 contingency planning and implementation across divisions, departments and colleges.

- ▶ In addition, separate groups have been formed to develop policy and operational plans to feed into Bronze and Silver. These include, for example, an Education Steering Group, chaired by the PVC Education and with a membership that consists of the Associate Heads of Education, Chair of Senior Tutors, Senior Proctor and Academic Registrar; a Research Steering Group chaired by the PVC Research which includes the Associate Heads of Research; a Business Continuity Planning Group chaired by the Director of Assurance and including representatives from all the services, divisions and Conference of Colleges; and the Michaelmas Coordination Group, chaired by the Head of the Humanities Division and the Principal of Somerville, preparing for the return of students to Oxford in the 2020/21 academic year.

Council itself had additional meetings during Trinity term and the summer vacation, received regular updates at each meeting on the work of the crisis management bodies and on University finances, and considered policy matters arising from the pandemic.

The University was first informed of the triggering of the Crisis Management Framework in an email from the Vice-Chancellor on 3 March 2020. Since then the University has been kept informed of the University's response through a number of channels: communications from the Vice-Chancellor and Pro-Vice-Chancellors and open discussion fora led by those officers; a dedicated website www.ox.ac.uk/COVID-19; the special editions of the electronic publication *Blueprint* (now relaunched as the weekly *University Bulletin*); and a regular email cascade to each department of more specific information and guidance. Since July, the redacted minutes of Silver and Bronze have been published to the University (behind single sign-on) two months after the date of their meetings. Council's agendas, papers and minutes, also redacted in line with the standard policy for those documents, are made available to the University on Council's website <https://governance.admin.ox.ac.uk/council/home>.

The University has extensively engaged with internal and external stakeholders about its response to the pandemic and the plan for the physical reopening of the University in the Michaelmas Term. Students were consulted through representation by the Oxford SU student union on key committees including the Bronze Group, and working groups including MCG. Students were also closely involved in the development of University's health campaign and Student Responsibility Agreement, which clearly set out and reinforce the behaviours expected of students and staff to keep the community safe.

Governance – continued

The University has been working with the local community and local partners both to help respond to the pandemic locally and prepare for the reopening of the University. The collegiate University offered accommodation to the City's homeless as well as key workers, including NHS staff working in Oxford University Hospitals and local GPs. The University is represented on the Thames Valley, Oxfordshire and Oxford City partnership fora and COVID-19 response structures including the Local Resilience Forum, Health Protection Board, and regular partnership meetings with the City and County councils, public health and Oxford Brookes University. Work also took place with other partners including the Oxford University Hospitals and the Oxfordshire Clinical Commissioning Group.

The local community was kept updated on the University's plans for Michaelmas term through regular communications from the community relations team to residents' associations and community groups. The University also participated in a Town Hall style event, hosted by the City Council, allowing residents to put questions directly to the senior leadership about our COVID-19 health and safety measures.



Governance – continued

The members of Council are the Charity Trustees of the University. Membership of Council from 1 August 2019 to 30 November 2020 was as follows:

Position	Name	Date
Ex officio members		
Vice-Chancellor	Professor Louise Richardson	Throughout
Chairman of Conference of Colleges	Professor Sir Rick Trainor, Rector of Exeter Mr Miles Young, Warden of New College	To 30 September 2019 From 1 October 2019
Head of the Medical Sciences Division	Professor Gavin Sreaton	Throughout
Head of the Mathematical, Physical and Life Sciences Division	Professor Sam Howison	Throughout
Head of the Humanities Division	Professor Karen O'Brien	Throughout
Head of the Social Sciences Division	Professor Sarah Whatmore	Throughout
Senior Proctor	Professor Martin Maiden Professor Simon Horobin	To 17 March 2020 From 18 March 2020
Junior Proctor	Professor Sophie Marnette Professor Freya Johnston	To 17 March 2020 From 18 March 2020
Assessor	The Revd Professor William Whyte Dr Helen Swift	To 17 March 2020 From 18 March 2020
Elected by the Conference of Colleges		
	Baroness Royall of Blaisdon, Principal of Somerville Mr John Bowers, Principal of Brasenose	To 30 September 2020 From 1 October 2020
Elected by Congregation		
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Mathematical, Physical and Life Sciences and of Medical Sciences	Professor Tim Coulson Professor Matthew Freeman Professor Fabian Essler Professor Richard Hobbs Professor Kia Nobre	Throughout To 30 September 2019 Throughout Throughout From 1 October 2019
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Humanities and of Social Sciences	Professor Geraldine Johnson Professor Helena Hamerow Dr Kate Blackmon Professor Aditi Lahiri Fra' John Eidinow	Throughout Throughout To 30 September 2019 Throughout From 1 October 2019
One of three members of Congregation, not necessarily being members of any division and not in any case being nominated in a divisional capacity, who shall be elected by Congregation	Ms Tania Boyt Mr Richard Ovenden Professor Sir Rory Collins	Throughout Throughout Throughout
External members		
	Dame Kate Barker Mr Charles Harman Mr Nicholas Kroll Sir Chris Deverell Ms Wendy Becker	To 31 March 2020 Throughout Throughout From 9 January 2020 From 1 August 2020
Co-opted members		
	Professor Anne Trefethen	Throughout

Governance – continued

Committees of Council

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

The primary responsibilities of the nine committees are as follows:

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

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

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

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

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

the **Finance Committee** is responsible for the consideration of the financial resources available to

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

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

the **Committee to Review the Salaries of Senior University Officers** is responsible for making recommendations to Council on the salaries on appointment of the Vice-Chancellor, the Registrar and the Director of Finance; for determining the salaries on appointment of the Pro-Vice-Chancellors with portfolio and the Heads of Divisions; and for reviewing the salaries of those office-holders thereafter; and the **General Purposes Committee** advises Council on policy in respect of issues or activities which are University-wide, and do not fall wholly within the remit of the other committees of Council. Its remit includes responsibility for keeping under review procedures for identifying and managing risks across the University's activities.

Charitable Status

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

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

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

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

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 Press ('the Press') has furthered the University's charitable purposes for the public benefit. This report is available at: <https://annualreport.oup.com>.

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

STAKEHOLDER ENGAGEMENT

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

Students

The University seeks to ensure that the welfare and development of students informs its strategy and operations. Council, the University's executive governing body, is attended by three student representatives; and four committees of Council, the Education Committee, the General Purposes Committee, the Research and Innovation Committee and the Planning and Resource Allocation Committee are attended by student representatives. In addition, the Student Union is represented on the University's Socially Responsible Investment Review Committee. The Joint Sub-Committee with Student Members acts as the formal link between the University and the Student Union.

Staff

Holders of permanent academic posts and senior non-academic staff participate in the governance of the University through membership of Congregation – the sovereign body of the University. In addition, members of staff have the opportunity to be elected as members of Council.

Research funders

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

Office for Students

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

The city and the local community

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

National Health Service

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

Alumni

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

UNDERSTANDING OUR RISKS

The University of Oxford has established risk management practices embedded into the core operations of the University (covering both academic and business risk), based on the principles of the ISO 31000 risk management standard. The University has increased resources available for risk management and this is an area of priority for the coming year. For details of the University's risk management and internal controls processes please see the 'Statement of Internal Control' section.

The principal risks related to the University's strategy and operations, as well as corresponding mitigations, are described below.

Risk area	Key features	What are we doing to manage the risk?
Education	<p>Challenges to meet outreach, access and attainment ambitions, heightened by the effects of COVID-19 on macro-economic uncertainty and school education disruption for disadvantaged school-age students.</p> <p>Risk of increased student complaints arising from the impact of COVID-19 on their education and student experience.</p> <p>Ongoing challenge of meeting the requirements to provide students with high-quality affordable housing.</p>	<p>We have implemented a key access initiative (Oxford Opportunity) for 2020 entry, and are progressing plans for the second (Foundation Oxford) for 2022 entry. During COVID-19, access and outreach activity moved online. We will develop more targeted approaches for particular constituencies (e.g. BAME UNIQ). Following COVID-19 related disruption to school education, we have renewed efforts to look at contextualisation and levels of disadvantage of applicants. We have launched an access initiative for graduate recruitment and will extend this across subject disciplines. Since COVID-19 we have further developed our plans for flexible and inclusive teaching and will build on these plans to address the attainment gap.</p> <p>In response to COVID-19, we have adopted more online teaching and assessment. We will look at the scope for greater use of flexible and inclusive teaching to reduce attainment gaps. We have also provided more student welfare and academic support services online. We will build on this experience to extend the range of services and reach in future. See the Health and Safety risk section below for further details on welfare activities.</p> <p>The joint venture with Legal & General plc is focusing on developing housing for graduate students and staff, with current focus on graduate accommodation at Court Place Gardens and assessment of other options for new graduate accommodation through the city of Oxford.</p>
Research	<p>Disruption to research productivity and capacity caused by COVID-19 restrictions on research facilities and fieldwork, as well as adverse economic impacts for the University's research funders.</p> <p>Challenges in maintaining the University's position as a global leader in research, and promoting and enabling ambitious research of exceptional quality.</p> <p>Risks around the ability to continue to grow our capacity to pump-prime and match-fund major research initiatives.</p>	<p>Research facilities have reopened across the University, with COVID-19-secure measures in place to enable safeworking. New working practices are being explored to maximise productivity in view of reduced permitted occupancy. COVID-19 Rebuilding Research Momentum Fund established to support early career researchers whose research and working lives have been disrupted due to COVID-19.</p> <p>The University's new Strategic Research Fund has made its first investments.</p> <p>The Research Staff Hub is being established to promote a world-leading environment for early career researchers.</p>

Understanding our Risks – continued

Risk area	Key features	What are we doing to manage the risk?
Publishing	<p>COVID-19 has highlighted the importance of having a robust digital offering – whilst significant progress has been made, risk remains if the Press fails to respond to future customer requirements in a timely manner.</p> <p>Other notable risk areas include state-led educational reform; changes in government policy; changes to the regulatory environment; changes to copyright law and significant shifts in publishing models such as Open Access.</p>	<p>A business transformation programme is underway, seeking to achieve accelerated growth with transformed digital products and services through a simplified and customer focused organisation. The Press has seen significant growth in its digital offering over the last 6 months. The technology investment portfolio has been re-planned and prioritised as a consequence of this more rapid shift to digital, with resources redirected to ‘digital accelerators’. These accelerators have been approved and are now in delivery and are tracking to planned launch dates.</p> <p>Key mitigations for the Press’s other notable risk areas include factoring in sufficient flexibility to respond to educational reform and changes in government policy, robust scenario planning, ensuring widespread availability in multiple formats of our products, trade association work on IP and potential regulatory changes and expanding the Press’s Open Access product offering.</p>
People	<p>Particular risks to staff health, safety and wellbeing during the COVID-19 pandemic – not only from the risk of the virus itself, but additional impacts such as isolation, increased workloads and mental health pressures.</p> <p>Ongoing challenges, amplified by Brexit but with links to reward packages and costs of living in Oxford, to attract, recruit and retain the highest calibre academic, academic-related, professional services and administrative staff.</p> <p>Risks of failing to continue progress towards a diverse staffing profile and to embed a supportive, inclusive culture and an environment that promotes free speech whilst also respecting the diverse values, opinions and beliefs of staff and students.</p>	<p>During COVID-19 we have supported staff to work remotely and ensured that secure and healthy workplaces are maintained for those returning to on-site working. Support activities have included in particular wellbeing and mental health support. See the Health and Safety risk section below for further details on welfare activities.</p> <p>We are changing how we target reward and communicate the benefits of working for the University. We are adapting recruitment processes to ensure we can continue to recruit the best staff and that Brexit does not materially impact our ability to attract the talent we need. The University’s partnership with Legal & General Plc is designed to alleviate costly accommodation pressures.</p> <p>We remain fully committed to engaging with the Universities Superannuation Scheme (USS) and other parties, including the Joint Expert Panel to secure a long-term solution to the Scheme’s valuation challenges - an Oxford Working Group of senior academics leads consultation responses.</p> <p>Our long-term work on diversity continues and a steady shift in our staff profile reflects our success in ensuring the University is a welcoming and diverse organisation.</p>

Understanding our Risks – continued

Risk area	Key features	What are we doing to manage the risk?
Engagement and partnerships	<p>Failure to engage, support and reassure the local community during the pandemic</p> <p>Failure to build a stronger and more constructive relationship with our local and regional community.</p> <p>Longer-term, risk that we fail to engage with the public, policy makers, alumni and others to shape our research and education and to encourage the widest possible use of our research findings and expertise.</p> <p>Ongoing challenge to respond to the impact of Brexit on access to EU research partnerships and EU Framework programmes, on our ability to host ERC grants, co-ordinate projects and host infrastructures, and influence future research agendas.</p> <p>Risk that we partner with organisations whose activities could damage our reputation, or that our brand is misused.</p>	<p>The University is a lead participant in the Oxfordshire Local Industrial Strategy and Oxford-Cambridge Arc. The relationship with Oxford Sciences Innovation and other leading investors continues to fuel growth in new venture formation.</p> <p>The digital strategy programme is in place and being implemented to schedule with existing 'Run' projects prioritised. New Open Scholarship department and OA Collections are being launched remotely. Some public engagement with research programme and outreach activities have been impacted by COVID-19 with potential mitigation through increased digital engagement. The long-term partnership with Legal & General Plc will fund the development of research and innovation districts.</p> <p>The University website has guidance for staff on Brexit that is updated regularly. This includes information on immigration and visas, research contracts, pay and purchasing and other matters. Whilst association to European framework programmes remains the preferred outcome, the University is engaging on the development of alternative funding mechanisms and stands ready to exploit new opportunities.</p> <p>The University, as well as the Press, conducts due diligence where relevant prior to entering into partnerships with a view to minimising any risk of potential reputational (or other) damage. Work is ongoing to mitigate potential misuse of our brand by either licensed or unlicensed parties.</p> <p>For details of our work with local community during the COVID-19 pandemic, please see page 33.</p>
Business Continuity	<p>Risk that the University's business continuity and major incident/crisis management capability is inadequate to respond to a major incident.</p>	<p>The University's arrangements have seen significant development during the pandemic. Similarly, organisational awareness of BCP issues and the ability to respond to a crisis have matured.</p> <p>The University is working to further embed and mature crisis management and business continuity arrangements.</p>

Understanding our Risks – continued

Risk area	Key features	What are we doing to manage the risk?
Resources	<p>Macro-economic risks to income streams following COVID-19 and Brexit.</p> <p>Risk that due to competing priorities during COVID-19 key estates maintenance and update projects do not progress, leading to a degradation of the research and education environment of the University, missing out on potential to minimise our environmental impact and improve our space utilisation.</p> <p>Potential challenge to ensure adequate investment in our information technology capability, leading to a potential 'maintenance only' budget and risking falling being technological developments. This could impact the quality of our research and education provision, as well as our operational efficiency and cyber protection.</p>	<p>The University has adopted a number of measures to enhance cost control, targeted philanthropy and other income. Mechanisms to incentivise and assure financial sustainability are being identified, in particular through the generation of sufficient cash surplus from academic and research activity to invest in strategic priorities alongside philanthropy, partnerships and other third party contributions. The University's ability to diversify income streams has been demonstrated by the 2017 and 2020 bonds; partnership with Legal & General Plc; recent landmark philanthropic gifts including Reuben College and the Centre for Humanities and AI; and growing portfolio of research spinout investments.</p> <p>The University has an ambitious capital programme and partnerships to ensure the University's estate supports world-class teaching and learning. Despite the pandemic, a number of key projects have progressed well over the last year.</p> <p>An Implementation Plan for the University's IT Strategy has been approved, supported by a governance review allowing investment oversight. Funding has been secured to progress key projects within Education IT, but COVID-19 has affected timings. IT Committee is managing the impact of this and we are analysing lessons learnt from 2020 to aid prioritisation.</p>
Information compliance / cyber security	<p>Risk that, either by accident or deliberate act, personal data or research material is exposed, resulting in significant harm to one or more individuals or the loss or unavailability of core systems or commercially sensitive information. Owing to the recent profile of the University we have seen an increase in the volume and sophistication of malicious cyber activity.</p> <p>A personal data breach and/or widespread cyber security incident would cause operational, reputational and potentially significant financial damage. There is a further risk that this hinders the ability to achieve expected growth in research.</p> <p>There is an increasing demand from research sponsors for cyber security certification or other evidence of good practice.</p>	<p>The University has invested resources in addressing data protection and information security risks. A new Directorate was established bringing together Information Compliance, Information Security and Risk, Compliance and Assurance. The Assurance Directorate is focused on improving both our preventative controls and our incident response approach to data protection and cyber incidents.</p> <p>The information security improvement programme will continue to support the growth in research reputation, enabled by good cyber security and data protection.</p> <p>This includes the introduction of Cyber Essentials into the 2020 security baseline. The baseline will continue to grow to capture other standards.</p>
Health and safety	<p>Ongoing challenges to ensure health and safety policies and processes are fully embedded across the University given its devolved nature and wide variety of risk profiles. Particular risks in relation to the COVID-19 pandemic, affecting staff, students and the University's community, including mental health of both staff and students. Potentially significant reputational and financial impacts for the University, as well as personal injury/negative health impacts for individuals.</p>	<p>The University has policies and procedures in place to support compliance with health and safety requirements across the Estate, and recent internal audits note improvements in this area. However, the devolved nature of the University continues to represent a challenge in ensuring full assurance coverage. A dedicated Health and Safety Review is leading the work to address improvement areas.</p> <p>The University offers mental health services to staff (see also 'People' section above) and students (see also 'Education' above) and is developing enhanced provision in response to COVID-19. A health communications campaign was launched as part of preparation for Michaelmas term and a student mental health task force is being set up to increase preparedness for welfare support demand from students.</p>

STATEMENT OF INTERNAL CONTROL

Objectives

The University's objectives for internal control are:

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

The University's internal control arrangements are also designed to prevent and detect corruption, fraud, bribery and other irregularities. This statement of internal control relates to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.

Control environment

Council accepts that it is neither possible nor desirable to build a control environment that is free from risk. There is a tension between the acknowledged advantages of the University's highly devolved operating model and the risks inherent in such a devolved structure. The devolved nature of authority and responsibility can present a challenge to the achievement of internal control. The University's system of internal control can therefore provide reasonable but not absolute assurance over the governance, operational, compliance, management, quality, reputational and financial risks to the University. The University's Financial Regulations set out processes designed to ensure the safeguarding of assets and the effective management of liabilities. The University has established policies and supporting processes designed to prevent and detect corruption, fraud, bribery and other irregularities. The Finance Committee of the Press is responsible under Council for the Press's system of risk management and internal control and for reviewing its effectiveness. The Press's system of internal controls is designed to manage rather than eliminate the risk of failure to meet the operational objectives, and inevitably can only provide reasonable and not absolute assurance against material misstatement or loss.

Review processes over internal control

- ▶ **Council** is responsible for determining the system of internal control operated by the University and for monitoring its adequacy and effectiveness. It meets on average eight times a year to consider the strategic direction and effective administration of the University. It receives regular updates from the Audit & Scrutiny Committee on internal control and the business of the Committee and reviews the University's Strategic Risk Register, considering the effectiveness of controls and mitigation in the management of the risks identification.
- ▶ **Audit & Scrutiny Committee** is responsible for providing independent assurance to assist Council in fulfilling Council's responsibilities for ensuring the adequacy and effectiveness of the University's arrangements for:
 - ▶ risk management;
 - ▶ control;
 - ▶ governance;
 - ▶ economy, efficiency and effectiveness (value for money);
 - ▶ and the management and quality assurance of data submitted to the Higher Education Statistics Agency ('HESA'), the Student Loans Company, and to the Office for Students and the other funding bodies.

The Committee meets four times a year and carries out regular and detailed monitoring of internal controls on behalf of Council. It 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. It provides Council with termly reports on internal controls as part of its regular business updates.

- ▶ **General Purposes Committee** is responsible for reviewing the procedures for identifying and managing governance, management, quality, reputational and financial risks across the University. It is also responsible for the University's risk management arrangements. **Finance Committee of the Press** regularly reviews

Statement of Internal Control – continued

the effectiveness of the Press's system of internal control. The Finance Committee's monitoring covers all controls including financial, operational and compliance controls. It is based primarily on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled, and whether any significant weaknesses are promptly remedied or need extensive monitoring.

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

Risk management

The University's objectives for risk management are:

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

In order to ensure continuous improvement and keep up to date with evolving best practice, the University began a process of reviewing and refreshing its risk management arrangements in 2019/20, with this continuing over 2020/21 as a priority.

Risk assessment

Risk identification and assessment is undertaken at subsidiary, department/faculty, divisional, professional services, key project and core Committees of Council level, with risks considered as part of the annual planning cycle and principal risks escalated through to Audit and Scrutiny Committee and Council according to defined thresholds of impact and likelihood. Work is being undertaken to update the impact/likelihood definitions to ensure these remain appropriate and relevant.

Risk treatment

Treatment of risk is agreed according to the University's risk appetite. Council recognises that risk management cannot eliminate all risk, particularly where risks are outside the University's control, and a higher level of tolerance is actively promoted in the context of encouraging and promoting critical enquiry, academic freedom, freedom of expression and open debate. The University has a low risk appetite where there is a likelihood of significant and lasting damage to its provision of world-class research or teaching; loss of life or harm to students, staff, collaborators, partners or visitors; significant and lasting reputational damage; significant financial loss or significant negative variations to financial plans; or illegal or unethical activity.

Risk recording and reporting

The University Strategic Risk Register captures the key risks to achieving the objectives in the University's Strategic Plan, as well as other notable risks, and considers the effectiveness of risk mitigation and internal controls.

Risks from the other risk registers across the University are considered for inclusion in the Strategic Risk Register according to a defined assessment methodology and threshold.

The Audit & Scrutiny Committee and Council review the Strategic Risk Register at least annually, with the other risk registers also reviewed at least annually.

Monitoring and review

Risk management underpins the University's programme of internal audit work and is embedded as part of the University's annual planning processes. The University's risk management arrangements ensure that a wide range of risk including the business, operational and compliance risk as well as financial risk are identified, assessed and captured on the relevant risk registers, with Divisional Boards, Committees and the Council providing the required monitoring and oversight. The University's risk programme is currently being reviewed with a view to continuing to improve and meet best practice standards.

The Press's risk management system:

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

The Finance Committee of the Press regularly reviews the effectiveness of the Press's system of risk management. The University's Finance Committee reviews the effectiveness of the Press's system of risk management, and this is also reviewed by the University's Audit & Scrutiny Committee.

The University of Oxford takes into account guidance set out by the Committee of University Chairs Higher Education Audit Committee's Code of Practice.

Sign off

Council confirms that it is responsible for ensuring that a sound system of internal control is maintained. It has reviewed the effectiveness of these arrangements and confirms that the University's system of internal control has been in place during the year ended 31 July 2020, and up to the date of approval of the audited financial statements. The system of internal control has generally been operating as intended.

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



INDEPENDENT AUDITOR'S REPORT



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

Report on the audit of the financial statements

1. Opinion

We have audited the financial statements of the University of Oxford ("the University") for the year ended 31 July 2020 which comprise the Consolidated and University Statements of Comprehensive Income, the Consolidated and University Statements of Changes in Reserves, the Consolidated and University Balance Sheets, and the Consolidated Cash Flow and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, and changes in reserves, and of the Group's cash flows, for the year then ended;
- ▶ have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and with the 2019 Statement of Recommended Practice – *Accounting for Further and Higher Education*; and
- ▶ meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Overview

Materiality: £17m (2019: £22.6m)
group financial statements as a whole 0.7% (2019: 1%) of Group total income

Coverage 86% of Group total income

Key audit matters vs 2019

Recurring risks	Research Grants and Contract Income	◀▶
	Pension Obligations	◀▶

Independent Auditor's Report – continued

2. Basis for opinion

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

We were appointed as auditor by Council on 9 May 2013. The period of total uninterrupted engagement is for the eight financial years ended 31 July 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2019) in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

In the prior year we noted a key audit matter in respect of the impact and uncertainties due to the UK exiting the European Union on our audit. Following our risk assessment procedures this year we have not assessed this area as amongst the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year.

Independent Auditor's Report – continued

	The risk	Our response
<p>Group and Parent University: Research Grants and Contract Income</p>	<p>2019–20 vs 2020–21 income</p>	<p>Our procedures included:</p>
<p>(£633.6 million (2019: £624.8 million)) Refer to page 58 (accounting policy) and page 70 (financial disclosures).</p>	<p>Research grants and contracts income is accounted for under the performance model. In most cases expenditure on the grant purpose is presumed to be the performance condition and therefore income is generally recognised in line with the related expenditure, including apportioned overhead costs. There is a significant risk that inappropriate apportionment of overhead costs over time, can result in recognition of income in the incorrect accounting period. The University also receives a number of non-standard grants which do not have any performance conditions and therefore there is a significant risk that income may be inappropriately recognised in line with related expenditure, rather than when the grant is received or receivable.</p>	<p>► Control design: Assessing the design of the control framework for monitoring the research projects ledger and research grants and contract income, including the approval to set up new projects, review of research expenditure and confirmation that overhead rates are apportioned in accordance with the contract terms.</p> <p>► Tests of details:</p> <ul style="list-style-type: none"> ► Analysing research project data to identify projects with income, expenditure, debtor or creditor balances meeting certain criteria (such as value, length of project, start and end dates) during the year and considering whether the accounting treatment for those projects is in line with accounting standards by reference to grant agreements and other supporting documentation. ► We specifically considered any significant grants with non-standard terms and conditions to ensure the activities meet the definition of research and projects are accounted for in accordance with the requirements of the FEHE SORP. ► For a sample of research projects, testing whether expenditure was in line with the terms and conditions of the relevant contract and overhead rates were set at the level specified in the grant agreement, to assess whether associated income was included in the correct period and accounted for in accordance with the requirements of the relevant accounting standards.
	<p>Accounting application</p> <p>There is a related significant risk that non-compliance with grant terms and conditions, for example claiming for ineligible expenditure, results in income not being recognised in line with the University's accounting policies or relevant accounting standards. Non-compliance with grant terms and conditions may also result in the recovery of funding by research funders.</p>	<p>Our results:</p> <ul style="list-style-type: none"> ► We found the timing of recognition of income from research grants and contracts to be acceptable (2019 result: acceptable). ► We found the accounting application for income from research grants and contracts to be acceptable (2019 result: acceptable).

Independent Auditor's Report – continued

	The risk	Our response
<p>Group and Parent University: Pension Obligations</p> <p>Group and Parent University: (Oxford University Press Group Pension Scheme: Present value of funded defined benefit obligations £702.7 million (2019: £842.8 million))</p> <p>Group: USS and OSPS: Deficit recovery plan provisions £258.7 million (2019: £467.9 million))</p> <p>Parent University USS and OSPS: Deficit recovery plan provisions £255.6 million (2019: £462.5 million)</p> <p><i>Refer to pages 58 (accounting policy) and page 70 (financial disclosures).</i></p>	<p>Subjective valuation</p> <p>The Group is a member of a number of defined benefit schemes, including the Universities Superannuation Scheme (USS), Oxford Staff Pension Scheme (OSPS) and the Oxford University Press Group Pension Scheme.</p> <p>Small changes in the assumptions and estimates used to value the Group's and Parent University's gross pension obligations (including deficit recovery plan liabilities) would have a significant effect on the Group's and Parent's pension obligations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the gross value of pension obligations as at 31 July 2020 has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 38) disclose the sensitivities estimated by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▶ Control design: Assessing the control framework regarding monitoring of the assumptions and inputs used to calculate the pension obligations. ▶ Benchmarking assumptions: <ul style="list-style-type: none"> ▶ Challenging, with the support of our own actuarial specialists, the key assumptions applied in the valuation of the Oxford University Press Group Pension Scheme obligation, being the discount rate, inflation rate and mortality/life expectancy; and the discount rate applied in the valuation of the USS and OSPS deficit recovery plan provisions, against externally derived data. ▶ Historical comparison: <ul style="list-style-type: none"> ▶ Evaluating the track record of key assumptions applied in the valuation of the USS and OSPS deficit recovery plan provisions, being future salary inflation and staff numbers, against the historic accuracy of forecasts used in the calculation. ▶ Assessing transparency: Considering the adequacy of the disclosures in respect of the sensitivity of the pension obligations to these assumptions. <p>Our results:</p> <ul style="list-style-type: none"> ▶ We found the valuation of the pension obligations to be acceptable. (2019 result: acceptable).

Independent Auditor's Report – continued

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

Materiality for the Group financial statements as a whole was set at £17m (2019: £22.6m), determined with reference to a benchmark of Group total income of £2,536.4m (2019: £2,450.1m), of which it represents 0.7% (2019: 0.9%).

Materiality for the University financial statements was set at £15.5m (2019: £20.0m), determined with reference to a benchmark of University total income of £2,306.2m (2019: £2,219.8m), of which it represents 0.7% (2019: 0.9%).

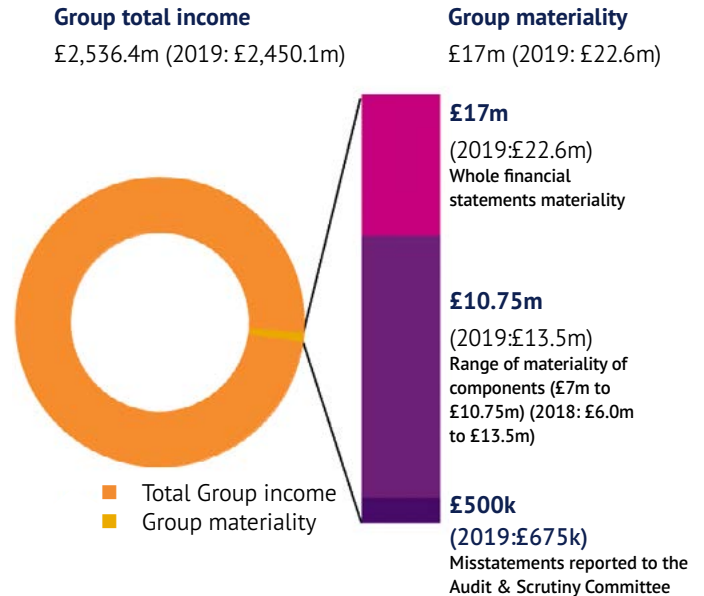
We consider total income, rather than a surplus-related benchmark, to be the appropriate benchmark as the University is a not-for-profit organisation.

We agreed to report to the Audit & Scrutiny Committee any corrected or uncorrected identified misstatements exceeding £500k (2019: £675k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

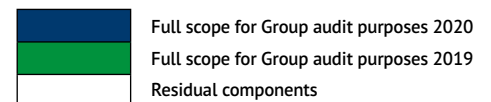
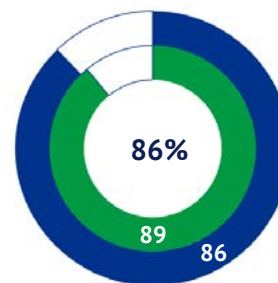
Of the Group's 63 (2019: 63) reporting components, we subjected 3 (2019: 4) to full scope audits for Group reporting purposes.

The reporting components subject to full scope audits for Group reporting purposes within the scope of our work accounted for the following percentages of the Group's results: 86% (2019: 89%) of Group total income and 96% (2019: 95%) of Group total assets.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £7.0m to £10.75m, having regard to the mix and size and risk profile of the Group across the components. The work on 2 of the 3 components (2019: 3 of the 4 components) was performed by component auditors, with the audit of the academic University being performed by the Group team. None of the other components individually represented more than 3% of total group revenue, or total group assets. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these components.



Group total income



Independent Auditor's Report – continued

5. We have nothing to report on going concern

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

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

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

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

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

6. Report on the other information in the Financial Statements to 31 July 2020

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

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

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

7. Respective responsibilities

Council responsibilities

As explained more fully in their statement set out on page 31, Council is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report – continued

Irregularities – ability to detect

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

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

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

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

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

8. Report on other legal and regularity requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office of Students ('the Accounts Direction').

In our opinion, in all material respects:

- ▶ funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ▶ income has been applied in accordance with the University's Statutes;
- ▶ funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them.

Matters on which we are required to report by exception

- ▶ We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 39 has been materially misstated.
- ▶ We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 1 to the financial statements has been materially misstated.

Independent Auditor's Report – continued

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council of the University in accordance with the University's Statutes. Our audit work has been undertaken so that we might state to Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and Council for our audit work, for this report, or for the opinions we have formed.

Clare Partridge

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Leeds

LS1 4DA

08 December 2020

FINANCIAL STATEMENTS

Consolidated and University Statement of Comprehensive Income

For the year ended 31 July 2020

	Note	Consolidated		University	
		2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Income					
Tuition fees and education contracts	2	392.5	354.0	380.8	340.8
Funding body grants	3	209.8	193.1	209.8	193.1
Research grants and contracts	4	633.6	624.8	630.7	612.8
Publishing services	5	754.8	809.2	629.1	665.0
Other income	6	274.5	251.8	188.4	195.6
Investment income	7	106.4	104.6	102.7	100.3
Total income before donations		2,371.6	2,337.5	2,141.5	2,107.6
Donations and endowments	8	163.6	97.7	163.5	97.1
Donation of assets	8,16	1.2	14.9	1.2	14.9
Total Income		2,536.4	2,450.1	2,306.2	2,219.6
Expenditure					
Staff costs	9	1,104.2	1,051.2	1,030.4	979.3
Staff costs – movement in pensions provision	28,9	(216.5)	285.9	(214.2)	284.0
Operating expenditure	11	1,103.7	1,066.8	956.4	939.6
Depreciation/amortisation	11,14,15	112.1	145.2	108.0	139.7
Interest and other finance costs	10	42.0	33.1	41.5	33.1
Total Expenditure		2,145.5	2,582.2	1,922.1	2,375.7
Surplus/(Deficit) before other gains		390.9	(132.1)	384.1	(156.1)
(Losses)/Gains on investments	7	(93.7)	237.1	(90.4)	233.4
Share of (Deficit) on joint ventures	18	(2.1)	(2.4)	(5.3)	(2.9)
Surplus before tax		295.1	102.6	288.4	74.4
Taxation	12	(11.9)	(5.4)	(5.2)	0.5
Minority interest		0.3	(3.0)	-	-
Surplus after tax		283.5	94.2	283.2	74.9
Changes in defined benefit pension scheme liability	28	(44.8)	4.8	(44.8)	4.8
Currency translation differences on foreign currency net investments		(17.1)	2.7	(9.1)	1.2
Effective portion of changes in fair value of cash flow hedges	27	5.7	(5.3)	5.7	(5.3)
Total Comprehensive Income		227.3	96.4	235.0	75.6
Represented by:					
Unrestricted comprehensive income for the year		134.7	28.8	138.5	11.8
Endowment comprehensive income for the year	30	74.0	56.4	78.2	52.9
Restricted comprehensive income for the year	31	18.3	10.9	18.3	10.9
Non-controlled interest for the year		0.3	0.3	-	-
		227.3	96.4	235.0	75.6

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2020

Consolidated	Endowment Reserves		Income and Expenditure Reserves		Total excl Non-Controlling Interest	Non-Controlling Interest	Total Group
	Permanent £'m	Expendable £'m	Restricted £'m	Unrestricted £'m			
Balance at 1 August 2018	922.7	237.9	92.0	2,830.5	4,083.1	1.5	4,084.6
Income	61.6	18.9	33.7	2,335.9	2,450.1	-	2,450.1
Expenditure	(27.6)	(5.2)	(22.8)	(2,526.6)	(2,582.2)	-	(2,582.2)
Surplus/(deficit)	34.0	13.7	10.9	(190.7)	(132.1)	-	(132.1)
Other comprehensive income	72.9	14.7	-	140.6	228.2	0.3	228.5
Reserves transfer	(34.3)	(44.6)	-	78.9	-	-	-
Balance at 1 August 2019	995.3	221.7	102.9	2,859.3	4,179.2	1.8	4,181.0
Income	30.3	103.7	44.7	2,357.7	2,536.4	-	2,536.4
Expenditure	(30.5)	(10.3)	(26.4)	(2,078.3)	(2,145.5)	-	(2,145.5)
Surplus/(deficit)	(0.2)	93.4	18.3	279.4	390.9	-	390.9
Other comprehensive income	(20.9)	(8.4)	-	(134.6)	(163.9)	0.3	(163.6)
Reserves transfer	2.2	7.9	-	(10.1)	-	-	-
Balance at 31 July 2020	976.4	314.6	121.2	2,994.0	4,406.2	2.1	4,408.3
University							
Balance at 1 August 2018	852.2	237.9	92.0	2,796.7	3,978.8	-	3,978.8
Income	61.6	18.9	33.7	2,105.4	2,219.6	-	2,219.6
Expenditure	(24.8)	(5.2)	(22.8)	(2,322.9)	(2,375.7)	-	(2,375.7)
Surplus/(deficit)	36.8	13.7	10.9	(217.5)	(156.1)	-	(156.1)
Other comprehensive income	66.3	14.7	-	150.6	231.6	-	231.6
Reserves transfer	(34.0)	(44.6)	-	78.6	-	-	-
Balance at 1 August 2019	921.3	221.7	102.9	2,808.4	4,054.3	-	4,054.3
Income	30.3	103.7	44.7	2,127.5	2,306.2	-	2,306.2
Expenditure	(27.5)	(10.3)	(26.4)	(1,857.9)	(1,922.1)	-	(1,922.1)
Surplus/(deficit)	2.8	93.4	18.3	269.6	384.1	-	384.1
Other comprehensive income	(19.8)	(8.4)	-	(120.9)	(149.1)	-	(149.1)
Reserves transfer	2.3	7.9	-	(10.2)	-	-	-
Balance at 31 July 2020	906.6	314.6	121.2	2,946.9	4,289.3	-	4,289.3

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Financial Position

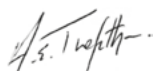
For the year ended 31 July 2020

	Note	Consolidated		University	
		2020 £'m	2019 £'m	2020 £'m	2019 £'m
Non-current assets					
Intangible assets and goodwill	14	81.4	73.9	81.0	73.2
Property, plant and equipment	15	1,487.4	1,447.0	1,473.2	1,429.7
Heritage assets	16	94.9	93.1	94.9	93.1
Investments	17	3,755.2	3,711.0	3,775.9	3,729.6
		5,418.9	5,325.0	5,425.0	5,325.6
Current assets					
Intangible assets – pre-publication	19	16.3	20.9	15.0	19.8
Inventories and work-in-progress	19	70.1	77.6	53.9	57.9
Trade and other receivables					
– due within one year	20	589.9	562.8	531.6	483.9
– due after one year	21	6.1	5.3	9.6	32.2
Investments	22	223.7	176.1	222.7	141.5
Cash and cash equivalents	23	810.7	507.7	724.3	471.8
		1,716.8	1,350.4	1,557.1	1,207.1
Creditors: amounts falling due within one year	25	(960.6)	(854.4)	(915.6)	(826.4)
Net current assets		756.2	496.0	641.5	380.7
Total assets less current liabilities		6,175.1	5,821.0	6,066.5	5,706.3
Creditors: amounts falling due after more than one year	26	(1,294.2)	(1,003.2)	(1,316.8)	(1,025.6)
Provisions for liabilities					
Pension provisions - deficit recovery plans	28	(258.7)	(467.9)	(255.6)	(462.5)
Pension provisions - defined benefit schemes	28	(195.8)	(147.9)	(195.8)	(147.9)
Other provisions	29	(18.1)	(21.0)	(9.0)	(16.0)
Total net assets		4,408.3	4,181.0	4,289.3	4,054.3
Reserves					
Endowment Reserves					
– Permanent	30	976.4	995.3	906.6	921.3
– Expendable	30	314.6	221.7	314.6	221.7
		1,291.0	1,217.0	1,221.2	1,143.0
Restricted reserves					
– Income and expenditure reserve	31	121.2	102.9	121.2	102.9
Unrestricted reserves					
– Income and expenditure reserve	32	2,994.0	2,859.3	2,946.9	2,808.4
		3,115.2	2,962.2	3,068.1	2,911.3
Minority Interests		2.1	1.8	-	-
Total reserves		4,408.3	4,181.0	4,289.3	4,054.3

The Financial Statements were approved by Council on 08 December 2020 and signed on its behalf by:



Prof L. Richardson
Vice-Chancellor



Prof A. Trefethen
Pro-Vice-Chancellor



L. Pearson
Director of Finance

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 July 2020

Consolidated	Note	2019/20 £'m	2018/19 £'m
Cash flows from operating activities			
Surplus for the year before taxation		295.1	102.6
<i>Adjustment for non-cash items:</i>			
Depreciation	11, 15	89.1	110.0
Amortisation of intangibles	14	23.0	35.2
Loss/(Gain) on investments		93.7	(237.1)
Decrease/(Increase) in pre-publication cost	19	4.6	(1.6)
Decrease/(Increase) in inventories	19	7.4	(0.9)
(Increase) in receivables	20, 21	(28.1)	(51.9)
Increase in payables	25, 26	99.8	36.9
(Decrease) in other provisions	29	(2.9)	(11.9)
(Decrease)/Increase in pension provisions	28	(210.3)	274.0
Donations of assets	16	(1.1)	(14.9)
(Increase)/Decrease in Non-controlling assets		-	2.4
Share of operating (deficit)/surplus in joint ventures		(2.1)	3.0
Unrealised exchange rate (gain)		(3.6)	(1.9)
<i>Adjustment for investing or financing activities:</i>			
Investment income	7	(106.4)	(104.6)
Interest payable	10	42.0	33.1
New endowments	8	(106.1)	(55.4)
Capital grant income	3, 4, 6	(40.5)	(55.0)
(Profit) on disposal of property, plant and equipment	15	(0.7)	(12.8)
		152.9	49.2
Cash flows from operating activities			
Taxation	12	(11.9)	(16.6)
Net cash flows from operating activities		141.0	32.6
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	15	6.1	20.3
Capital grants receipts		30.7	42.8
Proceeds from sale of intangible fixed assets	14	0.4	0.2
Payments to acquire heritage assets	16	(0.7)	(0.1)
Payments to acquire property, plant and equipment	15	(134.7)	(91.0)
Payments to acquire intangible assets	14	(31.2)	(33.3)
Net sale of joint venture		3.4	-
Net (investment)/disinvestment in current investments	22	(1.5)	16.3
Net (investment)/disinvestment in non-current investments	17	(141.7)	114.6
Investment income	7	103.3	102.2
Net cash flows from investing activities		(165.9)	172.0
Cash flows from financing activities			
Interest paid on borrowings and finance leases	10	(29.8)	(33.1)
Endowment cash received		106.1	30.4
Repayment of borrowings	26	(5.5)	(2.7)
New borrowings	26	305.1	-
Net cash flows from financing activities		375.9	(5.4)
Net increase in cash and cash equivalents		351.0	199.2
Cash and cash equivalents at beginning of year		658.4	458.8
Effect of foreign exchange rate changes		(5.8)	0.4
Cash and cash equivalents at end of year		1,003.6	658.4
Reconciliation to cash and cash equivalents			
Cash at bank and in hand	23	810.7	507.7
Term Deposits		192.9	150.7
Cash and cash equivalents at end of year		1,003.6	658.4

The presentation of the statement of cash flow has changed in the 2019 FEHE SORP, with the starting point being Surplus before tax. The prior figures have been amended to make comparatives consistent. The accompanying notes form part of these financial statements.

Statement of Accounting Policies

1. Basis of Accounting

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

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

Judgements made by management in the application of these accounting policies that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed at the end of these policies.

2. Scope of the Financial Statements

Basis of consolidation

The Financial Statements (apart from the University's own statement of financial position, comprehensive income statement and related notes) consolidate the accounts of the University and of its subsidiary undertakings for the financial year to 31 July 2020.

The Financial Statements include the activities of Oxford University Press (the Press) and its subsidiaries. For the purposes of the tables in these financial statements, 'University' consists of the academic divisions, libraries, museums, administrative support and the Press; 'Consolidated' includes the subsidiaries and associates of both the academic University and

the Press. A full list of the subsidiaries and associates can be found in note 18.

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

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

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

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

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

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

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

Statement of Accounting Policies – continued

Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Operational and the Financial Review which forms part of the Board of Council's Report. The Council's Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Council consider to be appropriate for the following reasons.

The Council has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The University have considered the impact of a loss of all income for a period of 12 months and have determined that there is sufficient liquidity in this event.

Consequently, Council is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

3. Foreign Currencies

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

The results of overseas operations are translated at the average rates of exchange during the period and their Statement of Financial Position at the rates

prevailing at the date of the Statement of Financial Position. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

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

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

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

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

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

Statement of Accounting Policies – continued

4. Income

Income arising for the sale of goods or the provision of services is recognised as income on the exchange of the relevant services and where applicable is shown net of value added tax, returns, discounts and rebates as appropriate. Where services are being rendered, but are not complete at the end of the period income is recognised by reference to the stage of completion/degree of provision of the service as determined on an appropriate basis for each contract. Funds for which the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk.

Tuition fees and educational contracts

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

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

Performance model

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

Performance conditions are defined as follows:

“A condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance”.

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

Government grants

Both revenue and capital government grants are accounted for under the Performance Model. For OfS/ Research England funding grants relating to a single academic year, income is recognised in full in the period to which the grant relates. Grants relating to more than a single year are recognised pro-rata across the term of the grant.

Research income

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

In the majority of cases income is recognised on a reimbursement basis, with income recognised as costs are incurred for which the University has a right to reimbursement unless this is specifically disallowed under the funding agreement. Where funding is from a government body, expenditure on the grant purpose is presumed to be the performance condition unless specifically allowed under the funding agreement.

Publishing services

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

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

Statement of Accounting Policies – continued

Capital grants

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

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

Investment income

Refer to policy 13 for investment income recognition policy.

5. Donations and Endowments

Donations and endowments are recognised in income when the University is entitled to the funds and are accounted for under the Performance Model. In the majority of cases this is the point at which the cash is received, although in the case of capital and particularly building donations or endowments this is in line with expenditure incurred under the agreement or delivery of specified milestones within the donation agreement.

Donations are credited to endowment reserves, restricted reserves, or unrestricted reserves depending on the nature and extent of restrictions specified by the donor.

Donations with no substantial restrictions are included in unrestricted reserves.

Donations which are to be retained for the future benefit of the University are included in endowment reserves.

Endowment funds are a class of funds where the donor requires the original gift be invested with the return to be spent against the donor's charitable aims.

These fund are classified under three headings:

▶ Permanent unrestricted

Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the University, the fund is classified as an unrestricted permanent endowment.

▶ Permanent restricted

Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.

▶ Expendable restricted

Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the University must or may convert the donated sum into income, the fund is classified as a restricted expendable endowment.

Statement of Accounting Policies – continued

Total Return

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

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

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

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

Indexation of permanent endowment capital

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

6. Employee Benefits

Short-term employee benefits

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

Post-employment benefits (pensions)

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the OUP Group Pension scheme ('OUP Group') and the University of Oxford Staff Pension Scheme (OSPS). The University also contributes on

behalf of its employees to a number of other pension schemes including; Superannuation Arrangements of the University of London (SAUL), Medical Research Council Pension Scheme (MRCPS), overseas schemes and NHS Pension Scheme.

The principal schemes are all defined benefit schemes, which are externally funded and until April 2016 were contracted out of the State Second Pension (S2P).

Each fund is valued every three years by professionally qualified independent actuaries. The defined benefit portion of the OSPS scheme is no longer available to new members.

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

The OUP Group scheme is not a multi-employer scheme and is therefore accounted for as a defined benefit scheme under FRS102 Section 28.

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

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

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

Most defined benefit schemes are funded, the assets of the schemes being held separately from those of the group in separate trustee-administered funds. Pension scheme assets are measured at fair value

Statement of Accounting Policies – continued

and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each date of the Statement of Financial Position. The resulting defined benefit asset or liability, net of any related deferred tax, is presented separately after other net assets on the face of the Statement of Financial Position.

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

7. Leases and Service Concession Arrangements

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases for agreements of £100k or above in line with the minimum value at which Property, Plant and Equipment is capitalised.

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

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

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Future commitments under operating leases are disclosed in note 36. Any lease premiums or incentives are recognised as a reduction in expense spread evenly over the minimum lease term. The difference between expenditure recognised and cash flow benefits received is recognised as a liability released to the Statement of Comprehensive Income over the lease term.

8. Intangible Assets and Goodwill

Goodwill

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

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

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

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

Acquired licences

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

Software licences

Software licences costing over £50k and with a longer than 12 month life are capitalised as intangible assets. The licences are then amortised over the useful life of up to 5 years or the remaining length of the licence, whichever is shorter.

Datasets

Datasets are research-related intellectual property costs. In accordance with FRS102 where these costs are measurable and have been incurred by a third party and are donated or sold to the University they are capitalised and written down over their useful life of up to 10 years.

Statement of Accounting Policies – continued

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

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

Other internally generated intangibles

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

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

9. Property, Plant and Equipment

Property, Plant and Equipment (PPE) consists of equipment, software and vehicles costing over £50k and capital building projects over £100k, land and completed buildings having a useful economic life of greater than 1 year and not intended for resale.

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

Freehold buildings 30–50 years

Building plant and equipment 20 years

Buildings on National Health Service sites 50 years

Leasehold properties 50 years or the period of the lease if shorter

Refurbishment on leasehold properties 20 years or the period of the lease if shorter

Equipment 5–10 years unless the research project or expected asset life is lower

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

Fixed Assets, both Intangible and Tangible are assessed for indicators of impairment at each date of the Statement of Financial Position (FRS102 section 27). If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a Fixed Asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss on assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised. Expenditure to ensure that a Property, Plant and Equipment asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income in the period in which it is incurred. The University has a planned maintenance programme, which is reviewed annually.

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

10. Heritage Assets

Works of art and other valuable artefacts (heritage assets) acquired since 1 August 1999 and valued at over £50k are capitalised and recognised in the Statement of Financial Position at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

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

11. Donated Assets

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

Statement of Accounting Policies – continued

12. Investments Basis of Valuation

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

Listed investments and properties held as fixed asset investments and endowment asset investments are stated at market value at the balance sheet date. Investments in unquoted companies are valued in accordance with the International Private Equity and Venture Capital Guidelines (the 'IPEVC Guidelines') endorsed by the British & European Venture Capital Associations. Specifically, 'where the investment being valued was itself made recently, its cost may provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business'.

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

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

Following the formation of a Charitable Unauthorised Unit Trust (CUUT) to hold The Oxford Funds in June 2018 the dividend received from The Oxford Funds has been recognised in investment income. This accounting policy is based on the CUUT being held as part of an investment portfolio and meets the criteria in FRS 102 section 9.9(b) to be held at fair value: 'an interest is held as part of an investment portfolio if its value to the investor is through fair value as part of a directly or indirectly held basket of investments rather than the media through which the investor carries out business.' For Note 16, the University Statement of Financial Position will show the fair values of the University's portion of the CUUT. The University Cash flow statements will show any cash movements relating to investing activities in the

CUUT such as redemptions or purchases, in 'Cash flows from investing activities'. Any cash flows from the underlying investments to the CUUT are not visible nor is dividend or interest income directly from the investments in the CUUT included in the University accounts.

Revaluation

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

External entities

Until the creation of the Oxford Collegiate Feeder Fund external entities such as Colleges and other bodies closely associated with the University could invest in the Oxford Endowment and Oxford Capital Funds. Since it was not possible to show the specific investments of these entities in the various funds, the amounts held on their behalf by the University were shown as a deduction from the University's Investment Assets. Since 1 July 2018, the external entities can invest directly in the Oxford Collegiate Feeder Fund and no deduction is required.

13. Inventories and Work in Progress

Stock and Work in progress are valued at the lower of cost and selling price less costs to sell. Cost includes all direct expenditure except that, in the case of finished books and work in progress, editorial salaries and the related overheads are not included. Development costs associated with the compilation of major new reference works, the revenues from which are long deferred, are written off as they are incurred. Development costs associated with electronic publications are also written off as they are incurred. Selling price less costs to sell is the amount for which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition.

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

Statement of Accounting Policies – continued

14. Taxation Status

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

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

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

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

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

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

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

15. Cash and Cash Equivalents

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

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

Cash and cash equivalents contains sums relating to endowment reserves which the University is restricted as to how they are disbursed. Note 30 summarises the assets restricted in their use.

16. Financial Instruments

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

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

The University has debt instruments through long-term unsecured Bonds issued in December 2017 and January 2020 and listed on the London Stock Exchange. The Bonds were initially recognised at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the Bonds are measured at amortised cost using the effective interest rate method. Under this method the transaction costs are accounted for as expense over the term of the Bonds (see note 26).

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

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

Statement of Accounting Policies – continued

17. 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.

18. Public Benefit Concessionary Loans

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

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

19. Segmental Information

The University operates in a number of different classes of business. For the purpose of segmental reporting, classes of business have been identified by reference to the nature of the activity and management organisation (see note 13).

20. Accounting for Jointly Controlled Entities, Assets and Operations

Jointly controlled entities

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

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

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

Jointly controlled assets and operations

The University accounts for jointly controlled assets and operations based upon its share of costs incurred,

and recognises its share of liabilities incurred pro-rata. Income and expenditure is recognised based upon the University's share.

21. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when;

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

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

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

22. Legal Form

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

The University is incorporated in the United Kingdom.

Principal Office

University of Oxford
University Offices
Wellington Square
Oxford
OX1 2JD

Accounting Judgements and Estimates

The University prepares its consolidated financial statements in accordance with FRS102 as issued by the Financial Reporting Council, the application of which often requires judgements to be made by management when formulating the consolidated financial position and results. Under FRS102, management is required to adopt those accounting policies most appropriate to the circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the University; it may later be determined that a different choice would have been more appropriate.

Management considers that certain accounting estimates and assumptions relating to revenue, debtors, fixed assets and provisions are its critical accounting estimates. A discussion of these critical accounting estimates is provided below and should be read in conjunction with the disclosure of the Group's significant accounting policies provided on page 58–67. Management has discussed its critical accounting estimates and associated disclosures with the external auditors, its Finance Committee and its Audit and Scrutiny Committee. In the case of the Press any estimates and disclosures have been discussed with relevant Press and University committees.

For investment valuations judgements are made and this is explained in the Statement of Accounting Policies.

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

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

Research revenue from the Research Councils and European Commission is recognised in line with expenditure which in the judgment of the University creates the right to receive funding from these bodies. Research revenue from charities and industry is recognised in most cases on a reimbursement basis as costs are incurred which it is judged creates the right to reimbursement.

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

For the OUP Group Pension Scheme key assumptions (Note 38) have been provided, and costs estimated using actuarial information.

The Holiday pay provision is calculated using a sample of University departments.

Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the related assets.

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

Accounting Judgements and Estimates – continued

JUDGEMENTS	NOTE	ESTIMATION UNCERTAINTIES AND ASSUMPTIONS	
Income recognition	1-7	Calculation of short-term employee benefit accrual	9
Amortisation of Intangible Fixed Assets	14	Calculation of the provision for funding of pension deficits	28
Depreciation of Property, Plant and Equipment	15	Calculation of the provision for funding of pensions under defined benefit schemes	28
Investment valuations	17	Calculation of Tinbergen Building provision	29
Valuation of investment properties	17		
Provision for obsolete or defective inventory	19		



Notes to the Financial Statements

1. Tuition Fees and Grant Income

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Grant income from the OfS	14.1	14.9	14.1	14.9
Grant income from other bodies	195.7	178.2	195.7	178.2
Fee income for taught awards	236.8	211.2	236.8	211.2
Fee income for research awards	65.4	47.8	65.4	47.8
Fee income from non-qualifying courses	90.3	95.0	78.6	81.8
Total grant and fee income	602.3	547.1	590.6	533.9

Further analysis of these numbers is provided in notes 2 and 3.

2. Tuition fees and education contracts

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Full-time students				
Home	106.5	97.9	106.5	97.9
EU	25.4	20.0	25.4	20.0
Overseas and other fees	142.3	109.3	142.3	109.3
Part-time students				
Home	10.1	7.5	10.1	7.5
EU	3.1	3.1	3.1	3.1
Overseas and other fees	14.8	21.2	14.8	21.2
Other Fees and education contracts				
Professional and non-matriculated courses	38.7	42.3	26.9	29.1
Examination and other fees	1.1	1.4	1.1	1.4
Research training support grants	50.5	51.3	50.6	51.3
	392.5	354.0	380.8	340.8

In 2019/20 the University moved to a policy of charging matriculated students a single course fee rather than there being separate University and college fees. The additional income raised is offset by increased transfers to colleges under the Collegiate Funding Formula (see notes 11 and 37).

Notes to Financial Statements – continued

3. Funding body grants

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Recurrent grants				
OfS	13.3	13.6	13.3	13.6
Research England	150.2	145.9	150.2	145.9
Specific grants				
Museums, Galleries and Collections Fund	3.6	3.6	3.6	3.6
Higher Education Innovation Fund	7.9	3.7	7.9	3.7
OfS capital grants	0.8	1.3	0.8	1.3
Research England capital grants	20.0	20.2	20.0	20.2
Research England QR grant paid early	9.0	-	9.0	-
Other	5.0	4.8	5.0	4.8
	209.8	193.1	209.8	193.1

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

In 2019/20, Research England paid £9.0m (2018/19:£0) of additional QR money due to the effects of the COVID-19 pandemic. This is included in the income for 2019/20 as there are no performance conditions.

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

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

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

Notes to Financial Statements – continued

4. Research grants and contracts

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
UK funders				
Research Councils	147.1	162.0	147.2	162.0
UK government and health authorities	95.9	77.7	95.9	77.7
UK charities	153.9	154.5	153.9	154.5
UK industry and commerce	26.5	27.3	26.5	27.3
EU funders				
European Commission and other EU government bodies	62.6	65.1	62.6	64.7
EU based charities	1.3	2.3	1.3	2.3
EU based industry and commerce	40.2	27.9	40.2	27.9
Non-EU funders				
Other government	28.7	37.5	26.0	26.0
Other charities	27.3	30.8	27.3	30.8
Other industry and commerce	50.1	39.7	49.8	39.6
	633.6	624.8	630.7	612.8

Research grants and contract income includes £17.7m (2019: £15.9m) in respect of capital funding. Research grants and contracts excludes funding body Quality Research income.

5. Publishing services

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Publishing Services – UK	107.8	110.3	108.2	110.3
Publishing Services – Asia Pacific	217.1	244.4	200.7	228.4
Publishing Services – North America	177.9	182.1	178.7	182.6
Publishing Services – Europe	152.0	157.5	102.2	101.6
Publishing Services – Latin America	37.3	43.2	13.0	14.6
Publishing Services – Central Asia, Middle East, North Africa	29.4	28.4	23.1	23.8
Publishing Services – Sub-Saharan Africa	33.3	43.3	3.2	3.7
	754.8	809.2	629.1	665.0

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

Notes to Financial Statements – continued

6. Other income

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Residences, catering and conferences	2.3	5.9	2.0	5.5
Other services rendered	88.4	59.9	0.3	10.3
Losses/profits on sale of fixed assets	-	12.5	(0.4)	12.5
National Health Service	15.2	15.1	15.2	15.1
Foreign exchange gain	0.4	5.1	1.8	4.5
Royalty income	62.4	56.0	46.5	45.1
Receipts from educational activities	12.1	14.0	12.1	14.0
Rental income from operating leases	18.6	17.9	18.9	17.8
Other income	73.1	47.7	90.0	53.1
Capital grants	2.0	17.7	2.0	17.7
Other income	274.5	251.8	188.4	195.6

Capital Grant income is external funding other than research grants from OfS/Research England for assets capitalised in year. A grant of £11.0m was awarded for the IDR Building. Income is recorded in the Statement of Comprehensive Income as expenditure is incurred, (2019: £11.2m for the Innovation Building).

Total rentals receivable under operating leases

	Land and Buildings			
	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Receivable during the year	18.6	18.0	18.9	17.8
Future minimum lease receivables due:				
Not later than 1 year	12.6	16.6	12.9	16.5
Later than 1 year and not later than 5 years	11.3	13.9	12.8	13.9
Later than 5 years	7.7	9.0	7.7	9.0
Total future lease receivables due	31.6	39.5	33.4	39.4

Notes to Financial Statements – continued

7. Investment income

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Profit on disposal of spinout company investments	6.3	10.0	5.6	8.1
Dividend from The Oxford Funds	88.7	79.1	86.0	76.0
Other income and interest from investments	11.4	15.5	11.1	16.2
	106.4	104.6	102.7	100.3

Profit on disposal of spinouts includes:

- ▶ £0.8m (2019: £0.8m) release of deferred income from Technikos LLP for the right to purchase a percentage share of share capital in spinout companies formed by the Institute of Biomedical Engineering (see note 26).
- ▶ £2.3m (2019: £2.0m) release of deferred income from Oxford Sciences Innovation plc for the right to purchase a percentage share of share capital in spinout companies formed by the University (see note 37).

In 2019/20, the University realised profit of £3.2m across several disposals including Semmler, Latent Logic and 6degrees. Proceeds of £4.7m were received during the year from disposals. In 2018/19, the University realised profit of £6.6m on disposal of the entire shareholding in Nightstar Therapeutics which was acquired by Biogen in June 2019. The University

received proceeds of £21.0m yielding profit on the original cost of shares of £19.9m. Of this total profit of £19.9m, £13.3m of unrealised gains were recognised through investment gains in previous years to reflect the fair value of the shares at each reporting date and £6.6m was recognised in 2018/19.

Following the formation of a Charitable Unauthorised Unit Trust (CUUT) to hold The Oxford Funds in June 2018, the dividend received from The Oxford Funds has been recognised in investment income at £88.7m (2019: £79.1m). The CUUT is held as part of an investment portfolio and meets the criteria in FRS 102.9.9(b) to be, held at fair value. Since the University invests in the CUUT primarily for fair value gains and the CUUT is not the method through which the University carries out its business (teaching and research), this is therefore held as part of an investment portfolio.

Investment (losses)/gains

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Analysis of (losses)/gains on investments				
Investments held in The Oxford Funds	(98.3)	119.9	(95.0)	116.9
Strategic Capital Account	16.2	57.0	16.2	57.0
Spinouts	(29.6)	24.6	(29.6)	24.6
Investment properties held directly	15.7	9.7	15.7	9.6
Other investments	2.3	25.9	2.3	25.3
	(93.7)	237.1	(90.4)	233.4

All investment (losses)/gains are on assets held at fair value through profit or loss.

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

Notes to Financial Statements – continued

8. Donations and endowments

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Donations				
Donations with restrictions	43.7	27.4	43.7	27.4
Donations without restrictions	13.8	14.9	13.7	14.3
Endowments				
New endowments and transfers	106.1	55.4	106.1	55.4
Total Donations and Endowments	163.6	97.7	163.5	97.1
Donations of assets	1.2	14.9	1.2	14.9
	164.8	112.6	164.7	112.0

Details of material heritage assets donated in the year can be found in note 16.

The major donor is the Reuben Foundation which has generously donated £80.0m to the University for the benefit of Reuben (formerly Parks) College and student scholarships.

Donations totalling £1.2m (2019: £1.6m) have been received but not recognised as income during the year due to as yet unfulfilled conditions contained in the gift agreements. These donations include gifts to support academic posts, scholarships and outreach and other academic activities.



Notes to Financial Statements – continued

9. Staff costs

	Note	Consolidated		University	
		2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Staff costs:					
Wages and salaries		889.4	852.7	824.0	790.4
Social security costs		79.7	77.3	75.4	72.8
Pension costs as paid	38	135.1	121.2	131.0	116.1
		1,104.2	1,051.2	1,030.4	979.3
Pension provisions	38	(216.5)	285.9	(214.2)	284.0
Total staff costs		887.7	1,337.1	816.2	1,263.3

	2019/20 FTE	2018/19 FTE
Average staff numbers by major category:		
Academic	1,863	1,804
Research	4,553	4,545
Teaching and Research Support	852	799
Departmental Support Services	3,442	3,314
Library and Museum Services	867	876
Publishing	5,464	5,958
Central Support Services	1,694	1,638
	18,735	18,933
Subsidiaries – Academic	251	223
Average number of full-time equivalent staff	18,986	19,156

	2019/20 £'000	2018/19 £'000
The emoluments of the Vice-Chancellor who served during the year were:		
Basic salary	374	367
Benefits – taxable		
Membership of private healthcare scheme	5	5
Total taxable emoluments of the Vice-Chancellor	379	372
Payments in lieu of pension contributions	45	44
Pension contributions	8	8
Non-taxable benefits	25	28
Total remuneration	457	452

Notes to Financial Statements – continued

9. Staff costs continued

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

- ▶ The basic salary for the role of Vice-Chancellor was set by the Committee in 2007/08. Since that time the University has improved considerably its relative standing. Each year since 2016 it has been ranked first in the *Times Higher Education* global rankings. The University has also grown in size and complexity, with revenue increasing by 97% to more than £2.4bn today. The Committee reviews the salaries of the Vice-Chancellor and of other Senior Officers on a biennial basis. Despite the changes and achievements noted above, the salary for the role of Vice-Chancellor has been adjusted only for the nationally negotiated pay awards applied to all non-clinical staff. In 2019/20, this amounted to 1.8%.
- ▶ Non-taxable benefits include the provision of accommodation. The role of Vice-Chancellor is required to reside in a specified property whilst in post to enable the post holder to fulfil a number of duties ("representative occupier"). The value of the residential element of the property was £21,392 (2019: £21,533) and this is reflected in "non-taxable benefits" above.
- ▶ There is no performance-related salary paid to the Vice-Chancellor nor to key management personnel of the Academic University. The current Vice-Chancellor does not receive income from any external appointments.

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

Pay ratios

Academic staff: 5.8 times median basic salary (5.7 times median total remuneration - for all other than the Vice-Chancellor this excludes college allowances or benefits such as housing and private medical insurance).

- ▶ Academic University and subsidiary staff (14,690 employees): 9.8 times median basic salary (9.6 times total remuneration).
- ▶ All staff (18,559 employees): 10.1 times basic salary (10.0 times total remuneration). 'All staff comprises 'Academic University and subsidiary staff' listed above plus 2,100 staff employed in educational publishing activities in the UK (ratios disclosed for 18/19 included overseas staff) plus 1,769 staff employed on temporary contracts through the University's Temporary Staffing Services (TSS) or on contracts with no fixed hours.

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2019: £Nil). The total expenses paid to or on behalf of trustees were £721 (2019: £323). This represents travel and other expenses incurred in attending 18 Council and related meetings.

Notes to Financial Statements – continued

9. Staff costs continued

Salary banding

Below are the numbers of members of staff throughout the University whose basic pay exceeded £100k. Following the guidance issued by the OfS amounts reimbursed by another body (such as the National Health Service, or the research councils), bonus payments, employer pension contributions, compensation for loss of office and payments under early retirement schemes are not included in these figures. The Vice-Chancellor is excluded from this table and disclosed above.

2018/19 values are amended to reflect the change in

the OfS Accounts Direction that all amount reimbursed by external bodies should be excluded. Previously only the NHS funded portion was excluded.

The number of employees whose basic pay exceeded £100,000 grew by 33 to 243 in 2019/20. Of this increase of 33, 9 related to the effect of cost of living awards, 10 related to publishing staff and the remainder related primarily to senior research staff appointments. The average basic salary of those earning over £100,000 is £146,600, a 1.1% increase on those listed in 2018/19.

Salary banding	2019/20 Number of employees			2018/19 Number of employees		
	Non Clinical	Clinical	Total	Non Clinical	Clinical	Total
£100,000 to £104,999	18	10	28	19	5	24
£105,000 to £109,999	24	37	61	20	37	57
£110,000 to £114,999	19	-	19	19	-	19
£115,000 to £119,999	19	-	19	11	-	11
£120,000 to £124,999	15	-	15	14	-	14
£125,000 to £129,999	10	-	10	7	-	7
£130,000 to £134,999	8	-	8	4	-	4
£135,000 to £139,999	5	-	5	8	-	8
£140,000 to £144,999	7	-	7	8	-	8
£145,000 to £149,999	7	-	7	5	-	5
£150,000 to £154,999	9	-	9	7	-	7
£155,000 to £159,999	4	-	4	9	-	9
£160,000 to £164,999	12	-	12	6	-	6
£165,000 to £169,999	4	-	4	1	-	1
£170,000 to £174,999	4	-	4	3	-	3
£175,000 to £179,999	2	-	2	4	-	4
£180,000 to £184,999	4	-	4	2	-	2
£185,000 to £189,999	1	-	1	4	-	4
£190,000 to £194,999	2	-	2	-	-	-
£195,000 to £199,999	1	-	1	2	-	2
£200,000 to £204,999	2	-	2	1	-	1
£205,000 to £209,999	3	-	3	1	-	1
£210,000 to £214,999	1	-	1	2	-	2
£215,000 to £219,999	2	-	2	-	-	-
£220,000 to £224,999	-	-	-	1	-	1
£225,000 to £229,999	2	-	2	1	-	1
£240,000 to £244,999	1	-	1	-	-	-
£250,000 to £254,999	1	-	1	1	-	1
£270,000 to £274,999	-	-	-	2	-	2
£275,000 to £279,999	2	-	2	-	-	-
£310,000 to £314,999	-	-	-	1	-	1
£325,000 to £329,999	1	-	1	1	-	1
£345,000 to £349,999	2	-	2	1	-	1
£355,000 to £359,999	1	-	1	1	-	1
£380,000 to £384,999	1	-	1	-	-	-
£385,000 to £389,999	-	-	-	1	-	1
£390,000 to £394,999	1	-	1	-	-	-
£545,000 to £549,999	1	-	1	1	-	1
	196	47	243	168	42	210

Notes to Financial Statements – continued

9. Staff costs continued

Compensation for loss of office

During the year the University paid £9,432k in compensation for loss of office to 761 employees (2019: £3,780k to 480 employees). The average value of compensation for loss of office per employee was £12.4k. Of the 761 employees, 394 related to publishing staff and 299 related to the ending of fixed-term contracts.

The compensation payments were paid in cash funded from general income and expenditure reserves and were made under University policy as approved by the Personnel Committee.

Key management personnel

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

	2019/20 £'000	2018/19 £'000
Key management personnel – total remuneration	3,020	3,114
Number of staff	12.2	12.2
Key management personnel – average remuneration	248	255

Trade Union (Facility Time Publication Requirements) Regulations 2017

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

The number of University employees who were Trade Union officials during the period from 1 April 2019 to 31 March 2020 was 23 (21 FTE). The percentage of time spent by them on facility time was between 0% and 50%. The cost of this activity amounts to £23,612.26 representing 0.003% of the total pay bill in the relevant period. Of the total paid facility time, the proportion of hours spent on paid Trade Union activities (i.e. activities other than the duties for which there is a statutory entitlement to reasonable paid time off) was 55%.

Notes to Financial Statements – continued

10. Interest and other finance costs

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Interest on loans	9.3	6.4	8.8	6.4
Net charge on pension schemes	7.2	3.7	7.2	3.7
Interest on bond	22.4	19.1	22.4	19.1
Net charge on Press pension schemes	3.1	3.9	3.1	3.9
Total interest and other finance costs	42.0	33.1	41.5	33.1

11. Operating expenditure

	2019/20		2019/20	2018/19
	Staff £'m	Non-Staff £'m	Total £'m	Total £'m
Academic departments	347.2	125.3	472.5	466.8
Research grants and contracts	314.9	216.3	531.2	525.1
Academic services	40.9	20.3	61.2	61.3
Publishing	207.8	392.0	599.8	612.2
Residence, catering and conferences	0.7	0.5	1.2	1.4
Bursaries and scholarships	-	74.6	74.6	73.7
Premises	22.5	69.5	92.0	91.5
Administration	88.6	59.2	147.8	154.4
Payments to colleges	-	96.8	96.8	56.9
Other expenses	7.8	9.9	17.7	19.5
Tinbergen provision adjustment	-	-	-	(3.1)
	1,030.4	1,064.4	2,094.8	2,059.7
Subsidiary companies – HE	22.9	74.3	97.2	60.6
Subsidiary companies – publishing	49.6	72.7	122.3	142.9
Subsidiary companies – research activity	1.3	4.4	5.7	-
Movement in pensions provision	(216.5)	-	(216.5)	285.9
Interest and other finance costs	-	42.0	42.0	33.1
Total Consolidated	887.7	1,257.8	2,145.5	2,582.2

Depreciation and amortisation of £112.1m, Operating Expenditure of £1,103.7m and interest and other finance costs of £42.0m are combined in the non-staff figures of £1,257.8m.

As noted in note 2, the payments to colleges in 2019/20 increased due to the introduction of course fees replacing separate University and college fees. This increased the amount of income shown as fee income by the University and the transfer due to colleges.

Notes to Financial Statements – continued

11. Operating expenditure continued

Other operating expenses include:

	Consolidated	
	2019/20 £'000	2018/19 £'000
Remuneration paid to auditors during the year was in respect of the following services:		
Audit services (Academic University audit)	275	270
Audit of the Academic University subsidiaries' annual financial statements	108	106
Audit services (inclusion of Press)	246	271
Audit services (Press for the year ended 31 March)	843	776
The Oxford Fund audit and associated services	114	70
The Oxford Fund audit related fees for assurance	13	-
Audit services (Oxford Endowment Management Limited and associated entities for the year ended 31 December)	30	18
Total audit fees	1,629	1,514
EU (FP7 and Horizon 2020) and DfE teacher training grant audits	4	108
Other non-audit services	53	25
Total non-audit fees	57	133
Total fees to auditors	1,686	1,647

12. Taxation

	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Current Tax				
UK Corporation Tax	1.9	0.4	-	-
Non-UK Corporation Tax	10.0	5.0	5.2	(0.5)
Taxation charge for the year	11.9	5.4	5.2	(0.5)

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

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

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

Notes to Financial Statements – continued

12. Taxation continued

Factors affecting the tax charge	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Total Comprehensive Income	227.3	96.4	235.0	75.6
Surplus on ordinary activities multiplied by the standard rate of corporation tax of 19% (2019: 19%)	43.2	18.3	44.6	14.4
Less tax due on surplus falling within charitable exemption	(35.8)	(14.9)	(41.3)	(13.6)
Effect of overseas tax rates	4.2	2.8	2.7	0.8
Permanent differences	0.3	(0.8)	(0.8)	(2.1)
Taxation charge for the year	11.9	5.4	5.2	(0.5)

13. Segmental information

The reportable segments for the combined Group are:

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

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

Year to 31 July 2020 Consolidated	University – Academic	University – Press	Eliminations and adjustments	Total
	£'m	£'m	£'m	£'m
INCOME				
External	1,715.1	821.3	-	2,536.4
Transfers between segments	52.6	-	(52.6)	-
Total income	1,767.7	821.3	(52.6)	2,536.4
Total Comprehensive Income for the year	251.6	28.3	(52.6)	227.3
Included in surplus for the year:				
Investment income	98.5	7.9	-	106.4
Depreciation and amortisation	83.4	28.7	-	112.1
Interest payable	36.2	5.8	-	42.0
Gain on investments	(98.4)	4.7	-	(93.7)
(Increases)/decreases in pension provisions	216.5	(44.8)	-	171.7
Additions to non-current assets	89.6	4.3	-	93.9
Assets	6,211.5	924.2	-	7,135.7
Liabilities	(2,250.8)	(476.6)	-	(2,727.4)
Net Assets	3,960.7	447.6	-	4,408.3

Notes to Financial Statements – continued

13. Segmental Information continued

Year to 31 July 2019 Consolidated	University – Academic	University – Press	Eliminations and adjustments	Total
	£'m	£'m	£'m	£'m
INCOME				
External	1,583.9	866.2	-	2,450.1
Transfers between segments	45.7	-	(45.7)	-
Total income	1,629.6	866.2	(45.7)	2,450.1
Total Comprehensive Income for the year	38.8	103.3	(45.7)	96.4
Included in surplus for the year:				
Investment income	97.1	7.5	-	104.6
Depreciation and amortisation	108.5	36.7	-	145.2
Interest payable	29.1	4.0	-	33.1
Gains on investments	236.4	0.7	-	237.1
(Increases)/decreases in pension provisions	(285.9)	4.8	-	(281.1)
Additions to non-current assets	140.6	(22.0)	-	118.6
Assets	5,780.2	895.2	-	6,675.4
Liabilities	(2,071.7)	(422.7)	-	(2,494.4)
Net Assets	3,708.5	472.5	-	4,181.0

Eliminations and adjustments

The following eliminations and adjustments reconcile the total of segment amounts to the consolidated amounts in these financial statements. The Press makes a transfer to the academic University. In 2020 it was £52.6m (2019: £45.7m).



Notes to Financial Statements – continued

14. Intangible assets and goodwill

Consolidated	Negative goodwill £'m	Goodwill £'m	Medical datasets £'m	Software licences £'m	Acquired lists £'m	Total £'m
Cost						
As at 1 August 2019	(5.8)	111.5	-	126.8	140.1	372.6
Exchange adjustments	-	-	-	(1.7)	(5.2)	(6.9)
Additions	-	-	1.6	19.6	9.8	31.0
Completed from assets under construction	-	-	-	0.1	-	0.1
Disposals	-	-	-	(0.7)	(1.8)	(2.5)
As at 31 July 2020	(5.8)	111.5	1.6	144.1	142.9	394.3
Amortisation						
As at 1 August 2019	(5.6)	106.0	-	78.7	119.6	298.7
Exchange adjustments	-	-	-	(1.6)	(4.7)	(6.3)
Charge for the year	-	4.6	-	12.6	5.8	23.0
Disposals	-	-	-	(0.7)	(1.8)	(2.5)
As at 31 July 2020	(5.6)	110.6	-	89.0	118.9	312.9
Carrying Amount						
As at 31 July 2020	(0.2)	0.9	1.6	55.1	24.0	81.4
As at 1 August 2019	(0.2)	5.5	-	48.1	20.5	73.9

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

University	Goodwill £'m	Medical datasets £'m	Software licences £'m	Acquired lists £'m	Total £'m
Cost					
As at 1 August 2019	99.0	-	117.3	138.1	354.4
Exchange adjustments	-	-	(1.2)	(5.1)	(6.3)
Additions	-	1.6	19.4	9.8	30.8
Completed from assets under construction	-	-	0.1	-	0.1
Disposals	-	-	(0.5)	(1.8)	(2.3)
As at 31 July 2020	99.0	1.6	135.1	141.0	376.7
Amortisation					
As at 1 August 2019	93.7	-	69.9	117.6	281.2
Exchange adjustments	-	-	(1.1)	(4.6)	(5.7)
Charge for the year	4.6	-	12.1	5.8	22.5
Disposals	-	-	(0.5)	(1.8)	(2.3)
As at 31 July 2020	98.3	-	80.4	117.0	295.7
Carrying Amount					
As at 31 July 2020	0.7	1.6	54.7	24.0	81.0
As at 1 August 2019	5.3	-	47.4	20.5	73.2

Notes to Financial Statements – continued

15. Property, Plant and Equipment

Consolidated	Land and Buildings				Total £'m
	Freehold	Leasehold	Equipment & machinery	Assets under construction	
	£'m	£'m	£'m	£'m	
Cost					
As at 1 August 2019	1,919.1	33.8	195.1	59.9	2,207.9
Prior Year Correction – Press	(6.9)	6.9	-	-	-
Exchange adjustments	(3.7)	(0.8)	(3.7)	-	(8.2)
Additions	(3.2)	2.5	31.6	107.4	138.3
Completed	33.0	0.1	11.0	(44.2)	(0.1)
Disposals	(0.6)	(1.0)	(43.5)	-	(45.1)
As at 31 July 2020	1,937.7	41.5	190.5	123.1	2,292.8
Depreciation					
As at 1 August 2019	634.2	15.9	110.8	-	760.9
Prior Year Correction - Press	(3.6)	3.6	-	-	-
Exchange adjustments	(1.8)	(0.4)	(3.0)	-	(5.2)
Charge for the year	55.6	3.6	29.9	-	89.1
Disposals	(0.2)	(0.1)	(39.1)	-	(39.4)
As at 31 July 2020	684.2	22.6	98.6	-	805.4
Net book value					
As at 31 July 2020	1,253.5	18.9	91.9	123.1	1,487.4
As at 1 August 2019	1,284.9	17.9	84.3	59.9	1,447.0
Leased assets included above:					
Net book value					
As at 31 July 2020	-	18.9	-	-	18.9
As at 1 August 2019	-	17.9	-	-	17.9

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

Land and buildings (Consolidated and University) includes £96.8m (2019: £96.8m) of freehold land on which no depreciation is charged.

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

Land and buildings (Consolidated and University) include properties financed and occupied by the University on NHS sites with a net book value of £48.1m (2019: £20.4m).

Equipment additions include £2.6m (2019: £3.7m) of labour capitalisation relating to internal IT resource, which has been applied to major IT projects. The

largest spend on a single project was the Graduate Skills Training and Progress Reporting.

The University agreed in 2017/18 that a third party will take over the operation of research assets which had been funded by a government grant received and recorded in the accounts of previous years. This resulted in a write-down of £17.2m of freehold land and equipment in 2017/18 but the legal documentation has not yet been signed, with a date of November 2020 now envisaged for the exchange of contracts.

In November 2000, the University entered into a leasing arrangement with the Saïd Foundation in respect of the Saïd Business School. In accordance with FRS 102, at 31 July 2020 the fixed assets of the University included a cost of £62.7m (2019: £62.7m) in respect of the building.

Notes to Financial Statements – continued

15. Property, Plant and Equipment continued

University	Land and Buildings				Total £'m
	Freehold	Leasehold	Equipment & machinery	Assets under construction	
	£'m	£'m	£'m	£'m	
Cost					
As at 1 August 2019	1,908.8	26.3	178.2	59.0	2,172.3
Prior Year Correction - Press	(3.0)	3.0	-	-	-
Exchange adjustments	(3.2)	(0.3)	(2.4)	-	(5.9)
Additions	(3.2)	1.9	29.7	107.4	135.8
Completed	33.1	0.1	10.2	(43.5)	(0.1)
Disposals	(0.6)	-	(43.1)	-	(43.7)
As at 31 July 2020	1,931.9	31.0	172.6	122.9	2,258.4
Depreciation					
As at 1 August 2019	629.3	15.5	97.8	-	742.6
Prior Year Correction – Press	(2.6)	2.6	-	-	-
Exchange adjustments	(1.7)	(0.2)	(2.0)	-	(3.9)
Charge for the year	55.6	1.4	28.5	-	85.5
Disposals	(0.2)	-	(38.8)	-	(39.0)
As at 31 July 2020	680.4	19.3	85.5	-	785.2
Net book value					
As at 31 July 2020	1,251.5	11.7	87.1	122.9	1,473.2
As at 1 August 2019	1,279.5	10.8	80.4	59.0	1,429.7
Leased assets included above:					
Net book value					
As at 31 July 2020	-	11.7	-	-	11.7
As at 1 August 2019	-	10.8	-	-	10.8

Notes to Financial Statements – continued

16. Heritage assets

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

The cost of new heritage asset acquisitions in

2019/20 was £0.7m (2019:£0.1m). The single largest acquisition was the Papers of the 1st, 4th and 6th Earls of Clarendon for a total of £0.6m, paid for by private donations. Disposals are unlikely as most donations have conditions preventing disposal, however there was a transfer to a college of the Sculpture of Dr John Radcliffe in 2019/20. The costs of donated assets are based on valuations by experts in the relevant field.

Heritage assets	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m	2019/20 £'m
Brought forward	77.0	80.5	85.3	86.8	93.1
Acquisitions purchased with specific donations	-	1.5	0.3	0.1	0.7
Acquisitions purchased with University funds	1.3	0.1	-	-	-
Total cost of acquisitions purchased	1.3	1.6	0.3	0.1	0.7
Value of acquisitions by donation	2.2	3.2	1.2	6.2	1.1
Carried forward	80.5	85.3	86.8	93.1	94.9

Heritage assets of £1.1m were donated in the year (2019: £6.2m). The largest donation was £0.3m for the musical archive of the composer Sir William Sterndale Bennett. These donations are shown as a separate item in the Statement of Comprehensive Income. Expenditure required to preserve heritage assets is recognised in the Statement of Comprehensive Income when incurred.

Notes to Financial Statements – continued

17. Non-current investments

	Note	Consolidated		University	
		2020 £'m	2019 £'m	2020 £'m	2019 £'m
Investments stated at market value:					
Spinout companies		143.6	171.4	139.8	167.4
Investment property		237.7	222.2	237.4	221.8
The Oxford Funds		2,389.7	2,356.1	2,321.5	2,284.6
Global and Private equities		261.6	276.3	261.2	275.9
Other assets		1.3	-	1.3	-
Pledges		62.8	13.7	62.8	13.7
Third-party managed		132.2	137.2	132.2	137.1
Bonds		515.2	520.1	515.1	520.1
Investments stated at cost:					
Subsidiary undertakings		-	-	104.6	109.0
Associated undertakings		11.1	14.0	-	-
Total at end of year		3,755.2	3,711.0	3,775.9	3,729.6
Investment assets held are split between reserves as follows:					
Income and expenditure reserves		2,560.7	2,549.7	2,649.6	2,639.8
Endowment reserves	30	1,194.5	1,161.3	1,126.3	1,089.8
		3,755.2	3,711.0	3,775.9	3,729.6

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

The investment market value gain is shown in Note 7. Investment properties are measured at fair value, based on the valuation undertaken by an independent Chartered Surveyor and updated annually for market movement. A selection of properties are visited and revalued each year, with every property revalued every three years, with other properties valued by a desk based review by the independent Chartered Surveyor.

The main reason for the increase in the Investment properties from £222.2m in 2018/19 to £237.7m

in 2019/20 was that two farms included in the Investment Property Portfolio have been included in draft allocations for residential/commercial development in local Council plans. The value of these two farms has been increased on a fair value basis by £11.5m. This is an accounting estimate of the value of the land reflecting the gross serviced land values and then reduced by estimates of the costs to develop, the uncertainty as to whether detailed plans would be approved and environmental mitigations on the sites. These are all material assumptions and the actual development value of the land and whether the land is developed could be materially different. The assumptions made on the valuation are based on best estimates by an independent valuer as at 31 July 2020.

Notes to Financial Statements – continued

17. Non-current Investments continued

Investment properties	Consolidated £'m	University £'m
Fair value at 1 August 2019	222.2	221.8
Capital expenditure	0.3	0.3
Exchange adjustments	(0.5)	(0.4)
Gain on fair value adjustments	15.7	15.7
Fair value at 31 July 2020	237.7	237.4

The investment in The Oxford Funds is split into the following investment types:	2020 £'m	2019 £'m
Investments stated at market value:		
Investment property	7%	7%
Global and Private equities	25%	24%
Credit	8%	9%
Public equity	53%	54%
Directly held securities	7%	6%

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates

Subsidiaries

As at 31 July 2020 the University exercised control of the following subsidiary undertakings (excluding dormant undertakings):

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

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

OUP Subsidiaries

	Country of incorporation	Nature of activity	% Interest
bab.la GmbH ^{5 6}	Germany	Provision of sales to unrelated parties	100
Dentingán Kejayaan Sdn Bhd ⁶	Malaysia	Property management	100
Epigeum Ltd ⁶	England	Provision of sales to unrelated parties	100
OUP Egypt Ltd	Egypt	Sales, marketing and distribution	100
OUP India Private Ltd ^{5 6}	India	Sales, marketing and distribution	100
OUP Properties SA Proprietary Ltd ³	South Africa	Property management	100
Oxford University Press Argentina S.A. ^{5 6}	Argentina	Sales, marketing and distribution	100
Oxford University Press do Brasil Publicacoes Limitada ^{5 6}	Brazil	Sales, marketing and distribution	100
Oxford University Press (Shanghai) Ltd ^{5 6}	China	Sales, marketing and distribution	100
Oxford University Press (China) Ltd ⁶	China (Hong Kong)	Manufacturing or production	100
Oxford University Press (Cyprus) Ltd ⁶	Cyprus	Sales, marketing and distribution	100
Oxford University Press GmbH ^{5 6}	Germany	Sales, marketing and distribution	100
Oxford University Press India Private Ltd ^{5 6}	India	Administrative, management or support services	100
Oxford University Press Srl ^{5 6}	Italy	Sales, marketing and distribution	100
Oxford University Press Kabushiki Kaisha ⁶	Japan	Sales, marketing and distribution	100
Oxford University Press East Africa Ltd ^{5 6}	Kenya	Sales, marketing and distribution	100
Oxford University Press Korea Ltd ^{5 6}	Korea, Republic of	Sales, marketing and distribution	100
Oxford University Press Lesotho (Proprietary) Ltd ^{5 6}	Lesotho	Sales, marketing and distribution	100
Oxford University Press (Macau) Ltd ^{5 6}	Macau	Administrative, management or support services	100
Oxford Publishing (Malaysia) SDN BHD ^{5 6}	Malaysia	Sales, marketing and distribution	100
Oxford University Press Mexico SA de CV ^{5 6}	Mexico	Sales, marketing and distribution	100
Oxford University Press Namibia (Proprietary) Ltd ^{5 6}	Namibia	Sales, marketing and distribution	100
Oxford University Press Polska sp. z o.o. ^{5 6}	Poland	Sales, marketing and distribution	100
Oxford University Press (Singapore) Pte Ltd ^{5 6}	Singapore	Sales, marketing and distribution	100
Oxford University Press Orbis Proprietary Ltd ^{5 6}	South Africa	Sales, marketing and distribution	100
Oxford University Press España S.A. ^{5 6}	Spain	Publishing	100
Oxford University Press Tanzania Ltd ^{5 6}	Tanzania, United Republic of	Administrative, management or support services	100
Oxford Yayincilik Limited Sirketi ^{5 6}	Turkey	Sales, marketing and distribution	100
Oxford University Press Southern Africa Proprietary Ltd ⁶	South Africa	Sales, marketing and distribution	75
Oxford Fajar SDN BHD ^{5 6}	Malaysia	Sales, marketing and distribution	70
OELT Ltd ⁶	England	Sales, marketing and distribution	100
OUP Group Pension Trustee Ltd	England	Administrative, management or support services	100
Oxford Information Ltd ⁶	England	Sales, marketing and distribution	100
Oxford Publishing Ltd ⁶	England	Holding or managing intellectual property	100
Oxford Reference Ltd ⁶	England	Sales, marketing and distribution	100
Oxuniprint Ltd ⁶	England	Manufacturing or production	100

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

As part of the Crankstart (formerly Moritz-Heyman (see note 30)) endowment the University invests in the Sequoia Heritage fund through SCHF OU, LP. The University has a majority share of the capital and reserves of SCHF OU, LP but has no demonstrable control so it is not treated as a subsidiary, instead it is recognised as an investment asset.

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

Subsidiary undertakings prepare accounts to 31 July each year except for: Press subsidiaries which draw up accounts to 31 March, and Ecosystem Capital Ltd, Endowment Estates Ltd, Oxford University (Beijing) Science and Technology Co Ltd, Oxford University (Suzhou) Science & Technology Co. Ltd, Oxford University Endowment Management Ltd and TOF

Corporate Trustee Ltd which draw up accounts to 31 December each year.

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

² Oxford University Innovation (Hong Kong) Ltd is a wholly-owned subsidiary of Oxford University Innovation Ltd.

³ Registered as an external company in South Africa.

⁴ James Martin 21st Century (UK) Trust is a charitable trust incorporated in the United Kingdom where the University has the power to appoint the majority of the trustees.

⁵ Owned by a subsidiary undertaking.

⁶ Year-end of 31 March - management accounts used to provide 31 July results.

University holdings in subsidiaries	£'m
Cost	
As at 1 August 2019	109.0
Capital reduction	(4.4)
As at 31 July 2020	104.6

Joint ventures

University joint ventures	Proportion of nominal value of ordinary shares held	Country of incorporation	Value as at 1 August 2019	Proceeds	Share of surplus/ (deficit) for year	Value as at 31 July 2020
	%		£'m	£'m	£'m	£'m
ITEXT Limited	50	England	0.5	-	-	0.5
Oxford International AQA Examinations Ltd	50	England	(1.3)	-	(0.9)	(2.2)
African Research Collaboration for Health Ltd	50	Kenya	4.9	-	1.5	6.4
Global Malaria Vaccines GmbH	50	Germany	-	-	-	-
Jenner Vaccine Foundation	50	England	0.6	-	-	0.6
Oxford University Clinic LLP and its subsidiaries	50	England	5.7	(3.0)	(2.7)	-
Oxford University Property Development Ltd and its subsidiary, Oxford University Developments Ltd	50	England	-	-	-	-
SugarOx Ltd	50	England	-	-	-	-
Warneford Park LLP	50	England	-	-	-	-
Total			10.4	(3.0)	(2.1)	5.3

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

Associates

As at 31 July 2020 the University exerted significant influence but not control or joint control over the following associated undertakings (excluding any dormant undertakings).

	Country of incorporation	Nature of activity	% Interest
Designer Carbon Materials Ltd	England	Commercial exploitation of intellectual property	46.9
Lime Biosciences Ltd	England	Research and experimental development in biotechnology	40.0
Oxford University Innovation Technology Transfer (Changzhou) Co. Ltd ⁴	China	Technology transfer	40.0
PalaeoPi Ltd	England	Information technology consultancy activities	33.3
Vaccine Manufacturing and Innovation Centre UK Ltd (limited by guarantee)	England	Manufacture of basic pharmaceutical products	33.0
Smith Institute (limited by guarantee)	England	Knowledge transfer	33.0
Oxford Ancestors Ltd	England	Commercial exploitation of intellectual property	31.6
Oxford University Innovation Technology Transfer (Suzhou) Co. Ltd ⁵	China	Technology transfer	30.0
Oxford Electromagnetic Solutions Ltd	England	Commercial exploitation of intellectual property	26.3
Shenzhen Zhongjin International Technology Transfer Center Ltd ⁶	China	Technology transfer	25.0
TDeltaS Ltd	England	Commercial exploitation of intellectual property	22.0
Rogue Interrobang Ltd	England	Other technology	20.0
Kepler Energy Ltd	England	Commercial exploitation of intellectual property	21.9
Oxford MultiSpectral Ltd	England	Commercial exploitation of intellectual property	21.8
InkPath Ltd	England	Commercial exploitation of intellectual property	21.7
Minervation Ltd	England	Commercial exploitation of intellectual property	21.1
Aurox Ltd	England	Commercial exploitation of intellectual property	20.0

The associated undertakings prepare accounts to various year-ends.

⁴ Oxford University Innovation (Hong Kong) Ltd has established a Sino-foreign joint venture in partnership with the Changzhou Productivity Promotion Centre and Oxtech Investment Consulting (Changzhou), Ltd ("Oxtech"). Oxtech is a company registered in PRC.

⁵ Oxford University Innovation (Hong Kong) Ltd has established a Sino-foreign joint venture in partnership with the Suzhou Dushuhu Lake Science and Education Development Co. Ltd. and Suzhou Oulianke Investment Consulting Co., Ltd ("Oulianke"). Oulianke is a company registered in PRC.

⁶ Oxford University Innovation (Hong Kong) Ltd has established a Sino-foreign joint venture in partnership with Shenzhen Jinyucheng Science and Technology Co., Ltd (Jinyucheng), and Shenzhen Guochuang Joint Science and Technology Investment Co., Ltd (Guochuang). Jinyucheng and Guochuang are companies registered in PRC.

Notes to Financial Statements – continued

Associate valuation	Consolidated £'m
Share of net assets of associate undertakings as at 1 August 2019	0.6
Share of surplus/(deficit) of associate undertakings for the year	(0.1)
Share of net assets of associate undertakings as at 31 July 2020	0.5

19. Inventories and work-in-progress

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Raw materials for publishing	0.9	0.9	0.3	0.2
Work in progress and printed sheets	5.1	6.3	4.2	5.4
Bound books	60.9	67.0	47.4	50.2
Other goods for resale	3.2	3.4	2.0	2.1
	70.1	77.6	53.9	57.9
Intangible assets pre-publication costs	16.3	20.9	15.0	19.8

There is no material difference between the balance sheet value of inventories and their replacement cost.

20. Trade and other receivables falling due within one year

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Research grants receivable	139.1	110.1	139.1	110.1
Prepayments and accrued income	88.8	52.3	78.8	45.6
Derivative financial assets	1.7	1.1	1.7	2.0
Other trade receivables	272.3	312.5	196.5	208.3
Other receivables	88.0	86.8	55.1	58.4
Amounts due from subsidiaries	-	-	60.4	59.5
	589.9	562.8	531.6	483.9

21. Receivables amounts falling due after more than one year

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Derivative financial assets	1.3	0.1	1.3	0.1
Amounts due from subsidiaries	-	-	3.5	26.9
Other receivables	4.8	5.2	4.8	5.2
	6.1	5.3	9.6	32.2

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

Notes to Financial Statements – continued

22. Current investments

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
As at 1 August 2019	176.1	160.5	141.5	108.8
Additions	47.6	15.6	81.2	32.7
At 31 July 2020	223.7	176.1	222.7	141.5

23. Cash and cash equivalents

Consolidated	At 1st August 2019	Cash flows	31st July 2020
	£'m	£'m	£'m
Cash and cash equivalents	506.6	303.4	810.0
Investment assets cash	1.1	(0.4)	0.7
	507.7	303.0	810.7

University	At 1st August 2019	Cash flows	31st July 2020
	£'m	£'m	£'m
Cash and cash equivalents	470.7	252.9	723.6
Investment assets cash	1.1	(0.4)	0.7
	471.8	252.5	724.3

24. Consolidated reconciliation of net debt

	2020 £'m
Net debt as at 1 August 2019	(480.9)
Movement in cash and cash equivalents	303.0
Net debt acquired	(257.9)
Other non-cash changes	2.7
Net Debt as at 31 July 2020	(433.1)

Analysis of net debt	2020 £'m	2019 £'m
Cash and cash equivalents	810.7	507.7
Borrowings amounts falling due within one year		
Unsecured loans	(5.7)	(5.4)
Bank overdraft	(18.2)	(6.5)
Derivatives	(2.7)	(6.4)
Borrowings amounts falling due after more than one year		
Derivatives	(0.7)	(3.4)
Unsecured loans	(216.5)	(222.2)
Bonds	(1,000.0)	(744.7)
Net debt	(433.1)	(480.9)

Notes to Financial Statements – continued

25. Creditors: amounts falling due within one year

	Note	Consolidated		University	
		2020 £'m	2019 £'m	2020 £'m	2019 £'m
Research grants creditors		364.4	336.1	356.8	332.8
Accruals and deferred income		278.9	252.0	282.8	260.1
Capital grants with performance conditions		37.3	11.2	37.3	11.2
Unsecured bank loans	26	5.7	5.4	5.7	5.4
Bank overdrafts		18.2	6.5	-	-
Derivative financial liabilities		2.7	6.4	2.7	6.4
Corporation tax due		15.6	16.5	12.6	14.5
Social security and other taxation payable		28.7	21.6	31.5	22.0
Trade payables		209.1	198.7	185.1	173.9
Amounts due to subsidiaries		-	-	1.1	0.1
		960.6	854.4	915.6	826.4

The figure for Trade and other payables for 2019 has been amended to exclude Corporation tax due of £16.5m as this is now separately disclosed.

26. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Oxford Sciences Innovation plc	20.6	22.9	20.6	22.9
Technikos	0.9	1.7	0.9	1.7
Deferred tax liability	0.2	-	0.4	-
Bank loans	216.5	222.2	216.5	222.2
100-year bonds issued	1,000.0	744.7	1,000.0	744.7
Bond premium account	47.8	-	47.8	-
Other creditors	4.5	5.3	3.0	4.0
Derivative financial liabilities	0.7	3.4	0.7	3.4
Amounts due to subsidiaries	-	-	23.9	23.7
Loan to Blavatnik School of Government	3.0	3.0	3.0	3.0
	1,294.2	1,003.2	1,316.8	1,025.6

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Analysis of unsecured bank loans:				
Due between one and two years	5.9	5.7	5.9	5.7
Due between two and five years	28.4	24.4	28.4	24.4
Due in five years or more	182.2	192.1	182.2	192.1
	216.5	222.2	216.5	222.2

Notes to Financial Statements – continued

26. Creditors: falling due after more than one year continued

	Loan 1	Loan 2	Total
	£'m	£'m	£'m
Bank Loans			
Amount borrowed	25.0	200.0	225.0
Amount outstanding at 31 July 2020	25.0	197.2	222.2
Interest rate	5.07 %	2.55%	-
Final repayment date	June 2047	June 2045	-
Amount due within one year	-	5.7	5.7
Amount due between one and two years	-	5.9	5.9
Amount due between two and five years	-	18.5	18.5
Amount due after five years	25.0	167.1	192.1
	25.0	197.2	222.2

During 2007, the University entered into an agreement with Technikos LLP to fund the Institute of Biomedical Engineering over a 15-year period following completion of a new building. The building was completed on 1 October 2007. Cash of £12.0m had been received from Technikos by July 2010. The total balance that had not been set against costs at 31 July 2020 was £1.7m in Creditors over one year, £0.8m in Creditors under one year.

The University entered into an agreement with Oxford Sciences Innovation plc (OSI) in 2015/16. In return for 50% of its stake in each company spun out from Medical Science and Mathematical Physical and Life Sciences over a period of 15 years, the University received a 5% non-dilutable stake in OSI. This stake was initially valued at £17.5m but additional fund raising has taken place since totalling £15.0m. The investment is treated as deferred income and is released to the Statement of Comprehensive Income over the 15 year period of the agreement. The amount due to be released in 2019/20 is included in Creditors: within one year, with the remaining balance included in Creditors: after more than one year.

Bond

On 9 December 2017, the University issued £750.0m of 2.544% unsecured bonds due December 2117. The bonds were issued at 99.3% of their principal amount and the proceeds of issue, less directly attributable transaction costs amounted to £744.7m. The bonds are listed on the London Stock Exchange. Interest at 2.54% is payable in December each year. Unless previously redeemed, the bonds will be redeemed at their principal amount of £750.0m on 7 December 2117. After initial recognition of the bonds at proceeds of issue less all transactions costs directly attributable to the issue, the bonds are measured at amortised cost using the effective interest rate method. Under this method the discount at which the Bonds were issued and the transaction cost are accounted for as additional interest expense over the term of the bonds.

On 22 January 2020, a further tranche of the bonds were issued with the same terms and repayment date. These bonds were issued at 122.37% of their principal amounts and the proceeds of issue, less directly attributable transactions costs amounted to £0.4m. The premium over the nominal value is held in a Bond Premium account and will be amortised over the life of the bond, reducing the interest charge for these years.

Notes to Financial Statements – continued

27. Financial instruments

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

Financial assets	Note	Consolidated	
		2020 £'m	2019 £'m
Measured at fair value through profit or loss			
Derivative financial assets maturing within 12 months		1.7	1.1
Derivative financial assets maturing after more than 12 months		1.3	0.1
Global & private equities, public equity, spinout companies	17	405.2	447.7
Third-party managed	17	132.2	137.2
The Oxford Funds	17	2,389.7	2,356.1
Bonds	17	515.2	520.1
Measured at undiscounted amount receivable			
Trade and other receivables	20	589.9	562.8
Equity instruments measured at cost less impairment			
Current asset unlisted investments	22	223.7	176.1
		4,258.9	4,201.2

Financial liabilities	Note	Consolidated	
		2020 £'m	2019 £'m
Measured at fair value through profit or loss			
Derivative financial liabilities maturing within 12 months		2.7	6.4
Derivative financial liabilities maturing after more than 12 months		0.7	3.4
Measured at amortised cost			
Bond		1,000.0	744.7
Loans payable	25,26	222.2	227.6
Measured at undiscounted amount payable			
Liabilities due after more than one year		77.7	36.3
Trade and other payables	25	209.1	198.7
		1,512.4	1,217.1

The figure for Trade and other payables for 2019 has been amended to exclude Corporation tax due of £16.5m as this is now separately disclosed.

Derivative financial instruments

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

Nature and extent of risks arising from financial instruments

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

Credit risk

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

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

Notes to Financial Statements – continued

27. Financial instruments continued

	2020	2019
	£'m	£'m
Trade debtors: outstanding invoices	278.6	330.0
Less: provision for impairment of receivables	(6.3)	(17.5)
	272.3	312.5

Trade debtors that are less than 90 days past their due date are not considered impaired unless they are included in the specific provision. At 31 July 2020 trade debtors with carrying value of £111.8m (2019: £59.0m) were past their due date but not impaired.

	2020	2019
	£'m	£'m
Balances against which a provision has been made	8.7	19.9
Balances not past their due date	199.3	297.7
Up to 90 days past due	34.7	57.7
91 to 180 days past due	11.4	30.4
181 to 360 days past due	8.9	17.6
More than 360 days past due	4.0	6.1
	267.0	429.4

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

	2020	2019
	£'m	£'m
The rating of term deposits and cash balances at 31 July were as follows:		
Fitch credit quality rating (short/long term)		
-/AAA	636.9	365.4
F1+/AA	24.2	10.7
F1+/AA-	47.7	37.6
F1/A+	192.1	183.6
F1/A	-	18.2
F2/A	15.0	-
Overseas	29.1	23.7
Total cleared balances	945.0	639.2

Notes to Financial Statements – continued

27. Financial instruments continued

Liquidity risk

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

minimum cash balance of £50 million which provides same-day liquidity, and holds other cash resources which provide access to liquidity at short notice. The academic University has debt obligations which are all repayable on fixed terms and not subject to repayment on demand. Short-term cash and liquidity forecasts are updated daily and longer term forecasts monthly; these forecasts are reviewed by the Head of Treasury on a daily basis and are regularly presented to the Finance Committee of the University.

As at 31 July 2020	Under one year	Between 1 and 5 years	More than 5 years	Total
Bond liabilities	-	-	1,000.0	1,000.0
Bank loans	5.7	34.2	182.3	222.2
Bank overdrafts	18.2	-	-	18.2
Finance leases	-	-	-	-
Other creditors excluding deferred income	183.9	5.2	-	189.1
Total	207.8	39.4	1,182.3	1,429.5

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

Market and price risk

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

The main investment vehicles for the University are The Oxford Funds managed by OUEM. As the investments in The Oxford Funds are held at fair value the changes in price directly affect the University's net assets. This is a key risk to the University because of the significance of the endowments and funds invested and the dependence of plans on maintaining

the value of the endowment in real terms.

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

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

Notes to Financial Statements – continued

27. Financial instruments continued

Foreign currency risk

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

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

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

Consolidated and University	Current		Non-current	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Forward foreign currency contracts for publishing – assets	1.7	1.1	1.3	0.1
Forward foreign currency contracts for publishing – liabilities	(2.7)	(6.4)	(0.7)	(3.4)
Forward foreign currency contracts for research	32.8	31.2	-	-
	31.8	25.9	0.6	(3.3)

These are in the following currencies:

	2020 £'m	2019 £'m
US Dollars	0.9	(3.7)
Euros	(1.1)	29.0
Hong Kong Dollars	(0.4)	0.7
Other	1.0	(3.4)
Total	(0.4)	22.6

The impact on total recognised gains for the year 2019/20 of additional 10% variations in the principal exchange rates would have been:

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

Notes to Financial Statements – continued

27. Financial instruments continued

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

The nominal value of current research hedging contracts in place at 31 July 2020 was £32.8m and the contracts when marked to market showed an unrealised gain of £0.8m. In 2019 the value was £31.2m and the contracts, when marked to market, showed an unrealised gain of £0.7m.

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

Interest rate risk

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

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

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

Fair values

Debtors and current liabilities are stated at book value which are not materially different from fair values. Bond liabilities are measured at amortised cost of £1,000.0m (2019: £744.7m).

Fair value measurements

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

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

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

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

Notes to Financial Statements – continued

27. Financial instruments continued

Valuation at 31 July 2020	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Spinout companies	14.9	-	128.7	143.6
Investment properties	-	-	237.7	237.7
The Oxford Funds*	-	2,389.7	-	2,389.7
Global and private equities	225.5	-	36.1	261.6
Pledges	62.8	-	-	62.8
Third-party managed	-	-	132.2	132.2
Bonds	515.2	-	-	515.2
Other assets	-	-	1.3	1.3
Associated undertakings	-	-	11.1	11.1
Total	818.4	2,389.7	547.1	3,755.2

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

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

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

	2020 £'m	2019 £'m
Fair value at 1 August	564.0	487.2
Purchases less sales proceeds	3.8	14.6
Total gains	(20.7)	62.2
Fair value at 31 July	547.1	564.0

Notes to Financial Statements – continued

28. Pension scheme provisions

Deficit Recovery Plans - Provisions re Defined Benefit Pension Schemes treated as defined contributions schemes

Consolidated	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2019	421.9	45.1	0.9	467.9
Utilised in year	-	-	-	-
(Release)/additions in year	(202.9)	(13.6)	-	(216.5)
Interest release	6.7	0.6	-	7.3
At 31 July 2020	225.7	32.1	0.9	258.7

University	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2019	416.5	45.2	0.8	462.5
Utilised in year	-	-	-	-
(Release)/additions in year	(200.6)	(13.4)	(0.2)	(214.2)
Interest release	6.7	0.6	-	7.3
At 31 July 2020	222.6	32.4	0.6	255.6

The University is a member of the Universities Superannuation Scheme (USS) and Oxford Staff Pension Scheme (OSPS), multi-employer pension schemes both of which are in deficit. The University has recognised a provision for its commitments under the agreed deficit reduction plans for each scheme. As noted in note 38, new deficit recovery plans were agreed for USS and OSPS during the year. In calculating these provisions the University has estimated that salary numbers will increase at an average of 1.6% p.a. for future years for OSPS and 1.6% p.a. for USS and pay and grade inflation rates will increase by 4% p.a. for all staff and the liability is discounted at an appropriate corporate bond rate of 1.6% (2019: 1.6%) for USS and at 1.25% for OSPS. A sensitivity analysis to changes in salary and discount rate changes is shown in note 38 for both schemes.

The University (including the Press) has also recognised a provision in respect of pension provisions for retired staff members of Federated Superannuation System for Universities and Employees Pension Scheme who receive pension supplements and other unfunded commitments (see note 38).

Notes to Financial Statements – continued

28. Pension scheme provisions continued

Defined Benefit Pension Scheme Provisions as defined benefits – Press

	Consolidated £'m	University £'m
At 1 August 2019	147.9	147.9
Employer contributions in excess of service charge	-	-
Net interest on net defined benefit liability	3.1	3.1
Remeasurement of liability recognised in comprehensive income	44.8	44.8
At 31 July 2020	195.8	195.8

Press pensions

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

The decrease in the actuarial loss in the year was due to the changes in gilt yields and inflation rates.

Fuller details are shown in note 38.

29. Other provisions

Consolidated	Building dilapidation Castle Mill £'m	Building dilapidation Tinbergen £'m	Other £'m	Total £'m
At 1 August 2019	1.9	10.6	8.5	21.0
Transfer(to)/from income and expenditure account	-	-	9.7	9.7
Utilised in year	(1.9)	(7.2)	(3.5)	(12.6)
At 31 July 2020	-	3.4	14.7	18.1

University	Building dilapidation Castle Mill £'m	Building dilapidation Tinbergen £'m	Other £'m	Total £'m
At 1 August 2019	1.9	10.6	3.5	16.0
Transfer (to)/ from income and expenditure account	-	-	2.5	2.5
Utilised in year	(1.9)	(7.2)	(0.4)	(9.5)
At 31 July 2020	-	3.4	5.6	9.0

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

Notes to Financial Statements – continued

30. Endowment Reserves

There are no endowments within the Press.

Permanent endowments

Consolidated	Unrestricted			Restricted			Total
	Capital	Unapplied return	Total	Capital	Unapplied return	Total	
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Capital – Original gift	81.4	-	81.4	320.1	-	320.1	401.5
Capital – Indexation reserve	29.3	-	29.3	69.4	-	69.4	98.7
Unapplied return	-	189.8	189.8	-	305.3	305.3	495.1
31 July 2019	110.7	189.8	300.5	389.5	305.3	694.8	995.3
Investment income less expenses	-	-	-	-	20.6	20.6	20.6
New endowments	0.2	-	0.2	9.5	-	9.5	9.7
Reinvestment of Revenue to Capital	-	-	-	0.1	(0.1)	-	-
Reclassification expendable	-	-	-	-	(1.1)	(1.1)	(1.1)
Transfer and other	(1.4)	1.0	(0.4)	(0.3)	4.0	3.7	3.3
Indexation	1.2	(1.2)	-	4.3	(4.3)	-	-
Market value gains/(losses)	-	0.4	0.4	-	(21.3)	(21.3)	(20.9)
Released to unrestricted reserves	-	(12.0)	(12.0)	-	(18.5)	(18.5)	(30.5)
Balance as at 31 July 2020	110.7	178.0	288.7	403.1	284.6	687.7	976.4
Represented by:							
Capital – Original gift	80.2	-	80.2	329.4	-	329.4	409.6
Capital – Indexation reserve	30.5	-	30.5	73.7	-	73.7	104.2
Unapplied return	-	178.0	178.0	-	284.6	284.6	462.6
	110.7	178.0	288.7	403.1	284.6	687.7	976.4

Notes to Financial Statements – continued

30. Endowment funds continued

University	Unrestricted			Restricted			Total
	Capital	Unapplied return	Total	Capital	Unapplied return	Total	
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Capital – Original gift	30.8	-	30.8	317.4	-	317.4	348.2
Capital – Indexation reserve	15.9	-	15.9	69.4	-	69.4	85.3
Unapplied return	-	179.5	179.5	-	308.3	308.3	487.8
31 July 2019	46.7	179.5	226.2	386.8	308.3	695.1	921.3
Investment income less expenses	-	-	-	-	20.6	20.6	20.6
New endowments	0.2	-	0.2	9.5	-	9.5	9.7
Reinvestment of Revenue to Capital	-	-	-	0.1	(0.1)	-	-
Reclassification expendable	-	-	-	-	(1.1)	(1.1)	(1.1)
Transfer and Other	(1.4)	1.4	-	2.4	1.0	3.4	3.4
Indexation	1.2	(1.2)	-	4.3	(4.3)	-	-
Market value gains	-	1.5	1.5	-	(21.3)	(21.3)	(19.8)
Released to unrestricted reserves	-	(9.0)	(9.0)	-	(18.5)	(18.5)	(27.5)
Balance as at 31 July 2020	46.7	172.2	218.9	403.1	284.6	687.7	906.6
Represented by:							
Capital – Original gift	29.6	-	29.6	329.4	-	329.4	359.0
Capital – Indexation reserve	17.1	-	17.1	73.7	-	73.7	90.8
Unapplied return	-	172.2	172.2	-	284.6	284.6	456.8
	46.7	172.2	218.9	403.1	284.6	687.7	906.6

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

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

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

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

Notes to Financial Statements – continued

30. Endowment funds continued

Restricted expendable endowments	Consolidated			University		
	Capital £'m	Accumulated Income £'m	Total £'m	Capital £'m	Accumulated Income £'m	Total £'m
31 July 2019	200.3	21.4	221.7	200.3	21.4	221.7
New endowments	96.4	-	96.4	96.4	-	96.4
Transfer and Other	(33.9)	40.7	6.8	(33.9)	40.7	6.8
Investment net income	-	7.3	7.3	-	7.3	7.3
Market value losses	-	(8.4)	(8.4)	-	(8.4)	(8.4)
Reclassification permanent	-	1.1	1.1	-	1.1	1.1
Expenditure	(3.0)	(7.3)	(10.3)	(3.0)	(7.3)	(10.3)
Balance as at 31 July 2020	259.8	54.8	314.6	259.8	54.8	314.6

The reserve transfers within both permanent and expendable endowment reserve tables reflect a reclassification of amounts that relate to certain endowment donor matching for teaching posts and graduate scholarships. In earlier years these funds were included as endowments as a result of a divergence between management and financial accounting. While legally restricted for specific teaching posts and graduate scholarships, for financial reporting purposes they are treated as unrestricted reserves and the balances have therefore been transferred to the unrestricted income and expenditure reserve. (See note 32).

Endowment assets

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

Investments	Note	Consolidated		University	
		2020 £'m	2019 £'m	2020 £'m	2019 £'m
The Oxford Funds		957.1	974.7	888.9	903.2
Global equities		1.3	-	1.3	-
Investment property		40.6	39.5	40.6	39.5
Pledges		62.0	13.4	62.0	13.4
Third-party managed		129.6	132.9	129.6	132.9
Short-term bonds		2.9	-	2.9	-
Other assets		1.0	0.8	1.0	0.8
	17	1,194.5	1,161.3	1,126.3	1,089.8
Current asset investments		12.0	15.9	12.0	15.9
Cash and cash equivalents		84.5	39.8	82.9	37.3
Balances as at 31 July		1,291.0	1,217.0	1,221.2	1,143.0

Notes to Financial Statements – continued

30. Endowment funds continued

Endowment purposes

Endowments, both permanent and expendable, fall into the following categories for the year to 31 July 2020.

	Balance at 1 August 2019	Investment losses	Investment income less expenses	New endowments	Expenditure and transfer	Balance at 31 July 2020
	£'m	£'m	£'m	£'m	£'m	£'m
General academic	309.4	(4.7)	5.3	58.0	(12.9)	355.1
Academic posts	509.3	(17.8)	14.3	23.1	(14.4)	514.5
Scholarship funds	299.1	(3.6)	5.8	24.6	(0.4)	325.5
Support for libraries and museums	74.6	(2.4)	1.9	0.3	(2.3)	72.1
Societies	9.0	(0.1)	-	0.1	(0.4)	8.6
Prize funds	15.6	(0.7)	0.6	-	(0.3)	15.2
Total	1,217.0	(29.3)	27.9	106.1	(30.7)	1,291.0

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

Material endowments

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

	Reuben College	Nuffield Benefaction	James Martin 21st Century Foundation	Crankstart Scholarship Fund
	£'m	£'m	£'m	£'m
31 July 2019		-		
Capital – Original gift	-	2.8	50.6	74.6
Capital – Indexation reserve	-	0.8	13.4	4.4
Unapplied return	-	103.4	9.9	53.8
	-	107.0	73.9	132.8
New endowments	71.0	-	-	-
Investment gains/(losses) and income	-	29.6	(1.1)	3.6
Expenditure	-	(33.8)	(3.0)	(1.4)
Balance as at 31 July 2020	71.0	102.8	69.8	135.0
Represented by:				
Capital – Original gift	71.0	2.8	50.6	74.6
Capital – Indexation reserve	-	0.9	14.1	5.2
Unapplied return	-	99.1	5.1	55.2
	71.0	102.8	69.8	135.0

The Reuben Foundation have generously donated £80m to the University for the benefit of Reuben College and student scholarships. Of the £80.0m gift, £9.0m will endow the existing undergraduate Reuben Scholarship Programme within the University, and £71.0m will go to the core endowment of Reuben

College with £15.0m ring-fenced for scholarships for graduate students. £30m (£26.2m of the College Gift) of cash has been received to date and the rest is held as accrued income within endowment reserves.

The donor for the Nuffield Benefaction was Lord Nuffield (William Morris). Under the terms of the

Notes to Financial Statements – continued

30. Endowment funds continued

trust deed dated 24 November 1936 the fund is to be used to widen the scope of the Medical School of the University and provide special facilities for research.

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

The Crankstart Scholarship Fund was established in 2012/13 through an endowment gift from the Crankstart Foundation to provide a programme of support for UK resident undergraduate students from disadvantaged backgrounds. Under the terms of the deed of gift, the University is required to commit

matching income annually for the same purpose or other projects to support disadvantaged students or applicants. At the request of the donor, the fund was renamed as the Crankstart Scholarship Fund on 26 July 2019. The opening balance split has been amended to include a gift of £25.0m received in 2018/19 in the Capital – Original gift category which was previously allocated to Unapplied return. The total is unchanged but the split has been amended.

Total return accounting can lead to negative unapplied total return especially in the short term as the total return rate is a long-term rate of return. The University reduces the risk of trust funds eroding their capital by ensuring that accumulated expenditure does not exceed the accumulated income for individual trust funds. There are no trust funds with greater than £0.5m deficit in their unapplied total return (2019: none).

31. Restricted Reserves

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

All reserves generated by the Press are for unrestricted purposes.

Consolidated	As at 31 July 2019	New donations & grants	Restricted expenditure	As at 31 July 2020
	£'m	£'m	£'m	£'m
General academic	22.6	32.0	(15.6)	39.0
Academic posts	4.1	1.9	(2.1)	3.9
Scholarship funds	8.8	6.4	(6.1)	9.1
Support for libraries	1.4	1.5	(1.3)	1.6
Support for museums	1.8	1.8	(1.3)	2.3
Donated heritage assets	61.7	1.1	-	62.8
Mixed use buildings	2.5	-	-	2.5
	102.9	44.7	(26.4)	121.2

University	As at 31 July 2019	New donations & grants	Restricted expenditure	As at 31 July 2020
	£'m	£'m	£'m	£'m
General academic	22.6	32.0	(15.6)	39.0
Academic posts	4.1	1.9	(2.1)	3.9
Scholarship funds	8.8	6.4	(6.1)	9.1
Support for libraries	1.4	1.5	(1.3)	1.6
Support for museums	1.8	1.8	(1.3)	2.3
Donated heritage assets	61.7	1.1	-	62.8
Mixed use buildings	2.5	-	-	2.5
	102.9	44.7	(26.4)	121.2

Notes to Financial Statements – continued

32. Unrestricted Income and Expenditure Reserves

	Consolidated £'m	University £'m
Balance as at 31 July 2019	2,859.3	2,808.4
Reserve transfers	(10.1)	(10.2)
Unrestricted comprehensive income for the year	144.8	148.7
Balance as at 31 July 2020	2,994.0	2,946.9

The Unrestricted Income and Expenditure reserves include £1,442.5m (2019: £1,409.3m) 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 £275.6m (2019: £353.7m) are legally restricted for specific teaching posts and graduate scholarships.

33. Linked Charities

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

£100k publishes information via its gateway page at: www.ox.ac.uk/about/organisation/university-as-a-charity. The financial results of those linked charities are disclosed below.

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

	As at 31 July 2019	Incoming resources including investment gains	Outgoing resources and expenditure	As at 31 July 2020
	£'m	£'m	£'m	£'m
James Martin 21st Century (UK) Trust	73.9	(1.1)	(3.0)	69.8
The Gray Laboratory Cancer Research Trust	0.2	1.1	(1.0)	0.3
Aggregated into the University Financial Statements:				
University of Oxford Development Trust Fund	1,536.9	88.0	(48.5)	1,576.4
Oxford University Law Foundation	0.9	0.7	(0.6)	1.0
Excluded from the University and Group accounts as they are not controlled by the University:				
Oxford University Boat Club	3.8	0.3	(0.3)	3.8
Oxford University Rugby Club	-	0.6	(0.6)	-
Oxford University Women's Boat Club	0.1	0.2	(0.2)	0.1
Smaller sports charities	0.4	1.5	(1.5)	0.4
Smaller non-sports charities	-	0.7	(0.7)	-
Excluded from the University and Group accounts as the University does not derive direct benefits from their activities:				
Nuffield Dominions Trust	36.5	2.8	(0.1)	39.2
College Contributions Fund	75.4	(0.6)	(2.8)	72.0

Further details about the University's Connected charities are available via the University's gateway page at www.ox.ac.uk/about/organisation/university-as-a-charity.

Notes to Financial Statements – continued

34. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2020.

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
At the end of the year the University had major capital commitments for building projects as follows:				
Contracted for:	88.5	111.4	88.5	111.4

35. Contingent liabilities

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

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

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

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

36. Lease obligations

Total rentals payable under operating leases:

	Land and buildings			
	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Payable during the year	12.3	14.8	7.4	9.4
Future minimum lease payments due:				
Not later than 1 year	15.1	12.1	10.4	7.5
Later than 1 year and not later than 5 years	20.8	30.9	14.5	21.8
Later than 5 years	23.3	32.8	21.6	31.0
Total lease payments due	59.2	75.8	46.5	60.3

Notes to Financial Statements – continued

	Other equipment			
	Consolidated		University	
	2019/20 £'m	2018/19 £'m	2019/20 £'m	2018/19 £'m
Payable during the year	4.5	4.7	3.4	3.6
Future minimum lease payments due:				
Not later than 1 year	1.5	1.6	1.0	1.0
Later than 1 year and not later than 5 years	1.1	1.1	0.8	0.7
Later than 5 years	-	-	-	-
Total lease payments due	2.6	2.7	1.8	1.7

37. Related Parties

During the year ended 31 July 2020 the University had transactions with entities and individuals which fell within the definition of Related Parties under Section 33 of FRS 102. Transactions are disclosed where key management personnel, including all members of Council and other senior members of staff, disclose an interest in a body with which the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party. Due to the nature of the University's operations and the composition of Council (being drawn from colleges and other private and public sector organisations), it is inevitable that transactions

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

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

Related party	Nature of relationship	Income		Expenditure / transfers		Balance due to/(from) the University	
		£'000		£'000		£'000	
		2020	2019	2020	2019	2020	2019
Agency for the Legal Deposit Libraries	Member of Council is a Director	-	-	133	135	(34)	-
British Academy	Member of Council is a Fellow, Head of Division & Member of Council is also a Fellow & Member of OUP is a Director or Trustee	12,636	4,959	208	128	(314)	(329)
British Heart Foundation	Pro-Vice-Chancellor is a Consultant	8,233	12,511	4	6	3,542	2,871
Carnegie Corporation of New York	Member of the University or Senior OUP officer is a Director or Trustee	-	-	14	-	181	-
Cognitive Neuroscience Society	Member of the University or Senior OUP officer is a Director or Trustee	-	-	73	-	169	-
Department for Environment Food & Rural Affairs	Head of Division & Member of Council is a Member of an Advisory Board and Chair of an Expert Group	370	-	8	-	98	-

Notes to Financial Statements – continued

37. Related parties continued

Related party	Nature of relationship	Income		Expenditure / transfers		Balance due to/(from) the University	
		£'000		£'000		£'000	
		2020	2019	2020	2019	2020	2019
GlaxoSmithKline	Head of Division & Member of Council is a Consultant on a GSK Advisory Board	1,284	-	164	-	221	-
Huawei Technologies Co., Ltd	Member of Council is a Consultant for Translation Services Dept, Huawei	61	-	-	-	-	-
Ipsen Bioinnovation Ltd	Pro-Vice-Chancellor is a Consultant for Ipsen	232	-	-	-	58	-
J P Morgan	External Member of Council is a Vice Chairman for J P Morgan Cazenove	257	-	33	-	107	-
James S McDonnell Foundation	Member of Council is an Advisor	74	-	-	-	-	-
Jisc	Pro-Vice-Chancellor and Member of Council is Board Vice Chair & Member of OUP is a Director or Trustee	77	18	2,755	1,562	(37)	(86)
John Wiley & Sons Ltd	Member of Council is an Executive Editor & Member of OUP is a Director or Trustee	293	275	902	1,139	(17)	(39)
Journal of Cognitive Neuroscience	Member of the University or Senior OUP officer is a Director or Trustee	-	-	73	-	169	-
Northwestern University	Member of Council is an Adjunct Professor	25	-	1	-	-	-
Oxford Archaeology Limited	Member of Council is a Trustee	12	14	16	83	-	4
Oxford Playhouse Trust	Member of Council is on the Board	6	-	191	(2)	-	(2)
Oxfordshire Local Enterprise Partnership Ltd (OxLEP)	Pro-Vice-Chancellor is a Member	300	-	13	-	(6)	-
Peters Fraser & Dunlop	Member of the University or Senior OUP officer is a Director or Trustee	-	-	208	(42)	-	(42)
Primary Care Research Trust of Birmingham and Midlands	Member of Council is a Director	23	-	-	-	-	-
Princeton University Press	Member of the University or Senior OUP officer is a Director or Trustee	979	-	1	(1)	(343)	(1)
Radboud University Nijmegen	Member of Council is a visiting Scholar	57	-	96	-	-	-
Radioactive Waste Management Limited	Pro-Vice-Chancellor is a Non-Executive director	295	10	-	-	-	-
Rolls-Royce plc	Pro-Vice-Chancellor is a Consultant	4,333	2,978	-	-	726	327
Society for Neuroscience	Member of Council is a Member & Member of OUP is a Director or Trustee	-	-	74	-	56	-
The Academy of Medical Sciences	Member of Council is a Council Member	282	616	15	8	(22)	34
The Conversation Trust (UK) Limited	Head of Division & Council Member is on the Editorial Board	-	-	21	-	(5)	-
The Rhodes Trust	Head of Division & Council Member is a Trustee	310	-	911	-	-	-
The Russell Group of Universities	Vice-Chancellor & Council Member is a Board member	-	-	80	80	-	-

Notes to Financial Statements – continued

37. Related parties continued

Related party	Nature of relationship	Income		Expenditure / transfers		Balance due to/(from) the University	
		£'000		£'000		£'000	
		2020	2019	2020	2019	2020	2019
The Sutton Trust	Vice-Chancellor & Council Member is a Trustee	22	-	1	-	22	-
UK Biobank Limited	Member of Council is a CEO & PI	1,919	1,439	153	3,060	210	214
University and College Union	Member of Council is a Member	42	41	-	-	4	10
Transactions with joint ventures and associates:							
Jenner Vaccine Foundation	Joint Venture	32	70	-	-	17	3
Oxford University Clinic LLP	Joint Venture	17	15	-	-	6	-

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

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

Research Councils

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

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

Income	2020	2019
	£'m	£'m
Medical Research Council	50.1	56.3
Science and Technology Facilities Council	9.1	11.3
Engineering and Physical Sciences Research Council	50.5	50.6
Arts and Humanities Research Council	3.1	2.7
Biotechnology and Biological Sciences Research Council	11.0	14.3
Natural Environmental Research Council	6.1	6.7
Economic and Social Research Council	5.8	6.0
	135.7	147.9

Colleges

The 36 external colleges of the University of Oxford are independent legal institutions and are therefore not included in the financial results of the University. Whilst the University has no financial responsibility for the colleges, the collegiate nature of Oxford gives rise to financial interaction between the University and colleges. During the year the University paid £96.8m to the colleges via its Joint Resource Allocation Method (JRAM) (see note 11) out of OfS/Research England funding and fee income (2019: £56.9m). As noted in note 2, this transfer has increased in 2019/20 due to the new single course fee being charged to

matriculated students replacing separate University and college fees. The majority of the increase in the transfer is due to this change.

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

Notes to Financial Statements – continued

37. Related parties continued

Other areas of interaction with the colleges are as follows:

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

Other external funds/trusts: Certain external trusts provide research and other funding to the University and some colleges. A number of these trusts (note 30) are allowed to participate in the Oxford Fund's Collegiate Feeder.

Other related parties

The University of Oxford, in the form of 'The Chancellor, Masters and Scholars of the University of Oxford', is the ultimate controlling entity of the group consolidated into these Financial Statements. It has a number of wholly owned subsidiaries, as set out in note 18, which as per Section 33 of FRS 102 are not considered to be related parties.

During the year, the University made grants and other payments totalling £755.0k (2019: £748.0k) to the Oxford SU (formerly OUSU) and its wholly-owned subsidiary.

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

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

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

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

Notes to Financial Statements – continued

38. Pension schemes

The University participates in three principal pension schemes for its staff - the Universities Superannuation Scheme (USS), the University of Oxford Staff Pension Scheme (OSPS) and the Oxford University Press (OUP) Group scheme (for UK employees). The schemes are contributory mixed benefit schemes (i.e. they provide benefits on a defined benefit basis – based on length of service and pensionable salary and on a defined contribution basis – based on contributions into the scheme). The assets of the schemes are each held in separate trustee-administered funds. USS and OSPS are multi-employer schemes and the University is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, the University accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period. The OUP Group scheme is a single employer scheme under FRS102 and is therefore accounted for as a defined benefit scheme.

In the event of the withdrawal of any of the participating employers in USS or OSPS, 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.

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

The University also has a small number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS), the Superannuation Arrangements of the University of London (SAUL) and the Medical Research Council Pension Scheme (MRCPS). The University's participation in NHSPS is in respect of employees who meet certain eligibility criteria, including being an active member of the scheme prior to joining the University. The University's participation in SAUL is in respect of employees of the Gray Laboratory Cancer Research Trust which

was acquired by the University on 30 June 2006. The University's participation in MRCPS is in respect of employees whose units transferred from other MRC funded institutions. Pension schemes are also provided for employees contracted in other countries according to the laws and regulations of those countries.

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

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

Actuarial valuations

The last full actuarial valuation of the NHSPS was performed as at 31 March 2016. The 2016 valuation reported scheme liabilities of £297.5 billion. There are no underlying assets, and therefore no surplus or deficit was reported except on a purely notional basis. An accounting valuation of the scheme liability is carried out annually by the scheme actuary, whose report forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. The actuary agreed that the employer contributions rate would increase from 14.3% from 1 April 2015 to 20.6% from 1 April 2019. The increase in costs is split between foreseen costs of a 2.5 percentage point increase in employer contributions, with the remaining 3.8 percentage points constituting the unforeseen costs. Employers, such as the University, have continued to pay 14.3% since 1 April 2019 with the DHSC paying the balance. However, the 2.5% foreseen cost will be recouped by a corresponding reduction to the funding the University will receive. The Department of Health and Social Care (DHSC) is currently considering the optimum way of recouping the costs for those organisations which do not directly receive funding from the DHSC. The University will receive funding support for the unforeseen costs in 2019/20. NHSPS is in a similar position to USS in that in the event of the withdrawal of a participating employer the remaining participating employers will assume responsibility for any increased contributions arising.

Notes to Financial Statements – continued

38. Pension schemes continued

The last full actuarial valuation of SAUL was performed as at 31 March 2017. The 2017 valuation reported a surplus on a technical provisions basis of £56.0m and was 102% funded. The employers have continued with the same level of contributions given the size of the surplus. From 1 April 2016 the employers' contribution rate increased by 3% to 16% for the period to 31 March 2020 with the then deficit recovery plan. On 1 April 2016 a number of changes were made to the benefits provided including closure of the final salary plan, with all members now building up benefits on a Career Average Revalued Earnings basis at an accrual rate of 1/75ths. In SAUL the amount of any pension funding

shortfall in respect of any withdrawing participating employer will be charged to that employer.

Qualified actuaries periodically value the USS, OSPS, MRCPS, OUP group and SAUL schemes using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date, the results of the latest actuarial valuations and the assumptions which have the most significant effect on the results are

	USS	OSPS
Date of valuation:	31/03/2018	31/03/2019
Date valuation results published:	16/09/2019	19/06/2020
Value of liabilities:	£67.3bn	£848m
Value of assets:	£63.7bn	£735m
Funding surplus / (deficit):	(£3.6bn) ^a	(£113m) ^f
Principal assumptions:		
• Investment return	CPI - 0.73% to CPI + 2.52% p.a. ^b	-
• Rate of interest (periods up to retirement)	-	Gilts' +2.25%
• Rate of interest (periods after retirement)	-	Gilts' + 0.5%
• Rate of increase in salaries	CPI + 2%p.a. ^c	RPI + pa
• Rate of increase in pensions	CPI p.a. ^d	Average RPI/CPI pa
Mortality assumptions:		
Assumed life expectancies on retirement at age 65	-	-
• Males currently aged 65	24.4 yrs	21.7 yrs
• Females currently aged 65	25.9 yrs	24.4 yrs
• Males currently aged 45	26.3 yrs	23.0 yrs
• Females currently aged 45	27.7 yrs	25.8 yrs
Funding ratios:		
• Technical provisions basis	95%	87%
• Statutory Pension Protection Fund basis	76%	74%
• 'Buy-out' basis	56%	60%
• Estimated FRS 102 total funding level	77%	82%
Recommended employer's contribution rate (as % of pensionable salaries):	21.0 % increasing to 23.7% by 01/10/21	19%
Effective date of next valuation:	31/03/2020 ^e	31/03/2019

Notes to Financial Statements – continued

38. Pension schemes continued

a. USS's actuarial valuation as at 31 March 2019 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 were calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a., with the threshold applying from 1 October 2016; member contributions were 8% of salary, increased to 8.8% on 1 April 2019, 9.6% on 1 October 2019 and are due to increase on 30 September 2021 to 11.0%; a defined contribution benefit for salary above the salary threshold at the total level of 20% of salary in excess of the salary threshold. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. After allowing for those changes, the actuary established an employer contribution rate of 18% p.a. of salaries for the period from 1 April 2016 to 31 March 2019 19.5% from 1 April to 30 September 2019, 21.1% from 1 October 2019 to 30 September 2021 and a long-term rate of 23.7%. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of 2% from 1 October 2019 to 30 September 2021 and 6% p.a. of salaries from 1 October 2021. At 31 March 2020 USS undertook a new valuation, this is not complete.

b. The discount rate (forward rates) for the USS valuation was:

Years 1–10: CPI + 0.14% reducing linearly to CPI – 0.73%, Years 11–20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21, Years 21 +: CPI + 1.55%

The discount rate (forward rates) for the USS valuation was:

Years 1–10: CPI + 0.14% reducing linearly to CPI – 0.73%, Years 11–20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21, Years 21 +: CPI + 1.55%

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

d. As noted above (note a) the total USS employer contribution rate of 19.5% of salaries include provisions for the cost of future accrual of defined benefits (DB) (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards defined contribution benefits including employer matching contributions and certain investment management costs relating to the DC section. The 2018 actuarial valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, with which to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

e. Pensions increases (CPI) for the USS valuation were: term-dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

f. OSPS' actuarial valuation as at 31 March 2019 identified a required long-term employer contribution rate of 17.3% of total pensionable salaries, with a funding deficit of £113m. The valuation results reflect agreed benefits that were agreed following an Employers' consultation in early 2017, including from 1 April 2017 a change in indexation based on the average of RPI and CPI; from 1 October 2017 a defined contribution section for new entrants and from 1 April 2018 breaking the final salary link for certain members and increased employee contributions. The actuary has certified that the recovery plan should eliminate the deficit by 31 January 2028. The next triennial valuation is due with an effective date of 31 March 2022.

g. As noted above (note f), the OSPS employer contribution rate required for future service benefits in the defined benefit section alone is 19.0% of total pensionable salaries from 1 April 2018. It was agreed that the employer contribution rate would be 19.0% for both defined benefits members and defined contributions members who join on or after 1 October 2017. Part of the contribution for defined contribution members would be paid to the defined benefit section to cover the deficit recovery plan, the provision of ill-health and death-in-service benefits and the expenses of administering the defined contribution section. The

Notes to Financial Statements – continued

38. Pension schemes continued

latest available complete actuarial valuation of the USS Retirement Income Builder section of the Scheme is at 31 March 2018 (“the valuation date”), which was carried out using the projected unit method.

h. The discount rate for the OSPS valuation was:

Pre-retirement: Equal to the UK nominal gilt curve at the valuation date plus 2.25% p.a. at each term. Post-

retirement: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

i. Increases to pensions in payment for the OSPS valuation were: RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. at each term. CPI inflation is

derived from the RPI inflation assumption, less the Scheme Actuary’s best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019). For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary’s best estimate of inflation volatility as applies from time to time

j. The USS and OSPS employer contribution rates include provisions for the cost of future accrual of defined benefits, deficit contributions, administrative expenses and defined contributions.

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:

USS		
Assumption	Change in assumption	Impact on USS liabilities
Initial discount rate	increase by 0.1%	decrease by £1.2 bn
Asset values	reduce by 10%	increase by £6.4 bn
RPI inflation	increase by 0.1%	decrease by £0.7 bn
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £1.6 bn
OSPS		
Assumption	Change in assumption	Impact on OSPS liabilities
RPI inflation	increase by 0.25%	increase by £40m
Valuation rate of interest	decrease by 0.25%	increase by £45m

Deficit Recovery Plans

In line with FRS 102 paragraph 28.11A, the University has recognised a liability for the contributions payable for the agreed deficit funding plan. The principal assumptions used in these calculations are tabled below:

	2020		2019	
	OSPS	USS	OSPS	USS
Finish date for deficit recovery plan	31/01/2028	31/03/2028	30/06/2026	31/03/2031
Average staff number increase	1.53%	1.53%	1.60%	1.60%
Average staff salary increase	3.67%	3.67%	4.00%	4.00%
Average discount rate over period	0.74%	0.73%	1.25%	1.60%
	£'m	£'m	£'m	£'m
Effect of 0.5% change in discount rate	0.8	5.3	1.1	18.4
Effect of 1% growth in pay levels	1.7	10.8	2.9	36.8
Effect of 1% change in staff growth	2.1	11.0	2.2	35.9

A provision of £757.5m has been made at 31 July 2020 (2019: £467.9m) for the present value of the estimated future deficit funding element of the contributions payable under these agreements, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

Notes to Financial Statements – continued

38. Pension schemes continued

Pension charge for the year

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

Scheme	2019/20 £'m	2018/19 £'m
Universities Superannuation Scheme	(107.7)	366.8
Press Group scheme - UK	15.4	14.1
Press Group – Overseas schemes	6.8	7.7
University of Oxford Staff Pension Scheme	-	16.2
NHS Pension Scheme	4.1	4.1
MRC	0.4	0.5
Other schemes – contributions	0.2	0.1
Total	(80.8)	409.5

These amounts include £13.5m (2019: £14.2m) contributions payable to defined contribution schemes at rates specified in the rules of those plans.

Included in other creditors are pension contributions payable of £14.2m (2019: £12.7m).

Defined benefit schemes accounted for as such

Press Pensions

The Press operates a number of staff retirement schemes throughout the world. The total pension cost for the group charged to operating profit was £22.2m, of which £6.8m relates to overseas schemes. Of the amount charged to operating profit £10.3m represents

contributions payable to defined contribution schemes at rates specified in the rules of those plans.

Amounts recognised in the Statement of Financial Position were as follows:

Scheme	2020 £'m	2019 £'m
Group Pension Scheme		
Present value of funded obligations	(918.0)	(842.8)
Fair value of scheme assets	729.4	702.7
	(188.6)	(140.1)
Overseas schemes		
Present value of funded obligations	(8.4)	(10.3)
Fair value of scheme assets	7.2	8.3
	(1.2)	(2.0)
Present value of unfunded obligations	(6.1)	(5.8)
	(195.9)	(147.9)
Amounts in the balance sheet		
Liabilities	(932.5)	(858.9)
Assets	736.6	711.0
	(195.9)	(147.9)
Amounts recognised in the Statement of Comprehensive Income were as follows:		
Current service cost	(22.2)	(22.6)
Net interest on net defined benefit liability	(3.1)	(3.9)
Total	(25.3)	(26.5)

Notes to Financial Statements – continued

38. Pension schemes continued

Included in employee contributions in the year was £2.5m (2019: £2.8m) relating to the salary sacrifice scheme.

The actuarial net liability at 31 July 2020 was £195.9m (2019: £147.9m) and comprised a net liability relating to the Group Pension scheme of £188.6m (2019: £140.1m), and net liabilities on other schemes of £7.3m (2019: £7.9m).

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

shortfall the Press agreed to pay, under the recovery plan, an additional contribution of £20.0m in January 2019 and annual contributions of £4.0m from 1 April 2018 until 31 March 2026; the Press also agreed to increase employer contributions from 19% to 19.5% of pensionable salaries from 1 April 2019.

All regular contributions due between 1 August 2019 and 31 July 2020 were collected in full. At the valuation date, based on market conditions at that date, the funding shortfall was expected to be eliminated by 31 March 2026 at the latest. For the year beginning 1 August 2020, based on the estimated pensionable salaries at that date, it is expected that the Press will contribute about £10.5m into the Scheme.

There is a charge of £75m in favour of the Trustees over specified Press Delegate’s Property and Reserve Fund (DPRF) assets as protection against any outstanding past service deficit. The charge was increased from £50.0m on 15 April 2019 as part of the Recovery Plan following the Technical Provision valuation of the Scheme at 31 March 2018.

Changes in the present value of the defined benefit obligation of the Group Pension Scheme were as follows:	2019/20	2018/19
	£m	£m
Plan liabilities at 1 August	842.8	758.9
Employer service cost	11.5	10.1
Interest cost	17.7	19.3
Plan participants’ contributions	2.7	2.9
Remeasurement of the defined benefit obligation	58.6	65.0
Scheme introductions, changes, curtailments and settlements	-	1.7
Benefits paid from plan assets	(15.3)	(15.1)
Plan liabilities at 31 July	918.0	842.8

Changes in the fair value of the Group Pension Scheme assets were as follows:	2019/20	2018/19
	£m	£m
Market value at 1 April	702.7	597.0
Interest income	14.7	15.5
Return on scheme assets greater/(less) than discount rate	13.4	70.7
Benefits paid from plan assets	(15.3)	(15.1)
Employer contributions	11.2	31.7
Employee contributions	2.7	2.9
Market value at 31 March	729.4	702.7

The group expects to contribute £10.5m to the Group Pension Scheme in the year.

Notes to Financial Statements – continued

38. Pension schemes continued

The major categories of the Group Pension Scheme assets as a percentage of total scheme assets were as follows:	2020	2019
Equities	21.8%	22.4%
Corporate bonds	8.7%	7.9%
Gilts	0.3%	0.5%
Property	3.1%	3.5%
Multi-asset funds	19.1%	18.5%
Hedge funds	17.2%	6.8%
Indexed-linked bonds	34.4%	33.3%
Cash and other	5.4%	7.1%
	100.0%	100.0%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) in relation to the Group Pension Scheme were:	2020	2019
Discount rate	1.7%	2.1%
Price inflation (RPI)	3.1%	3.4%
Price inflation (CPI)	2.3%	2.4%
Rate of salary increase*	3.8%	3.9%
Pension increases for in-payment benefits	2.3%	2.4%
Pension increases for deferred benefits	2.3%	2.4%
Scheme participant census date	31/3/2018	31/3/2018

*Plus promotional salary scale

At 31 March 2020, the methodology for calculating the discount rate changed. The bonds used to calculate the discount rate now exclude bonds issued by quasi-governmental entities that are arguably not corporate entities for the purpose of establishing the discount rate under FRS 102 paragraph 28.17. This methodology also uses a more cautious extrapolation method than the prior year's methodology.

Expected lifetime

The expected lifetime of a participant who is age 60 and the expected lifetime (from age 60) of a participant who will be aged 60 in 15 years are shown in years below. The mortality tables used for the 2018 FRS102 disclosures are the SAPS2 normal tables based on amounts, with multipliers of 91% for males and

88% for females. Allowance has been made for future improvements in line with CMI core projections (CMI 2017) with a 1.25% p.a. long term trend from 2007 and 2018 and CMI 2019 core projections with a 1.25% p.a. long term trend from 2018.

Age	FRS 102 assumptions			
	Males		Females	
	2020	2019	2020	2019
60	27.1	27.0	29.5	29.4
60 in 15 yrs	28.2	28.1	30.7	30.5

Notes to Financial Statements – continued

38. Pension schemes continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are estimated below:		
Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by c. 2.2%
CPI Inflation	Increase/decrease by 0.1%	Increase/decrease by c. 2.2%
Salary	Increase/decrease by 0.1%	Increase/decrease by c. 0.3%
Base table multipliers	Increase/decrease by 5%	Decrease/increase by c. 1.4%
Future mortality improvements	1.25% p.a. to 1.5% p.a. long-term trend	Increase by c. 1.1%

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

A copy of the full actuarial valuation report and other further details on the scheme are available on the relevant websites: www.uss.co.uk, www.nhsbsa.nhs.uk/Pensions, www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps/, www.saul.org.uk/, www.ouppensions.com/

39. Access and participation expenditure

	Consolidated		University	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Access Investment	5.1	-	5.1	-
Financial Support provided to students from underrepresented and disadvantaged groups	7.5	-	7.5	-
Support for disabled students	0.4	-	0.4	-
Research and evaluation of access and participation activities	0.3	-	0.3	-
	13.3	-	13.3	-

Access and participation costs are based on actual costs but where staff roles or activity are not fully focused on Access and Participation related activity estimations on the proportion of staff time and activity costs have been made.

The Access Investment is expenditure on activities and measures that support the ambitions set out in the University's access and participation plan.

Note that Access and Participation plans were not in place prior to 1 August 2019 and therefore comparative figures are not available.

Notes to Financial Statements – continued

40. Post-balance sheet events

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes – reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. As an early indication of the scale of the impact though, it has been estimated that the cost of continuing to offer current benefits in this context could reach between 40.8% and 67.9% of payroll. However this range is purely an illustration and is before any other measures are considered to reduce the deficit and is still being widely debated across the sector and by the Trustee of the Pension Scheme. For the 2019/20 financial year however, this is considered a non-adjusting event.



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