



Financial Statements 2016/17



University of Oxford

Financial Statements 2016/17



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Contents

Introduction	1
Financial Highlights	1
Four-Year Summary of Key Statistics	3
Strategic Review	4
Financial Review	18
Corporate Governance Statement	22
Membership of Council	24
Risk Management Statement	26
Statement of Internal Control	27
Independent Auditor's Report to Council	28
Consolidated and University Statements of Comprehensive Income	30
Consolidated and University Statements of Changes in Reserves	31
Consolidated and University Balance Sheets	32
Consolidated Statement of Cash Flows	33
Statement of Accounting Policies	34
Accounting Judgments and Estimates	42
Notes to the Financial Statements	43
Oxford University Press: Financial Report Extracts	73

Introduction

In the financial year 2016/17 the University generated a total comprehensive income of £219.7 million and managed total funds of £3.2 billion. Total income increased by 6% to £1.4 billion and total donations raised by the Oxford Thinking Campaign reached £2.7 billion. The Oxford Endowment Fund achieved a return of 13.4% and the University invested £139 million in fixed assets.

Financial Highlights



£565m

Income from research grants and contracts



6%

Increase in income to
£1.4bn



13.4%

The return achieved by the Oxford Endowment Fund



£2.7bn

Total raised towards
£3bn
campaign goal



£220m

Total comprehensive income

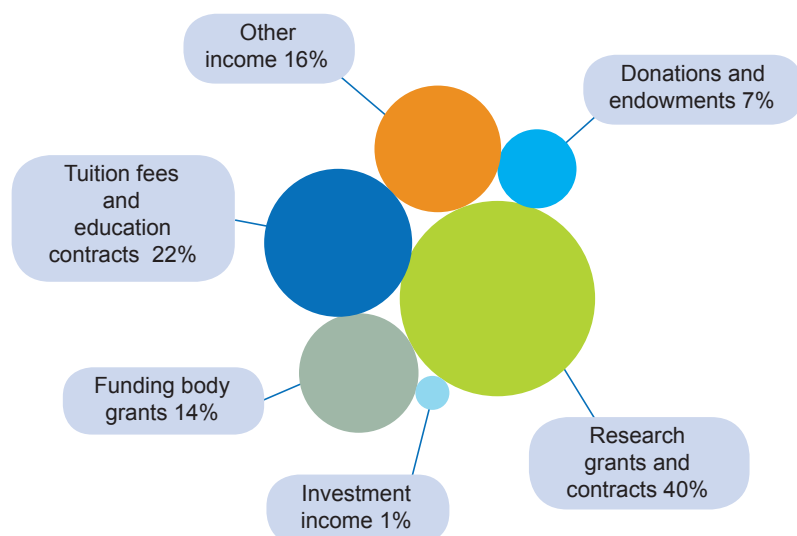


£139m

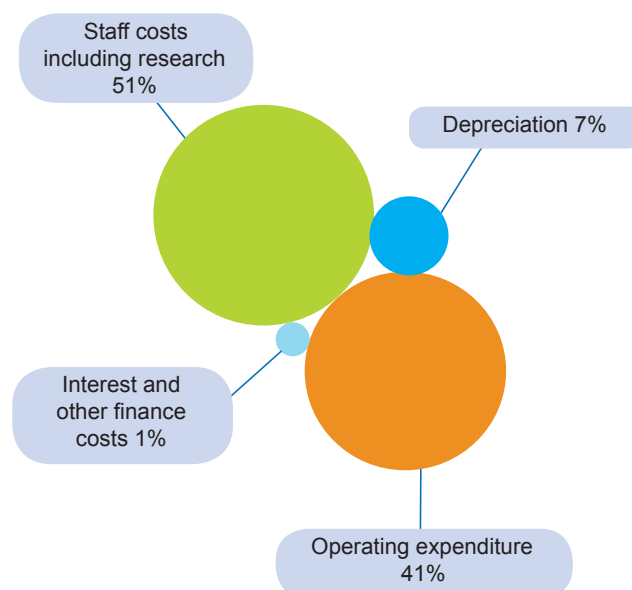
Capital investment

Consolidated University Income and Expenditure 2016/17

Income



Expenditure



Key achievements

120,000 school children participated in educational sessions in the University's museums

Out of £60.9 million spent on bursaries and scholarships, £6.2 million was distributed to 2,300 undergraduate students

Launch of **OSCAR** (the Oxford Suzhou Centre for Advanced Research), a major new research centre in Suzhou, near Shanghai

Over 95% of Oxford leavers are employed or in further study six months after graduating

Oxford University Innovation (OUI), the research commercialisation office of Oxford University, was named **Technology Transfer Office of the Year** at the Global University Venturing Awards

Oxford ranked number 1 in the Times Higher Education World University Rankings

Opened the world's largest health big data institute, the Li Ka Shing Centre for Health Information and Discovery

According to the Research Excellence Framework Oxford has the largest volume of world leading research in the country

Since its inception in 2010, UNIQ Summer School brought **6,375 state school pupils to Oxford** for a summer programme

The Ashmolean succeeded in raising the **£1.35 million** needed to buy King Alfred's coins, supported by over **700 members** of the public

Financial support of up to **£11,000 per year** available for undergraduate students from disadvantaged backgrounds

Oxford manages over 2,800 patents and spun out 21 new companies in 2017

Four-Year Summary of Key Statistics

Year ended 31 July	2014 £'m	2015 £'m	2016 £'m	2017 £'m
Funding body grants	217.1	186.1	192.5	194.6
Academic fees and support grants	235.9	265.7	293.5	307.2
Research grants and contracts	471.4	608.0	537.4	564.9
Other income	239.8	345.7	213.0	227.7
Investment income	30.3	4.7	8.8	14.4
Donations and new endowments	34.5	113.7	76.6	91.6
TOTAL INCOME	1,229.0	1,523.9	1,321.8	1,400.4
TOTAL EXPENDITURE	1,146.3	1,318.5	1,336.5	1,397.0
SURPLUS/(DEFICIT) BEFORE OTHER GAINS	82.7	205.4	(14.7)	3.4
TOTAL COMPREHENSIVE INCOME	93.5	392.3	172.9	219.7
Net cash flow from operating activities	10.6	167.6	35.5	46.7
Non-current assets	2,802.1	3,199.7	3,468.7	3,610.7
Net current assets/(liabilities)	(222.9)	70.1	9.7	102.6
Long term creditors & provisions	(220.9)	(430.1)	(465.8)	(481.0)
Total Net Assets	2,358.3	2,839.7	3,012.6	3,232.3
Student numbers				
Full-time equivalent students – undergraduates	11,772	11,703	11,603	11,728
Full-time equivalent students – postgraduates	9,850	10,173	10,499	10,941
Visiting and recognised students	494	472	500	526
Total students at 1 December in the financial year	22,116	22,348	22,602	23,195
Average number of staff – full-time equivalent	11,307	11,846	12,378	12,721
Staff costs as a percentage of expenditure	52.0	50.9	50.9	51.2
Size of Estate				
Buildings (square metres, thousands)	636	647	655	659

The four-year summary excludes Oxford University Press.

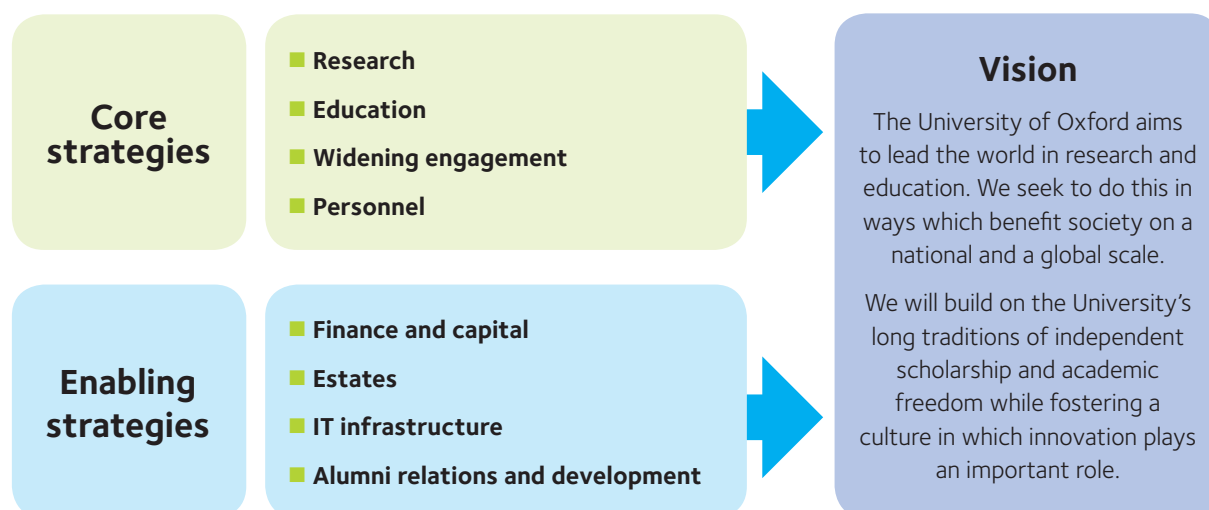
On 30 October 2017 Council approved the inclusion of the financial statements of the Press in 2017/18.

The figures for 2014 have been restated for FRS102 for consistency so are different from the figures which appeared in the published financial statements for 2013/14.

Strategic Review

Organisational overview

Oxford is a collegiate university, consisting of the central University and colleges. The central University is composed of academic departments and research centres, administrative departments, libraries and museums. The 38 colleges are self-governing institutions, which are related to the central University in a federal system. These colleges (with the exception of Kellogg and St Cross) are financially independent and fall outside of the scope of this report.



Public benefit

The principal objectives of the University are the advancement of learning by teaching and research and its dissemination by every means. In its Strategic Plan 2013–18¹, the University sets out its aspirations to:

- develop its capacity to generate and share knowledge in the UK, Europe, and globally, ensuring significant contributions to public policy-making and economic growth;
- work effectively with other institutions and organisations, where such partnerships can lead to outstanding research and teaching;
- fulfil the aims that no potential student should be deterred from applying to Oxford by financial or other barriers and that no student's success should be hampered by financial difficulties;
- ensure, through a commitment to the personal education of each student, a quality of education and experience which enables students to apply the values, skills, and intellectual discipline they have acquired in their future lives and careers, and which generates a lifelong sense of connection with Oxford;
- contribute effectively to the cultural, social, and economic life of the city of Oxford and the Oxfordshire region; and

- recruit and retain the best academic staff and ensure that under-represented groups have equality of opportunity in recruitment, personal development, and career progression in all areas of employment in the University.

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

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

The *Annual Report of the Delegates of the University Press* sets out how Oxford University Press² ('the Press') has furthered the University's charitable purposes for the public benefit. This report is available at: oup.com/about/annualreport.

¹ Available at: www.ox.ac.uk/about/organisation/strategic-plan

Strategic priorities

The following two overarching priorities have been identified for development over the period of the Strategic Plan. These priorities span the University's core strategies and open up the potential for new and enhanced activity on the part of staff and students, departments and colleges.

Priority 1: Global reach

- To develop the University's position as a global forum for intellectual engagement, through the proactive communication of ideas generated at Oxford and through openness to new ideas generated elsewhere.

Priority 2: Networking, communication, and interdisciplinarity

- To build on Oxford's multiple disciplinary strengths and enable collaborations in new and developing areas.

Core strategies

Research

The scale of the University's research activity is substantial: just over 1,800 academics, 5,000 research staff together with 5,900 postgraduate research students are involved, collaborating with other universities and research organisations, healthcare providers (especially the Oxford University Hospitals NHS Foundation Trust), businesses, community groups, charities, and government agencies. According to the 2014 Research Excellence Framework, the official UK-wide assessment of all university research, the University has the largest volume of world-leading research in the country. The public benefits from this research include not only advancing fundamental knowledge but also contributing to better public policy, improved health outcomes, economic prosperity, social cohesion, international development, community identity, the arts, culture and the quality of life.

This environment supports work within the University towards the three research commitments in the Strategic Plan:

- To maintain originality, significance and rigour in research within a framework of the highest standards of infrastructure, training, and integrity.
- To empower the creative autonomy of individuals to address fundamental questions of real significance and applied questions with potential to change the world.
- To maintain and develop resources, and invest in subject areas of long-term worth.

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. There are currently 4,582 active research awards worth £2.8bn. In addition, the Higher Education Funding Council for England ('HEFCE') provides invaluable support through Quality-Related block grant funding and the Higher Education Innovation Fund.

Research highlights for 2016–17

- A new health big data centre was opened with a £20m gift from the Li Ka Shing Foundation. The centre brings together researchers from related teams to analyse biomedical data from hundreds of thousands of people worldwide, speeding up both our understanding of diseases and the development of new treatments for conditions including cancer, Alzheimer's and a number of infectious diseases.
- The creation of the Rosalind Franklin Institute with a £100m investment from the government. This new national research centre is designed to drive advances in health and life sciences through the development of physical science and engineering innovation. Oxford led the proposal developed by a consortium of seven UK HEIs and industry partners.
- Selenium, a new software system for making regular cars into driverless vehicles, developed by the Oxford Robotics Institute and the Oxford spinout *Oxbotica*, was part of a first set of public trials in London and Milton Keynes.
- A major four-year project was launched, funded by the Arts and Humanities Research Council, to investigate the link between modern languages and creativity. The project is responding to the decline of the role of modern languages in schools and society.
- Major new Medical Sciences research awards included Psychiatry – £7.1m, Primary Health Care Sciences – £21.3m, Radiation Oncology – £6.7m and the Weatherall Institute of Molecular Medicine – £6.3m.
- Researchers at the Department of Education led a project developing mobile applications designed to advance the training and supervision of community health workers in Kenya.

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

² In accordance with the University's Regulations, these Financial Statements do not consolidate the accounts of the Press, although extracts from the separate audited accounts of the Press' Trading Operations and Property and Reserve Fund for the year ended 31 March 2017 are set out on pages 73–78. The rest of this Operating and Financial Review does not include the Press unless expressly stated.

The research effort is underpinned by the status of the University as a leader in the international research agenda across the sciences, the social sciences, and the humanities. The benefit to the University – and to the community which it serves – is dependent on its global status, its ability to seek funds from bodies such as the European Union, and the mobility of staff and students across the world. Combined with the introduction of new bodies such as UK Research and Innovation (UKRI) and Research England, the current climate presents challenges to the University's capacity to deliver the research commitments in the Strategic Plan.

Education

The University seeks to recruit the best students from the UK and abroad through transparent and fair admissions processes based on achievement and potential, at both undergraduate and graduate level. This is to support the three education commitments in the Strategic Plan:

- To ensure that our undergraduate and graduate admissions processes identify students with outstanding academic potential and the ability to benefit from an Oxford course whatever their background.
- To ensure that the best Oxford experience is the typical experience, for all undergraduate and postgraduate students, and that Oxford fully equips graduates for the best of the diverse range of opportunities for study and employment available to them.
- To ensure that the unique richness of the collegiate University's academic environment is both retained and refreshed.

Current student numbers

On 1 December 2016, the University had 23,195 registered full-time, part-time and visiting students³. In addition, within the Department for Continuing Education, there were approximately 14,500 enrolments on a range of more than 800 non-award-bearing courses. Further detail on student numbers is available from the Student Statistics webpage⁴.

Undergraduate admissions, outreach and funding

The University is fully committed to widening access to Oxford. Significant outreach activity⁵ takes place across the collegiate University to encourage applications

from academically able students from disadvantaged backgrounds. The total spend on outreach of over £6m well exceeds the Office for Fair Access (OFFA) guidelines. But the challenge of widening access remains considerable: recent changes in secondary school curriculum and assessment have brought disruption to teaching and student attainment that can be difficult for schools in disadvantaged areas to mitigate. This places a greater responsibility on the University to ensure that it reaches out as effectively as possible to students from disadvantaged backgrounds. The University is seeking both to improve the coordination of outreach activity, and to ensure the most effective use of resources in this area.

In 2016/17, the University received 19,938 undergraduate applications (an increase of 4% on the previous year). 62% of UK applicants were from schools in the state sector, and of offers made to UK applicants, 60% were to applicants from the state sector and 58% met the condition of the offer and were accepted. 7,355 applications were received from non-UK (i.e. EU beyond the UK and overseas) applicants, an increase of 5.8% on 2015/16.

The University's UNIQ summer school programme⁶ brought 875 young people from state schools and colleges to Oxford in 2017 for week-long courses. An additional 124 students attended our pilot Spring Conference in April focusing on subject awareness and admissions information. Also in 2017 a pilot summer school targeted at 100 students from rural and coastal communities was run in partnership with the Sutton Trust to celebrate its 20th Anniversary. This year also saw an expansion of targeted activities for UK students from under-represented ethnic minorities and 'cold-spot' regions like the North East, where students are less likely to consider Oxford.

In support of the widening access agenda, the collegiate University provides financial support for UK and EU students through the Oxford Bursary and Tuition Fee Reduction Schemes⁷. In 2016/17, the University provided the lowest-income UK students with financial support of up to £11,000 per student per year. In 2016/17, £6.2m in bursaries and scholarships was distributed to around 2,300 undergraduate students and a further £2.6m in tuition fee reductions was allocated to over 860 undergraduate students. More detail on the activities offered by the University are available at www.ox.ac.uk/admissions/undergraduate/visiting-and-outreach/outreach-events.

³ Excluding those undertaking non-award-bearing courses through the Department for Continuing Education.

⁴ Available at <https://www.ox.ac.uk/about/facts-and-figures/student-numbers>

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

⁶ A residential access programme for high-performing state school students from schools and areas with little or no history of successful application to Oxford.

⁷ These schemes, targeted at students from households where income is below a certain level, provide assistance with living costs at Oxford and, for students who started their course on or after 2012, reduce the amount of tuition fee loan they need to access from the Student Loans Company, thus reducing their overall debt on graduation. Further information is available at: www.ox.ac.uk/students/fees-funding/ug-funding/oxford-support

In 2016/17, the collegiate University will have spent almost 50% of 'additional fee income'⁸ on access measures. Based on current student profiles, around one in four UK undergraduate students at Oxford will receive a bursary (those with household incomes below £42,875).

Graduate admissions and funding

The University has a significant international graduate student population. EU graduate students make up a large proportion of non-UK students and make a very important contribution both to the quality of student experience, and to the University's research capacity and performance. The outcome of the current Brexit negotiations has major implications for the University's ability to continue to be able to attract the best graduate students from the EU. The University is considering very carefully the implications of any changes in the current immigration and fee status of EU students for its tuition fee and financial support strategy.

For 2016/17 entry, applications for graduate study rose by 5.5% compared with 2015/16 entry. Applications from the UK increased by 2.0%, those from the EU beyond the UK by 8.6%, and those from non-EU countries by 6.0%. Applications for 2017/18 entry are up by 5% at around 26,300⁹.

In 2016/17, some £18.5m was awarded in scholarships, supporting more than 950 graduate students. Further information about graduate scholarships available at Oxford can be found at: www.ox.ac.uk/admissions/graduate/fees-and-funding/graduate-scholarships.

Through the Oxford Graduate Scholarship Matched Fund, which offers donors to the collegiate University the opportunity to match their gift with University funds, the University has continued to increase the funding opportunities available to graduate students. Philanthropic donations which will complete this £200m endowment are now being finalised. During 2016/17, over 240 graduate students were supported by these scholarships.

Supporting student success

In 2016/17 the Student Counselling Service saw approximately 10% of the student body, offering 7,674 individual counselling appointments, with most students being seen for one to three sessions. Alongside this, the service ran over 300 workshops and groups on topics such as social anxiety and assertiveness, overcoming procrastination, insomnia, panic, relaxation, and exam anxiety. The service has also focussed on providing welfare training for staff in colleges and departments.

The percentage of the student population contacting the

Student Counselling Service has been increasing at an average of 1.1% over the past five years. The service is committed to monitoring waiting times and offering full assessment to every client. More individual colleges are requesting college-based counsellors which increases provision but presents some logistical challenges.

In 2016/17 approximately 15% of the student population was registered with the DAS. Of these, the largest proportion (29%) disclosed a Specific Learning Difficulty (SpLD) and 25% disclosed a mental health difficulty. Continual changes to the Disabled Student's Allowance (DSA) has led to a degree of uncertainty about government support for disabled students and substantial increases in administrative operating burden; this remains a key challenge for the forthcoming year and beyond.

Government funding has been withdrawn for certain types of support already, and it is likely that funding for Mentoring and SpLD Tuition will also cease, and the University will be expected to cover the costs. Substantial changes to the way that the DAS delivers its services will be necessary, and work began on defining a new vision this year. Additional funding has recently been allocated to support students with mental health disabilities.

Equipping students for future study and employment

The University seeks to provide an excellent education for all its students and to help equip them with the skills and knowledge to succeed in future study or employment. This challenge has grown as global competition for study places and jobs has increased. The University will continue to offer a wide range of opportunities for work experience. It will also look at ways, while preserving the best of its highly prized educational model, to enhance employability, to develop more interdisciplinary courses, embedding opportunities for collaboration and enterprise in the curriculum and assessment, and exploiting new technology in learning and teaching.

In 2016/17, the programmes engaged over 2,000 undergraduate and postgraduate students and included:

- an initial assessment, completed by over 97% of undergraduate and postgraduate students, on their career 'frame of mind' and the industry sectors of interest. These data were used for highly targeted and personalised careers communications;
- over 400 funded research and professional international placements in more than 40 countries, maintaining the same number of opportunities as the previous year despite the loss of substantial HEFCE funding;

⁸ Arising from the agreement with OFFA that the University may charge UK and EU undergraduates the maximum permissible fee of £9,000 p.a. "Additional fee income" is the difference between the fee charged and the basic level of tuition fee up to which an access agreement is not required; for most students this is £6,000.

⁹ As at 8 September 2017, compared to the equivalent point in the cycle last year.

- the new Laidlaw Programme in Research and Leadership for 18 undergraduates who designed their own rigorous research programmes for the summer, half of which were overseas;
- over 360 micro-internships for students to develop a wide range of employability skills while working on a defined project of value to an organisation in Oxfordshire;
- over 200 students taking part in "Insight Into..." programmes, offering work experience and learning opportunities in teaching, medicine, academia, pharmaceuticals, and business;
- the Student Consultancy, with over 450 students running approximately 100 voluntary consultancy projects for local organisations;
- over 50 female students at undergraduate and Master's levels receiving training through the Springboard programme to enhance their academic career and overall life skills;
- over 25 female students at Master's and DPhil levels participating in the Ignite Career Confidence programme;
- 85% of undergraduate finalists engaging with the University's Careers Service; and
- over 700 one-to-one sessions (via Skype) between students and alumni all over the world, making a total of more than 2,250 of these sessions over the last three years.

Looking forward, there is uncertainty in recruitment, by City firms in particular, with the run up to Brexit. The continuing lack of clarity on the rights of international students to stay in the UK to work after graduation, and the plans by some major firms to relocate, will have an effect in 2017/18 on recruitment levels for the financial sector.

Widening engagement

It is a core part of the University of Oxford's mission to share its teaching, research and collections as widely as possible and to inform and inspire communities. In the Strategic Plan this is expressed as committing:

- To ensure that the unique richness of the collegiate University's academic environment is both retained and refreshed.
- To share the fruits of research as widely as possible.

To support the fulfilment of these commitments, University researchers share their work and contribute to public discussion in a host of ways: festivals; books

and journals; the news media; the web; social media and iTunes U¹⁰; Oxford Sparks¹¹; and the Oxford University Research Archive¹². Examples of this include:

- in 2016, Professor Adrian Moore presented a ten-part series on BBC Radio 4 exploring the history of philosophical thought on infinity, featuring research by a number of other Oxford University academics; and
- the Trusted Source knowledge exchange partnership with the National Trust, which aims to enhance the visitor experience by creating a knowledge bank of concise, engaging and accessible guides about history, culture and the natural environment, written by Oxford academics and National Trust specialists. These guides are available online and are used in staff and volunteer induction training, visitor notes and guidebooks.

The University of Oxford is the leading UK institution for medical research and makes a major contribution to improving quality of life through its research-led engagement in healthcare. The University works with institutions around the globe to investigate some of the leading causes of disease and death, and to develop health training and infrastructure¹³. In 2017, the University launched two new Master's degrees in Evidence-Based Health Care as part of its continuing professional development programme to enable healthcare professionals worldwide to base their clinical decisions on valid, reliable and relevant evidence.

The long-term outcomes of our medical research include an increased quality of life for the patients who benefit from this new knowledge and a stimulation of further activity in the wider healthcare sector in the UK. These impacts have been estimated by BiGGAR Economics to contribute an additional £1.8bn to the UK economy and have been instrumental in supporting the life sciences cluster in the South East of England¹⁴.

Also core to the University's goals is raising the aspirations of children and young people and demonstrating the value of research to the local community. Go Girl, a collaboration between Oxford's Department of Education and Oxfordshire County Council, aimed to inspire disadvantaged young women in Oxford to pursue further education and develop skills relevant to the knowledge economy. The programme led to increased self-esteem as well as motivation to enter further education, and a plan to expand to other cities is now being developed.

Working with award-winning charity in2scienceUK, the Medical Sciences and Mathematical, Physical and Life Sciences Divisions provided placements to local school children to work alongside scientists, as well as advice for successfully developing a career in the sciences and medicine. Also in 2017, work with Action Transport

¹⁰ www.ox.ac.uk/itunes-u

¹¹ www.oxfordsparks.ox.ac.uk

¹² <http://ora.ox.ac.uk>

¹³ www.medsci.ox.ac.uk/research

¹⁴ www.ox.ac.uk/economicimpact

Theatre in primary schools in Blackbird Leys, Banbury and Ellesmere Port led to the development of a new children's opera. *Vehicles* charts the history of transportation in a way that links directly with the curriculum, and it will go on a tour of venues and schools around the UK. The School of Geography and the Environment joined with Hertford College and The Queen's College to host a week-long residential course for year 7–13 pupils from Kensington Aldridge Academy, whose school site was severely affected by the Grenfell Tower fire.

As one of the largest providers of continuing education in the UK, Oxford's Department for Continuing Education plays an important role in sharing the benefits of Oxford's teaching with a wide audience. With nearly 20,000 annual enrolments, it offers over 1,000 courses each year, including over 90 online and distance learning accredited courses, as well as live and online open days.

The University also offers hundreds of public lectures each year, with some published online for a global audience. Major events in 2016/17 included the Romanes lecture by Baroness Scotland QC on the Commonwealth of Nations; and the ongoing Women of Achievement series featuring Baroness Amos and world-renowned conductor Marin Alsop.

Sharing the University's collections

The tens of millions of objects in the University's collections provide a resource of international importance for scholars and the public. The University's gardens, libraries and museums offer extensive programmes of public events, including talks, tours and family-friendly activities. Earlier this year the Mindgrowing campaign was launched, a major programme to encourage people to explore the many wonders of Oxford's collections, with a particular focus on encouraging access by local families¹⁵. In February 2017, a cross-collections trail, Out in Oxford, was launched to celebrate diversity and LGBTQ+ History Month. The Sensing Culture project has seen the community outreach team work with the RNIB to develop new tools and services to support blind and partially sighted people to engage with the collections.

The gardens, libraries and museums host a wide range of exhibitions each year. In 2016/17, highlights included 'Power and Protection' at the Ashmolean, the first major exhibition to explore the supernatural in Islamic art; 'Back from the Dead' at the Museum of the History of Science, celebrating the 75th anniversary of the first human trials of penicillin, conducted in Oxford; 'Identity without Borders' at the Pitt Rivers, co-curated by refugees to share stories from their home countries; and 'Raphael: the drawings' featuring original research from the Ashmolean and the University of Kent.

The collections also work closely with the academic divisions to give insights into the latest research and scholarship. The *Brain Diaries* exhibition at the Museum of Natural History was developed in partnership with Oxford Neuroscience. It charts the fascinating changes that take place in the brain with each new chapter of life and features specimens from the museum's collections. The hugely successful *Super Science Saturday* events at the Museum of Natural History and late-night Live Fridays at the Ashmolean Museum continued, including *Science Behind the Headlines*, *LinguaMania* produced with the Creative Multilingualism programme, and *FRIGHTFriday* developed with The Oxford Research Centre in the Humanities, which was also the finale for the national 2016 *Being Human* Festival.

Involvement with the local community

The University is an important regional contributor, adding £2.3bn a year to the Oxfordshire economy and supporting 33,700 jobs in the county. We are one of the largest employers in Oxfordshire, employing 12,721 staff on a full time equivalent basis¹⁶, and staff and students contribute over £310m a year¹⁷.

Students support the local community directly with two successful and unique programmes run by the Careers Service. In the Student Consultancy, students work in teams to address a strategic issue or business problem for a community organisation or local business. Since the programme began in 2009, over 3,000 students have participated in more than 400 projects, including at Modern Art Oxford, Pegasus Theatre, the City Council and Low Carbon Headington. The Micro-Internship programme, launched in 2015, enables over 300 students a year to work for two to five days on projects of value to local organisations¹⁸.

Our medical sciences expertise does not just operate nationally and globally but also has a significant local impact. Most patients in Oxfordshire come into contact with a University medic: many are on joint NHS appointments, and many NHS consultants and GPs hold honorary positions in the University and contribute to teaching.

The *Oxford for Oxford* project earned particular praise from local teachers for inspiring children to apply to university, many of whom may not otherwise have done so. The community grants scheme continues to support a huge range of local activities across Oxfordshire, from a gardening project for people living with disability to support for the Hindu community's Summer Mela. Small grants supported youth training, young people's opera and photography projects as well as the more established events of Oxford Open Doors, the Christmas Lights and the Cowley Road Carnival¹⁹.

¹⁵ www.mindgrowing.org

¹⁶ www.admin.ox.ac.uk/personnel/hrinfoteam/staffing-data/staffingfigures/figures

¹⁷ www.ox.ac.uk/economicimpact

¹⁸ <http://www.careers.ox.ac.uk>

¹⁹ www.ox.ac.uk/local-community/small-community-grants

The University makes a major contribution to the cultural and sporting life of the city and region. The Faculty of Music and Oxford Philomusica offer a busy programme of concerts, workshops and educational activity, while the University is a major financial supporter of the Oxford Playhouse. Each September, the collegiate University opens to the public during the Oxford Open Doors weekend, the largest heritage open day event in the country. Academics have teamed up with local theatre companies to bring research to life, in conjunction with Chipping Norton Theatre Company and an East Oxford primary school among others.

The majority of the University's sports facilities are open to the community, with particularly high uptake in memberships of the University swimming pool and gym at Iffley Road. The University hosts three state primary schools for swimming lessons with no hire cost, amounting to more than 120 hours of pool time each year. Our Sports Clubs involve over 130 members of the community in instructor and coach positions. The University Parks host cricket clubs throughout the summer, the only first-class cricket venue in the world that offers completely free entry to watch. The annual Race for Life half-marathon and Town and Gown 10k run take place across many areas of the city including the University Parks and the University and college sports grounds.

Dissemination through Oxford University Press

As a department of the University, Oxford University Press furthers the University's objective of excellence in research, scholarship, and education through publishing worldwide. It extends the University's reach, thanks to its network of offices across over 50 countries.

The Press publishes thousands of new titles each year in its core markets of research, education and the learning of English. It helps to change people's lives through education, publishing primary and secondary school education texts, English language teaching (ELT) resources, children's fiction, university textbooks, scholarly monographs and journals, and dictionaries.

In 2016/17, the Press published 15,234 titles in both digital and print. These titles were published in 102 languages, and sold in 190 countries across the world.

Some of its flagship products from last year include:

- *Aweh!* – a new African languages reading scheme.
- *The New Oxford Shakespeare* – a new consideration of Shakespeare's works.
- *The Oxford Test of English* – a University-certified programme, launched in Spain.
- The 500th *Very Short Introduction* title. Nine million copies of this series have been sold in the past 21 years.

The Press continues to make the most of the opportunities opened up through partnerships, technology and emerging economies. For example, its joint venture with AQA Education, Oxford International AQA Examinations, has introduced a new generation of international GCSEs, AS and A Levels, and the Press has partnered with Emerge Education to help develop relationships with education start-ups. Additionally, last year the Press collaborated with IndoMobil and TeachCast to bring digital learning to parts of Indonesia where connectivity is poor. TeachCast delivers Oxford courses such as Headway and Let's Go, using trucks as mobile classrooms. There are currently two trucks in operation, but the eventual aim is for 500 trucks to reach 150 learners every single day.

The Press also continues to maintain its commitment to supporting teachers to drive educational excellence. Last year, over 350,000 teachers attended its professional development events, and staff in the Press's Dubai office ran a training webinar for 120 teachers in Syria.

While the activities of the Press are integral to the University's objectives, under the University's Statutes and Regulations the financial statements of the Press are not included in the University's financial statements and the Delegacy of the Press is responsible for preparing separate audited accounts of the Press for submission to Council.

Extracts from the accounts of the Press for the year ended 31 March 2017 are included for information on pages 73–78, but do not form part of these financial statements.

Personnel

Staff are the key resource of the University. The number of staff employed at the end of the financial year by the University was 14,400, representing 51% of expenditure. The three 'people commitments' in the Strategic Plan highlight the University's provision of a safe, welcoming and inclusive workplace that enables everyone to develop and do their best work at the University.

Our first commitment is to recruit and retain high calibre staff from across the world. To deliver this we:

- Enable departments to attract and recruit the best research and teaching staff from across the world by ensuring that we offer excellent rewards and pensions, a welcoming and inclusive culture; support for visa applications and for the transition of newly recruited staff to Oxford.
- Provide opportunities for aspiring academics who meet our high standards of research, teaching and citizenship to be awarded the highly-prized title of 'professor' at Oxford via a rigorous annual process.

- Are in dialogue with the approximately one in five of our staff who are from other EU / EEA member states to ensure that they fully understand their options during the Brexit negotiation period.
- Offer high levels of support with compliance with legal and other aspects of employment including a robust process with high levels of governance and monitoring of equal pay issues for agreeing performance-related pay and recruitment and retention payments for outstanding individuals. In addition we are a fully accredited Living Wage Employer which ensures that our most junior staff and contractors are paid at this nationally recognised level.
- Have grown our apprenticeship scheme to now employ over 100 young people. The scheme recruits and trains apprentices into a variety of appropriate existing vacancies across the University. The introduction of a new bespoke FM apprentice scheme, taught in-house, has had a successful first year with 11 Facilities Management apprentices.
- Provide significant support for staff who have family and caring responsibilities via: extensive provision of workplace nurseries; an on-line and telephone support service – my Family Care; extensive parental leave.
- Have grown an in-house Temporary Staffing Service to ensure high-quality staff are provided to departments across the University saving commercial agency fees.
- Are looking at ways to develop the supply of affordable housing in Oxford and surrounding areas. Recruitment of staff, particularly in more junior roles, and research students is hampered by the standard and high cost of accommodation in the city. The ability to live within easy traveling distance is important for these groups as access to research facilities is often required out of normal working hours as part of the nature of the work. Those with caring responsibilities can be disproportionately affected.

Our second commitment is to work towards an increasingly diverse staffing profile. To deliver this we:

- Work across all legally 'protected groups', meeting our public sector equality duties and institutional commitments, including the provision of information and guidance on demonstrating 'due regard' in decision-making and provision of training (for example, implicit bias and race awareness).
- Continue to work with departments to achieve Athena SWAN awards to provide external evidence of our high-quality work on gender equality. The University has the largest number of bronze and silver awards for medical and science departments of any UK University.
- Have extended participation in the Athena SWAN Charter to the Social Sciences and Humanities departments.
- Support and work with staff diversity networks which assist the institution in realising its commitments to equality and diversity.
- Have launched Allies and LGBT+ Role Model programmes to build on our work as Stonewall Diversity Champions to promote LGBT+ equality within the University.
- Continue to support disabled staff, including maximising external funding through the Access to Work scheme for 'reasonable adjustments'.
- Have undertaken preparatory work to support an institutional Bronze Race Equality Charter submission to be made in 2017/18.
- Use the Vice-Chancellor's Diversity Fund to support the implementation of a number of projects, including a project to diversify portraiture in the University's public spaces and the Returning Carers' Fund, which makes grants to researchers and academics to support their return to research following a period of leave for caring purposes.
- Have consulted widely with staff and held a number of workplace ballots on the future of the University's retirement policy, which is aimed at sustaining inter-generational fairness and promoting greater diversity. As a result the policy has been retained, but in an adapted form.

Our third commitment is to develop all staff to enhance their effectiveness and contribution to the University's goals. To deliver this we:

- Promote the use of personal development reviews to identify training and development needs.
- Deliver a mix of face-to-face, online, and self-directed learning via the Oxford Learning Institute's Professional Development Group.
- Have secured accreditation through the EU HR Excellence in Research Scheme in recognition of our targeted career and personal development support for research staff.
- Provide programmes of educational development leading to nationally-accredited teaching qualifications. These programmes range from entry-level provision aimed at researchers interested in pursuing academic careers to a senior programme in educational leadership.
- Provide all staff with the opportunity to enter our Work Learn Develop programme of apprenticeships for staff of all ages and levels to provide development opportunities and professional qualifications.

Enabling strategies

Finance, capital and value for money

In the Strategic Plan the University gave commitments:

- To generate a sufficient recurrent surplus to sustain the University's infrastructure, collections and academic activities.
- To allocate unrestricted income to reflect the collegiate University's strategic priorities and commitments.

The University aims to achieve a surplus of at least 5% of its operating income to ensure sufficient funds to invest in the maintenance, renewal and replacement of its buildings and infrastructure. The University's ambitious programme of capital investment is necessary to ensure that libraries, seminar rooms, laboratories, IT systems and research equipment are of sufficient quality to support world class academic endeavour, thus ensuring effective staff recruitment and retention, the dissemination of knowledge, and the development of new ways of working and studying for staff and students.

In recent years, due to a combination of downwards pressure on income and upwards pressure on costs (particularly pay costs, largely reflecting the national cost of living award and increases in National Insurance and pension contributions) the University has not achieved a 5% surplus. In response to this it has adopted a number of measures which have succeeded in addressing the decline in its operating surplus. In 2016/17 it achieved a surplus of 3.4% and is budgeting for a surplus of 4.2% in 2017/18. Further improvements are factored into the planning process. This establishes an overall framework for delivering the required financial outcome which is then reflected in the financial targets that the constituent elements need to deliver. These include headcount controls on non-academic staff numbers, new University-wide purchasing arrangements, a new endowment matching scheme to underpin existing expenditure, and mechanisms to review and improve the University's overall overhead recovery on research grants.

Work is now taking place to build upon the Value for Money objectives reported to HEFCE in 2016, which included energy consumption, procurement activities (e.g. category management and optimised lists of suppliers), shared teaching places and benchmarking administrative services.

An activity survey was undertaken in 2016 to understand the levels of support for teaching and research activities carried out by administrative and professional staff across the University. It captured activities over the course of 2015/16, and will be repeated to capture 2017/18 activities. The survey was also carried out by a number of Russell Group universities, which provided opportunities to explore how Oxford's approaches compare to certain

peer institutions. For the first time there is an overall level of understanding of where support services occur across the academic departments, divisions and central University services. Informed by this, the first stage of a programme is due to be launched which is intended to make administrative processes simpler, more effective, and in some instances reduce overall risks to the University. Whilst the full details have yet to be defined, it is anticipated that aspects of financial processes, procurement for estates, and IT networking will be in the first tranche of projects.

Estate

The University's commitment in this area is to invest in estate where this will facilitate new or improved ways of working, increased efficiencies, improved opportunities for interdisciplinary working, or the decommissioning or transformation of inappropriate spaces. The University continues to do so.

Overview of the estate

Investment in new buildings and in enhancing the quality of the University's existing estate is helping to improve the condition, functional suitability and environmental performance of the functional estate. The demand for new and more functional space continues. In 2016/17, the University's functional estate grew by 0.6%, to approximately 659,000sqm. The capital projects that are currently under construction will provide an additional 34,976sqm of space within the University's functional estate at a cost of around £175m. A significant challenge was the closure of the Tinbergen building, housing two academic departments, at short notice due to the discovery of asbestos. The University continues to work on improving the living and working environment for its staff and students.

Improving the working environment and operation of the Estate

- The Big Data Institute building was completed on the Old Road Campus in March 2017, and the new Shared Data Centre in the Oxford Molecular Pathology Institute building was completed in August 2017.
- Work continues on the Beecroft Building for Physics which is due for completion in March 2018; the building is presently undergoing final fit-out.
- A lease was signed for space in a new building at Mansfield College to accommodate the new Institute of Human Rights.
- After analysing the various options for the future of the Tinbergen building following its closure in February 2017, a University-wide steering group has unanimously recommended that it be replaced with a new purpose-built structure that will house the departments of Zoology and Experimental Psychology.

- Numerous projects are underway to provide short- and medium-term decant space for those who vacated the Tinbergen building; this includes siting modular buildings on the sports field of the University Club and in the Radcliffe Observatory Quarter.
- Work on the Tinbergen extension continues despite the closure of the rest of the building and this will provide a new world-class teaching facility for the Department of Chemistry, due for completion in April 2018.
- Work across the University led to the development of a new approach to capital planning and a capital planning tool which will enhance the financial sustainability and optimisation of our capital land and building investments.
- A business plan and financial model was prepared, which will enable the Wytham Woods Chalet to become a world-class research facility within the Woods.
- A new lighting scheme was installed in the Radcliffe Camera, which was highly commended at the Lux awards.
- Repairs and maintenance, upgrading of plant, improved recording and record management, a new catering contract and revised security procedures have all led to improved running of the estate. Such initiatives have contributed to improved resilience, a safer working environment, and reduced costs, both financial and environmental.

Improving the living environment

- Work continues to provide a new building on the Old Road Campus, due for completion in July 2018. The childcare provision at the Jack Straws Lane nursery was secured through purchasing the premises previously leased.
- Completion of a new student hub at Kellogg College (which achieved the University's first Passivhaus certification), construction of new student accommodation for St Cross, and refurbishment of graduate student rooms have led to improved student experience and an increased number of units let. Together with the corporate residential portfolio, income of 6% more than budget was generated.
- The next phase of work to redevelop the Iffley Road Sports Complex is due for overall completion in February 2018.
- The purchase of the University Rugby Club ground to secure the facility for the long term has been completed.
- Landscaping for various capital projects was completed including the Li Ka Shing Centre for Health Information and Discovery, St Cross College, West Quad, Kellogg College Hub, and The Bodleian Book Storage Facility at Swindon.
- Environmental transport options were extended through the addition of more bike hire stations and electric bikes

available in Oxford. A zero emissions electric truck, the Goupil G5, was acquired – one of the first in the UK.

- A third route for the Science Transit Shuttle was introduced, connecting Oxford city centre with Wytham Woods and the JR Hospital site, in addition to Harwell and Old Road Campus. The Shuttle has made more than 25,000 passenger journeys since its launch and currently carries around 900 passengers per week.

Planning and working with the community

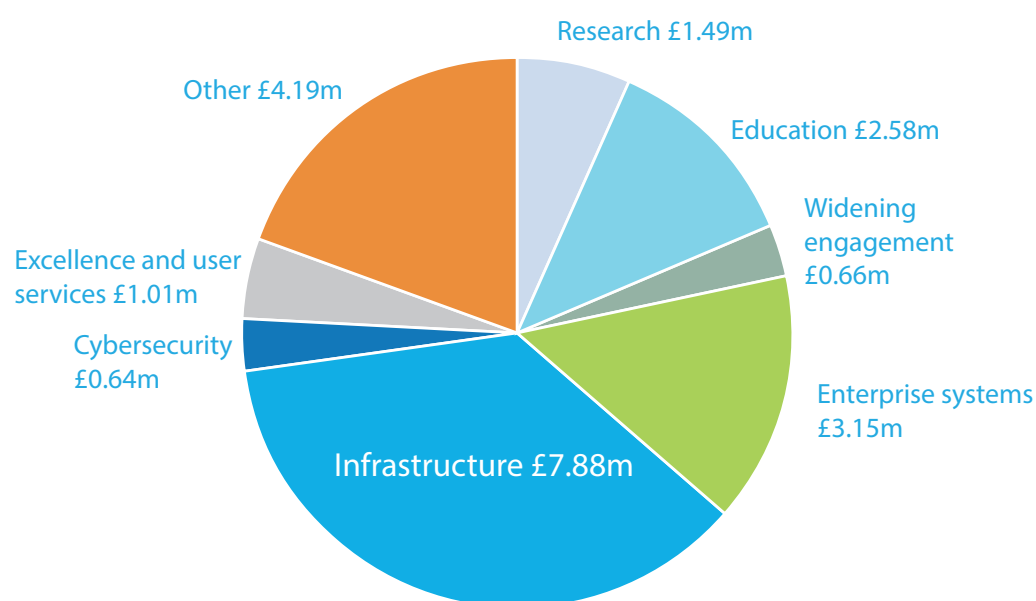
- The University worked with the City Council and the colleges to produce a Development Framework Plan for Oxford to help inform long-term development and planning strategy for the city for the next 5, 10, 15 and 20 years. This was followed by a formal response to the City Council's Preferred Options in August 2017.
- In order to support Cherwell District Council's obligation to contribute to the housing needs of Oxford, the University ensured that land at Begbroke Science Park is central to delivering homes for staff and graduates.
- A masterplan for Osney Mead was developed which could help deliver an additional 600 units of accommodation, expanded departmental activity, and up to 140,000 sqm of new research space both academic and commercial, providing expansion space for Oxford over the next 20 years.
- Funding of £6.2m from the Local Growth Fund will allow improvements to infrastructure including flood defences and access in the west of Oxford.
- Ensuring that the design process for capital projects will utilise the Passivhaus methodology and tools. Passivhaus is at the cutting edge of low energy design and has proven it can deliver comfortable buildings that perform as designed. This approach will bring other benefits including greater protection from rises in energy prices, reductions in building complexity and maintenance costs, and more comfortable structures for staff to work in.
- Our carbon emissions are now lower than those from 2005 (the baseline for our carbon reduction target) for the first time.
- Achieved the 'green tourism' accreditation, the world's largest sustainable certification programme, at the Examination Schools, the Sheldonian Theatre, William Osler House and St Luke's chapel – the first venues in Oxford to achieve this.
- Preparations were put in place to celebrate the 75th anniversary of the University owning Wytham Woods; the Woods have become one of the most researched areas of land in the world.
- Staff from Wytham Woods attended the Glastonbury Festival with a hands-on science exhibition as a part of public engagement with science for 18–30 year olds.

Information technology (IT) infrastructure

The University's Strategic Plan commitment for IT is to invest in information technologies that enhance the capacity of Oxford's academic communities to collaborate with each other and with global partners, and that support the student experience. A review of

the IT Strategic Plan by the IT Committee and other stakeholders provided a refresh and reprioritisation of the initiatives. Each of the areas of the Strategic Plan are overseen by an IT Board²⁰. The total annual operational expenditure for the central IT department is £21.6m and this provides approximately 40% of the delivery of IT services across the University, the rest of the effort being within departments and divisional offices.

Central IT expenditure on areas of focus (in £'m)



Research

The University Research Archive (ORA) and the institutional repository for data, (ORA-Data) have been migrated to a more stable infrastructure allowing us to begin a much-needed upgrade of the underpinning application. The accompanying information for researchers on data management, security and privacy issues have also progressed. These services underpin the open access strategy of the University and are critical to the next Research Excellence Framework.

There have been updates to infrastructure to support research computing and the service strategy to support data storage is also progressing. Data storage is a core requirement for researchers and it comes in many sizes and shapes – small to large, from 'sync and share', back-up, through to archiving.

Education

This academic year has seen the progression of the University Digital Education Strategy and a number of initiatives within it. A new lecture capture service has been rolled out. The University has had its first Massive Online Open Course (MOOC). The existing Virtual Learning Environment, WebLearn, was upgraded and a full review of the existing service is underway. We anticipate implementing an improved service in the next academic year.

The student information system, SITS, had a number of enhancements that are creating a more user-friendly service and reducing the support effort needed. New SITS features included online exam timetables for students, and the calculation of fees for use in admissions offer letters. The 'SITS for Colleges' project was completed with 14 colleges participating and several more interested in adopting the service. This is a step forward in terms of having a joined-up student information system.

²⁰ www.it.ox.ac.uk/do/governance-and-policies

Widening engagement

This year also saw a new focus on the Digital Strategy of the Gardens, Libraries, and Museums. The key focus area has been on making the digital estate more resilient, and progressing the functionality of cross-searching of collections. A number of mobile applications have been built to support visitor engagement with the collections.

A new web platform has been developed resulting in a central service to support the website, the Mosaic service. It allows faculties, departments, colleges, and other units to quickly create web sites. This new service aims not only to drive efficiencies in web site provision but also to reduce the security risks related to University-wide web servers. The new platform is “in the cloud” with 24/7 support ensuring that any vulnerabilities will be dealt with in a timely fashion.

Enterprise administrative systems

Continued enhancements have happened throughout the year increasing the functionality of the CoreHR system, the development system to support fund raising, the finance system (Oracle R12), and other corporate systems.

Infrastructure: networking, communications & data centres

In the area of networking, communications and data centres, there have been a number of developments during the year. New integrated communications, replacing the telephone system, are being rolled out; this is key to delivering communications services for those moved to alternative locations after the closure of the Tinbergen building. A new shared data centre will improve resilience for the University's information assets by providing a second site.

Development of Architecture Principles²¹ and their adoption in the development of new, or upgrading of existing, systems will support provision of effective and efficient services. As part of the architecture strategy a culture of application, data and technical architecture is now being developed within the central IT department. In parallel a number of data governance projects are being undertaken to support the architecture, permitting improved integration between core enterprise applications.

Cybersecurity

Information security continues to be high priority for the University. Online training modules have been developed and taken up across the University, and assistance has been given to high-risk departments on protection and enhanced security measures. At the same time recovery plans, in case of a major compromise or other disaster, have been developed and tested with core enterprise applications.

Alumni relations and development

The University has committed to realise the Oxford Thinking Campaign target to support the academic strategies of the University and colleges.

In 2008, the University launched *Oxford Thinking: The Campaign for the University of Oxford*, with the goal of raising a minimum of £1.25bn to transform the University and the colleges for many generations to come. This milestone was met in early 2012 and a new goal of £3bn was announced in October 2012. The *Oxford Thinking* Campaign total currently stands at £2.66bn²². All of the gifts received for *Oxford Thinking* contribute to the collegiate University's agreed priorities – supporting students, academic posts and programmes, and investing in capital infrastructure and facilities within the colleges, academic divisions and departments, gardens, libraries, museums and collections, as well as sports and other activities. Some highlights of gifts made in 2016/17 which support these priorities include gifts of:

- £7m from the Uehiro Foundation on Ethics and Education for continued support of a chair in applied ethics and research in practical ethics in the Humanities Division.
- £2m for a Chair of Stroke Medicine in the Medical Sciences Division.
- £1.2m in support of research at the Oxford University Centre for Astrophysical Surveys from the Hintze Family Charitable Foundation.
- Over £2m for the Endangered Archaeology Project, based in the Department of Archaeology, from the Arcadia Fund.
- Over £12m from an anonymous group of donors to endow rowing at Oxford. This support covers both the men's and women's teams as well as both the lightweight teams.
- £9m from André Hoffmann for the Weidenfeld–Hoffmann Scholarships and Leadership Programme. Matched with £6m of University funding, this has enabled 15 taught Master's Scholarships to be endowed for students from emerging and transitional economies.
- £1.35m has enabled the Ashmolean Museum to secure the Watlington Hoard for the nation. This was comprised of support from the Heritage Lottery Fund amongst others, as well as gifts from over 800 members of the public.

Further information about the Campaign can be found at: www.campaign.ox.ac.uk

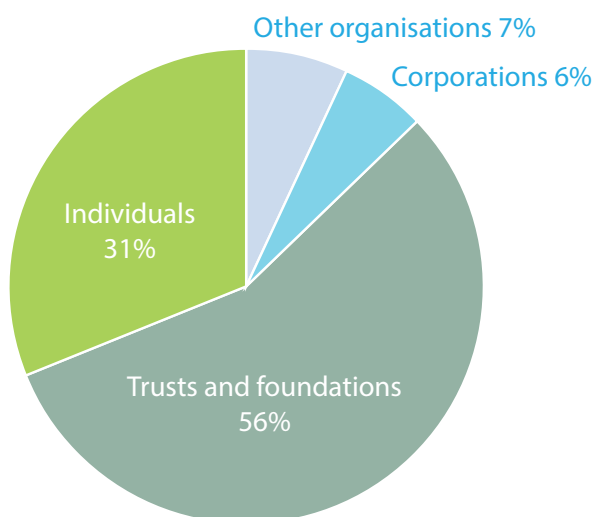
²¹ www.it.ox.ac.uk/strategy/it-architecture

Campaign statistics 2016-17

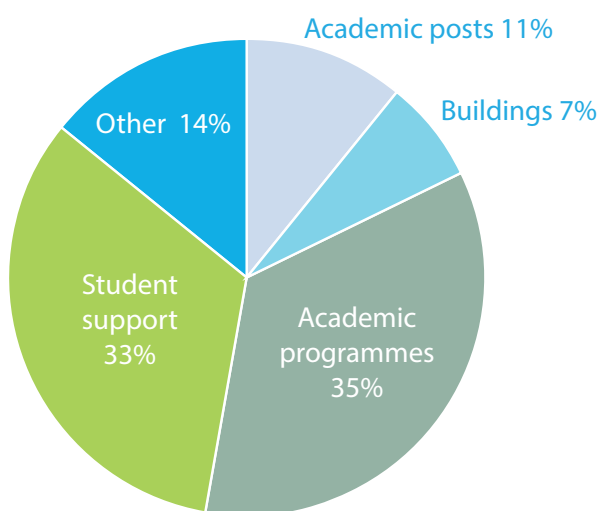
■ Amount raised in 2016/17 – £192m²²

■ Amount raised to date – £2.66bn²²

Source of Income



Application of funds



The role of the Development Office in meeting challenges

Below are a few examples of how the Development Office is supporting the University and the colleges via the Campaign priorities.

■ Enabling the brightest students to study at Oxford, regardless of their background.

A core priority for the *Oxford Thinking* Campaign is to secure philanthropic funding for student support. This covers scholarships and bursaries for undergraduates, scholarships for graduate students as well as support for outreach and widening participation activities such as UNIQ. These donations help the University to build a more extensive and sustainable platform of opportunities to ensure the brightest students are able to come to Oxford, regardless of their background.

■ Attracting and retaining the world's best academics by securing endowments for priority posts.

In order for Oxford to maintain its position as a world-leading university, recruiting the best academic talent from across the globe is essential. To secure the future of a range of core posts, fundraising for endowments is a significant objective.

The Oxford Endowment Challenge Fund was established to leverage support for the endowment of priority posts across all academic disciplines by providing matched funding from the University on a ratio of 2:1 (for every £2 given by a donor, the University will match it with £1 from the Fund). The endowment of posts is therefore an important focus of activity for the Development Office.

■ Provision of high-quality infrastructure and a working environment that supports the work of the University.

In order to conduct world-leading teaching and research, the buildings and fabric of the University must be of an appropriate standard. The working environment needs to offer the appropriate facilities and equipment, whilst also providing the opportunity for engagement and interaction.

Securing funding for new buildings or to redevelop existing buildings is a challenge and donations play a vital role in enabling these ambitious projects to move forward. There are many examples across the University and the colleges where donor support has made these projects possible. Recent examples include the Beecroft Building in the Department of Physics, the Acer Nethercott Sports Hall and the Li Ka Shing Centre for Health Information and Discovery.

²² Including donations received directly by the colleges up to 31 January 2017 only.

Brexit

The UK's research-intensive universities have benefited greatly from the UK's membership of the European Union, and the UK's research base has been transformed over the last 20 years or so. Since 2007/08, the proportion of Oxford's research funding from the EU has more than doubled, and so far in the Horizon 2020 research funding programme, Oxford has received more EU funding than any other European university, almost €300m. Oxford's share of £78m from EU sources in 2016/17 made up 14% of its overall research income.

Apart from the money, it has been the ability to participate in research networks across the EU, to influence the strategic direction of those programmes, and to help to develop critical mass and cross-fertilisation of ideas, which has been the most important element of belonging to a research community that spreads across 28 countries. Not only has European Union funding helped Oxford to participate with other European countries, it also helps us to collaborate with non-EU countries. During the FP7 research programme, Oxford collaborated with the USA (562 projects), Canada (209) and Australia (203) as a result of EU funding.

Similarly, the recruitment of international students has been a real success story for the UK, adding greatly to diversity and the richness of the educational experience for all students. Of the more than 400,000 international students studying in the UK last year, over 125,000 students were from elsewhere in the EU. International and European students come to the UK as the most attractive destination world-wide for study in courses that are taught in English. The high quality of UK university education has also resulted in "export" earnings of £11bn every year and "off-campus" spending of £5bn a year.

Oxford is one of the most international universities in the world. Some 60% of our graduate students are from countries other than the UK, and over 50% of our academic staff and researchers. Around 16% of our student body is composed of students from elsewhere in the EU.

Oxford is a diverse and inclusive institution, and has always looked internationally for our partnerships in research, and in student and staff exchange. Membership of the EU has made student exchange through Erasmus more straightforward; it has helped us attract top international faculty and researchers through the European Research Council grants and through Marie Curie awards.

There are, of course, many uncertainties involved in the wake of the Brexit decision. Higher education is just one part of the negotiations between the UK and the EU. Oxford wants to ensure that freedom of movement is preserved as largely as possible. International students are important for the UK economy, but in Oxford's case, recruiting and retaining the best international faculty and researchers and the admission of the best students from around the world are interlinked and vital for the University's academic endeavours.

However, we are acutely aware of the risk that the post-Brexit settlement will not be as beneficial as what we have now. Successful negotiations for the university sector may mean that researchers in UK institutions will continue to have access to EU research programmes after Brexit, and it is to be hoped that the UK government and its funding agencies will introduce mechanisms that will enable UK universities to continue their valuable international collaborations both within the EU and outside the EU.

Financial Review

As set out in the Strategic Plan, the University is committed to:

- generating a sufficient recurrent surplus to sustain the University's infrastructure, collections and academic activities; and
- allocating unrestricted income to reflect the collegiate University's strategic priorities and commitments.

The 2016/17 results show that the University's financial position remains strong but at a time of rising costs and declining public investment, careful control of costs and improving efficiencies as well as identifying new revenue streams and obtaining greater recoveries on research overheads remain key priorities. Major challenges include the lack of affordable housing in Oxford which makes it increasingly difficult to recruit and retain the best staff and students, the risks arising from Brexit-related uncertainty, the risk of increased pension costs and the risk of changes to government policy impacting student fees.

Basis of accounting

The accounts are produced under Financial Reporting Standard 102. The financial statements do not include the transactions and balances of the Press, which is a department of the University rather than a separate legal entity. Under the University's Statutes and Regulations the financial statements of the Press shall not be included in the University financial statements and the Delegacy of the Press is responsible for preparing separate audited accounts relating to the Press for submission to Council. Extracts from the accounts of the Press for the year ended 31 March 2017 are included for information at pages 73–78 but do not form part of these financial statements. Where funds are transferred from the Reserves of the Press these are reflected as income in the financial statements of the University.

On 30 October 2017 Council approved the inclusion of the financial statements of the Press in 2017/18.

Council has reviewed the University's five-year financial forecast and has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the accounts.

Reported Financial Surplus

	2016/17 £'m	2015/16 £'m
Income	1,400.4	1,321.8
Expenditure	(1,397.0)	(1,336.5)
Surplus/(loss) on ordinary activities before gains & tax	3.4	(14.7)
Investment gains	218.1	188.0
Share of deficit on Joint Venture	(0.2)	-
Taxation	(1.6)	(0.4)
Total Comprehensive Income	219.7	172.9

Total comprehensive income for 2016/17 amounted to £219.7m and the comparable figure in 2015/16 was £172.9m. The increase in total comprehensive income is explained as follows:

- As part of an effort to control cost growth and improve operational efficiencies, the University has implemented a cap on the number of University funded, non-academic staff. As a consequence the number of University-funded non-academic staff remained largely unchanged whilst the revenue generating activities supported by these staff continued to grow.
- The level of cost recovery on certain categories of externally funded research grants improved in 2016/17 compared to 2015/16. This represents an increase in the contribution by research funders to meeting the costs that the University incurs in the support of research, such as premises and IT infrastructure.
- In 2016/17, the University made gains on transactions in foreign currencies totalling £7.3m compared to a loss of £7.3m in 2015/16. This is primarily due to the fall in the value of sterling following the decision to leave the European Union in June 2016 as research grants paid in US dollars have increased in value.
- New endowments of £43.7m were received for funding key posts and scholarships and the comparable figure in 2015/16 was £37.9m.

- In February 2017, the University announced the closure of the Tinbergen building due to the presence of asbestos in parts of the building. Due to the age of the building and the difficulty of removing the asbestos, a university-wide steering group has unanimously recommended the demolition and replacement of the Tinbergen building with a new facility. A provision for the cost of the demolition of the existing building and other related costs (£20.5m) has been included within expenditure in 2016/17. The remaining net book value of the building of £6.8m has been written off.
- The liability for the contributions payable to fund pension deficits reduced by £6.5m in 2016/17 whereas it increased by £11.0m in 2015/16.
- Gains in the market value of investments were £218.1m compared with £188.0m in 2015/16. The value of invested assets is inherently volatile and whilst the University has benefitted from market value gains in 2016/17, this figure is likely to fluctuate year on year. The performance of the University's invested assets is measured on a long-term basis against a target rate of return. Over the previous five years the annualised return of the Oxford Endowment Fund is 11.5% and for the Oxford Capital Fund is 6.1%, exceeding the University's target rate of return. The return for 2016/17 was 13.4% for the Oxford Endowment Fund and 3.8% for the Oxford Capital Fund. The University also benefitted from strong market value gains in its spinout portfolio.

Income

Compared with the previous year, income to the University increased by 5.9%, from £1,321.8m to £1,400.4m. The main changes in 2016/17 were:

- research grants and contracts continued to be the largest source of income to the University and increased by 5.1% to £564.9m (2015/16: £537.4m), most of which was matched by related expenditure. The 2016/17 figure includes a one-off net recoverable amount of £5.3m with respect to additional research and development tax credits for the 2014/15 financial year. No further tax credits of this nature are expected to arise;
- academic fees and support grants represent the second largest source of University income and totalled £307.2m, up by 4.7%, which is principally due to an increase in student numbers;
- grants from HEFCE were slightly higher than the prior year at £194.6m. The main increase was in capital grants of £4.4m. An increase in research funding of £3.6m was offset by a reduction in the recurrent teaching grant of £4.7m due to the loss of targeted government funding;
- other income of £227.7m increased by 6.9% as a result of a number of factors including gains on foreign exchange and additional revenue from royalties, property rentals and new services for staff;
- donations and endowments received were £91.6m, up from £76.6m and include a number of significant new gifts;
- investment income increased from £8.8m to £14.4m due to profit on disposal of spin-out investments, higher income in the underlying Oxford Fund investments and higher interest on higher bank balances; and
- investment gains totalled £218.1m, up from £188.0m in 2015/16. These are mainly unrealised and are derived from gains on the Oxford Funds and investments in spin out companies.

Expenditure

The University's expenditure of £1,397.0m was 4.5% higher than in 2015/16. The main changes were:

- staff costs excluding the movement in pension provision totalled £714.8m, an increase of 5%. The average number of staff rose by 2.8% and the national cost of living award, increases in both National Insurance and University Superannuation Scheme pension contributions and pay increments for staff accounted for a 2.2% increase;
- other operating expenditure increased by 5.7%. The costs associated with the closure of the Tinbergen Building accounted for 3.8% and inflation and other factors accounted for the remaining 1.9%;
- in February 2017, the University announced the closure of the Tinbergen building occupied by the departments of Experimental Psychology and Zoology due to the presence of asbestos in certain parts of the building. A provision for the costs of demolition and other costs to support students and provide temporary accommodation of £20.5m has been made and charged to operating expenditure;
- depreciation increased from £87.1m in 2015/16 to £102.6m as a result of significant fixed asset additions during the year and includes £6.8m to write off the remaining net book value of the Tinbergen building; and
- interest payments fell from £12.8m to £9.9m largely due to lower interest costs on the OSPS pension scheme.

Cashflow and financing

The overall increase in cash for the year was £72.0m and net operating cash inflow totalled £46.7m. Whilst lower than in 2015/16, capital expenditure and capital grants received continue to be significant as the University progresses with its current strategic capital investment programme.

Net cash inflows from operating activities increased in line with the surplus before other gains. The net cash impact of investment activities reflects the transfer of OCF assets to liquid assets.

	2017 £'m	2016 £'m
Net cash inflow from operating activities	46.7	35.5
Capital expenditure	(139.3)	(154.3)
Capital grants received	52.4	63.1
Net cash impact of investment activities	71.0	(8.7)
Endowment cash received	50.2	53.0
Other	(9.0)	(9.8)
Increase/(decrease) in cash	72.0	(21.2)

As at 31 July 2017, the University had bank loans outstanding totalling £230.3m. Net liquidity days were 82 (2015/16: 78).

Net assets

Net total £3.23bn (2015/16: £3.01bn). The increase in net assets largely relates to increases in the value of investments, increased levels of cash and cash equivalents and expenditure on fixed assets.

Fixed assets

Fixed asset additions were £139.3m during the year. The Li Ka Shing Centre for Health Information and Discovery and Begbroke Innovation Accelerator were completed and work continued on the Beecroft Building for Physics, which is due for completion in March 2018.

Pension schemes

The University is a member of three multi-employer pension schemes whose assets and liabilities are not hypothecated to individual institutions. Two of the schemes, USS and OSPS, are funded schemes facing substantial deficits. The OSPS actuarial valuation as at 31 March 2016 identified a funding deficit of £133m. The deficit has reduced from £173m following a number of changes to benefits 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 and increasing employee contributions. Details of the schemes and associated deficits are set out in note 33.

The USS actuarial valuation as at 31 March 2017 is currently underway. The USS accounts for the year ended 31 March 2017 identified an estimated deficit of £12.7bn, up from £5.3bn. The estimated valuation is before taking into account changes to benefits which may occur. Discussions between employers and USS are underway to finalise the actuarial valuation and to revise the current benefit structure.

The Oxford Funds

The Oxford Funds is an investment vehicle which enables the collegiate University to pool assets held on trust and invest them as one. The Oxford Funds is managed by Oxford University Endowment Management Ltd (OUem) under investment and distribution policies set by the Investment Committee and Council. There are two unitised class accounts, the Oxford Endowment Fund (OEF) and the Oxford Capital Fund (OCF), and the Funds are open to the University, the colleges and charitable trusts associated with the University. At 31 July 2017, there were 30 investors across the collegiate University. The University's share of the OEF represents the collective endowments of approximately 600 individual trusts.

Oxford Endowment Fund

The OEF aims to preserve and grow the value of the perpetuity capital of the collegiate University of Oxford, while providing a sustainable income stream. Its specific investment objective is to generate an average 5% return over the Consumer Price Index, with volatility not more than the MSCI World Index. The OEF's distribution policy is to distribute 4.25% of the average of the last 20 quarters' net asset value subject to a cap of 10% increase and a floor of the previous year's distribution. This ensures that the distribution is directly linked to the performance of the Fund without depleting the capital originally invested. This investment objective is long term, and not a year by year measure.

At 31 July 2017, the net asset value of the OEF was £2,484.5m having distributed £82.1m to the collegiate University for the calendar year 2016. Managing endowment capital gives a genuine multi-year time horizon and investments are made for the very long term. While short-term performance over fixed periods therefore provides limited informational value, the OEF returned 13.4% in the 12 months to 31 July 2017. Over longer time periods the OEF has an annualised (average) return of 12.0% over three years, 11.5% over five years

and 10.7% over eight years. The annualised volatility of the OEF over three years is 5.2%. These performance figures are net of all fees and costs.

Although the asset allocation of the OEF has evolved over time, it has always been heavily focused on risk assets: equities (public and private), credit and property. Across these, OUem's fundamental long-term investment themes guide exposures and positioning. For example, there is significant exposure to innovation across a range of sectors such as technology, consumer products and pharmaceutical research in both public and private equity. The theme of domestic growth drivers in emerging markets appears in publicly quoted companies but also in exciting niche private strategies. In credit strategies, a significant amount of capital is being used to fund growth and structural change in markets such as India and China.

Despite an uncertain backdrop of political and macro risks, global equity markets have continued to enjoy a period of positive performance, with low levels of volatility and unprecedented levels of central bank support. OUem's approach to risk management is not to spend significant amounts of time forecasting precise outcomes of inherently unstable events, but to ensure that the OEF has the appropriate balance of opportunities and protections in a range of developments.

Equities comprise 75.0% of the OEF and have been the main driver of returns in both the long and short term. Investments in private equity have begun to make a significant impact and, while it takes several years to build a meaningful private equity portfolio, the care taken in selecting strategies and managers has paid off. On a time weighted return basis, private equity has achieved an annualised net return of 18.5% over five years. These private equity investments are predominantly in the US, UK and China and in sector specialists, growth equity or special situations. Investments in conventional 'buyout' strategies are limited.

Public equity has a net annualised return of 14.0% over the last five years, and this group is active across developed and emerging markets. At the end of July, 74.6% of public equity was in developed markets and 25.4% in emerging markets. The strongest performing public equity manager has an annualised five year return of 22.1% net proving, if done well, active management adds considerable value.

Credit exposure has evolved over time and will continue to do so as opportunities arise. Today there are investments in direct lending and complex special situation strategies in the US, Europe and Asia, all of which have a range of different return drivers to equity investments. OUem continues to build a portfolio of UK commercial and residential properties to complement holdings in strategic land and rural estates. As part of this, at the end of 2016, the opportunity was taken to realise value in rural holdings through the sale of the Nuneham Courtenay Estate. Further performance information can be found in The Report of Oxford Endowment Fund at www.ouem.co.uk.

The Oxford Capital Fund

The OCF exists to invest expendable capital over a medium-term time horizon. Typically this capital is for building projects which have a known liability at a fixed point in the future and, accordingly, the OCF seeks to operate at a lower risk tolerance than the OEF. Its specific investment objective is to generate an average 1.5% return over the Consumer Price Index with an expected volatility range of 5-8%. The OCF does not make an annual distribution as all income generated is reinvested, and it is designed to allow for subscriptions and redemptions on a monthly basis.

At 31 July 2017 the net asset value of the OCF was £482.8m. For the twelve-month period to 31 July 2017 the OCF returned 3.8%, and it has returned an annualised (average) 6.5% over three years, 6.1% over five years, and 6.5% over eight years. The annualised volatility of the OCF over three years is 4.1%. These performance figures are net of all fees and costs.

Outlook

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

Corporate Governance Statement

Oxford University is an independent and self-governing institution, consisting of the University and the colleges. The Council of the University is responsible for the academic policy and strategic direction of the University. Thirty-eight colleges, though independent and self-governing, are related to the University in a federal system. There are also six Permanent Private Halls, which were founded by different Christian denominations, and still retain their religious character today. The colleges (other than Kellogg College and St Cross College)²³ and the Permanent Private Halls are legally and financially separate from the University. Their financial results are not consolidated into the University financial statements.

Charitable status

The University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. Since 1 June 2010, HEFCE has been 'principal regulator' for charity law purposes of those English universities which are exempt charities.

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

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

Governance structure

The following information describes the governance and legal structure of the University. These governance arrangements are for the most part set out in the University's Statutes and Regulations²⁴.

HEFCE requires the University to provide an explanation of the ongoing differences between the University's governance arrangements and the *Higher Education Code of Governance* published by the Committee of University Chairs²⁵.

Congregation

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

Council

Council is composed of members of Congregation elected by Congregation, ex officio members and lay members²⁶. It meets regularly and is chaired by the Vice-Chancellor. Subject to the powers of Congregation, Council is the executive governing body responsible for the academic policy and strategic direction of the University, including its relations with colleges and external relations, and for the administration of the University. Council is responsible for the management of the University's finances and assets, in accordance with the conditions of the memorandum of assurance and accountability between HEFCE and the University; and for keeping accounts and records of all funds administered by Council and for prescribing the form in which institutions, departments, boards, committees and delegacies of the University shall keep their accounts.

²³ These are departments of the University and, as such, their financial results are consolidated into the University's financial statements.

²⁴ www.admin.ox.ac.uk/statutes

²⁵ www.admin.ox.ac.uk/councilsec/governance/governancestructures/theuniversitysgovernancestructure/gov_comp/comptable

²⁶ Membership of Council can be found on page 24.

Council is also responsible for determining an adequate and effective system of risk management that covers all risks, including governance, management, quality, reputational and financial risks, which focuses on the most significant risks, and which produces a balanced portfolio of risk exposure; and for determining the system of internal control operated by the University and for monitoring its adequacy and effectiveness.

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

- ensure that there are appropriate controls in place to safeguard public and publicly-accountable funds and funds from other sources, to safeguard the assets of the University and to prevent and detect fraud and other irregularities;
- ensure that income has been applied in accordance with the University's Statutes, its memorandum of assurance and accountability with HEFCE and its funding agreement with the National College for Teaching and Leadership;
- 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, good management and good governance expected by HEFCE and assessed in its Annual Provider Review.

Council is required to prepare financial statements, which include the accounts relating to the teaching and research activities of the University and the accounts of the University's subsidiary undertakings. These give a true

and fair view of the assets and liabilities of the University (other than the Press²⁷) and its subsidiary undertakings at the end of the financial year, and of their income and expenditure for the year under review. In preparing the financial statements, Council is required:

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

From time to time Council reviews its own effectiveness and the institution's structures and performance to ensure it is able to satisfy itself that it is able to discharge its external accountability (including audit) requirements both in the academic and financial spheres. Its most recent self-review took place in 2015/16. Council approved the findings and has implemented or is in the process of implementing the recommendations.

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.

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.

²⁷ See footnote 2 on page 5. The Press has its own financial regulations and procedures. An auditor appointed annually by Council separately audits the Press's accounts.

Membership of Council

The members of Council are the Charity Trustees of the University. Membership of Council from 1 August 2016 to 27 November 2017 was as follows:

Position	Name	Date
Ex officio members		
Vice-Chancellor	Professor Louise Richardson	Throughout
Chairman of Conference of Colleges	Professor Paul Madden, Provost of Queen's Professor Sir Rick Trainor, Rector of Exeter	To 30 September 2017 From 1 October 2017
Head of the Medical Sciences Division	Professor Alastair Buchan Professor Christopher Kennard Professor Gavin Screaton	To 19 January 2017 From 20 January 2017 to 30 September 2017 From 1 October 2017
Head of the Mathematical, Physical and Life Sciences Division	Professor Donal Bradley	Throughout
Head of the Humanities Division	Professor Christopher Wickham Professor Karen O'Brien	To 22 September 2016 From 23 September 2016
Head of the Social Sciences Division	Professor Roger Goodman Professor Neil MacFarlane	To 30 September 2017 From 1 October 2017
Senior Proctor	Dr Mark Whittow Dr Ed Bispham	To 14 March 2017 From 15 March 2017
Junior Proctor	Dr Elizabeth Gemmill Dr Dan Hicks	To 14 March 2017 From 15 March 2017
Assessor	Luke Pitcher Professor Stefan Enchelmaier	To 14 March 2017 From 15 March 2017
Elected by the Conference of Colleges		
	Professor Henry Woudhuysen, Rector of Lincoln The Rt Hon Dame Elish Angiolini, Principal of St Hugh's	To 15 September 2016 From 16 September 2016
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 Lionel Tarassenko Professor Tim Coulson Professor Matthew Freeman Professor Helen McShane Professor Richard Hobbs	To 30 September 2017 From 1 October 2017 Throughout Throughout Throughout
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Humanities and of Social Sciences	Professor Teresa Morgan Professor Geraldine Johnson Professor Neil MacFarlane Professor Helena Hamerow Dr Kate Blackmon Dr Ian Watson	To 30 September 2017 From 1 October 2017 To 30 September 2016 From 1 October 2016 Throughout Throughout
One of three members of Congregation, not necessarily being members of any division and not in any case being nominated in a divisional capacity, who shall be elected by Congregation	Professor Anne Trefethen Professor Sir Rick Trainor, Rector of Exeter Mr Richard Ovenden Professor Jonathan Michie, President of Kellogg Professor Sir Rory Collins	Throughout To 30 September 2017 From 1 October 2017 To 30 September 2016 From 1 October 2016
External members		
	Ms Jayne Almond Sir Crispin Davis Dame Kate Barker Lord Drayson Sir David Norgrove Mr Charles Harman	To 30 June 2017 To 31 December 2016 From 1 July 2017 Throughout Throughout From 16 November 2017
Co-opted members		
	Professor Sally Mapstone Professor Ian Walmsley	To 31 August 2016 From 1 September 2016

Committees of Council

Council is advised by a range of committees, including nine main committees that report directly to it on core business. Following Council's self-review in 2015/16, a number of changes have been made to the remits of those committees, increasing scope for them to make decisions without reference to Council and giving them responsibility for implementing and monitoring the aspects of the University's Strategic Plan which relate to their remit. Other responsibilities of the nine committees are as follows:

- the **Education Committee** is responsible for defining and keeping under review the educational philosophy, policy, and standards of the University; and for the oversight of activities relating to teaching, learning and assessment; and student-related equalities matters;
- the **General Purposes Committee** advises Council on policy in respect of issues or activities which are University-wide, and do not fall wholly within the remit of the other committees of Council. Its remit includes responsibility for keeping under review procedures for identifying and managing risks across the University's activities;
- the **Personnel Committee** is responsible for the development and review of employment policies, for staff relations and for all personnel and staff-related equality matters;
- the **Planning and Resource Allocation Committee** is responsible for setting the University's annual budget, and resource allocation, including making recommendations to Council on recurrent and capital planning and budgeting, forecasts, resource allocation and other financial arrangements, and monitoring performance against plans;
- the **Research and Innovation Committee** is responsible for University policy and planning issues 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 and co-ordinates the gathering of data for such reviews;
- 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, considers the annual financial statements and, under Council, oversees the University's arrangements to detect and prevent fraud and irregularity. The Committee's remit includes responsibility for the appointment of the University's external auditors (subject to Council's approval) and its internal audit service and for agreeing the nature and scope of their work and their fees. During 2016/17, the Audit and Scrutiny Committee had no formal responsibility for assurance over the Press's activities. However, the Committee has been informed periodically about matters within the Press, and members of the Finance and Audit Committees of the Press have attended meetings of the Audit and Scrutiny Committee during the year;
- the **Finance Committee** is responsible, under Council, for the consideration of the financial resources available to the University, and for proposing, for approval by Council, the overall income and expenditure budget, the overall capital expenditure budget and the five-year financial strategy for the University. The Committee is also responsible for the review of, and provision of advice to Council on, the University's annual financial statements and annual accounts of the Delegates of the Press, and providing advice to Council on the needs of the University (as established by its plans) in order that Council can take these views into account when establishing capital investment policy;
- the **Investment Committee** is responsible, under Council, for the management of the University's investment portfolio; and
- 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 special responsibility for designated functions and of the Heads of Divisions and for reviewing the salaries of those office-holders thereafter.

The Press

The Delegacy of the Press, which includes seventeen members of Congregation appointed by Council, is responsible for the affairs of the Press. The Delegates meet fortnightly during term time, to receive reports on the management of the Press from the Chief Executive and Finance Committee, and to review and authorise publications. The Finance Committee of the Press is established by the Delegates to direct and manage the business, assets and finances of the Press, under the general authority of the Delegates. The Delegacy of the Press submits the Press's Annual Accounts and a report on those accounts to Council.

Risk Management Statement

Council is responsible for determining an adequate and effective system of risk management that covers all risks, including governance, management, quality, reputational and financial risks, which focuses on the most significant risks, and which produces a balanced portfolio of risk exposure. Risk management is a significant part of the University's system of internal control. Council recognises that risk management cannot eliminate all risk, particularly during an uncertain time for the sector.

The University's objectives for risk management are to align risk management with the University's objectives (as set out in the Strategic Plan and elsewhere); 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.

The University has implemented a Risk Management Policy, which sets out the arrangements it has adopted to enable it to manage its risks. These arrangements can be summarised as follows:

- The General Purposes Committee is responsible for reviewing the procedures for identifying and managing governance, management, quality, reputational and financial risks across the University.
- Divisional and departmental risk reporting and risk management is embedded in the University's five-year planning process.
- The General Purposes Committee considers the Strategic Risk Register and associated risk management reports; it also receives risk registers and reports on risk management from the major committees of Council and reports to Council on risk management.
- Council reviews the University's Strategic Risk Register, and considers reports on management of the key strategic risks.
- The Audit and Scrutiny Committee receives reports from the internal auditors on risk management, and provides assurance to Council on the adequacy and effectiveness of the University's arrangements for risk management.

Council confirms that a system of risk management has been in place and operating as intended during the year ended 31 July 2017, and up to the date of approval

of the audited financial statements. Council notes that further progress has been made in developing and embedding risk management in the University during 2016/17 with the further embedding of common approach to risk registers for the major Committees and a number of key projects; the development of a standardised set of risk management reports for strategic risks; and the consideration of gross and net risk and control effectiveness. It expects to see further strengthening of risk management during 2017/18.

The University's Strategic Risk Register considers risks in terms of three themes: capability, sustainability and reputation. Six key strategic risk areas are identified, namely risks relating to:

- strategy, leadership and governance;
- compliance, control and operational risks;
- financial sustainability;
- academic excellence;
- recruiting, rewarding and retaining staff; and
- relationships with the colleges and the Permanent Private Halls.

The Strategic Risk Register captures the key risks to achieving the objectives in the University's Strategic Plan, and is a summary of the key risks facing the University as a whole. In drawing together this Register, consideration has been given to the risk registers from the major committees of Council, other committees with a particular risk focus (such as the Health and Safety Subcommittee and the Security Subcommittee), the academic divisions (which incorporate risks from the departments and faculties), the major services, including IT and Estates Services, and the subsidiary companies. The register therefore combines the top-down, strategic identification of risk, driven by the Strategic Plan, with the consideration of bottom-up, local risks from across the University.

Supporting risk management reports have been developed for each of the risks in the Strategic Risk Register. These reports provide more detail on the risks, how they are managed, and the effectiveness of the controls in place. They are owned primarily by the relevant major committees, and they provide an ongoing record of risk management activity against each risk factor.

Statement of Internal Control

Council is responsible for determining the system of internal control operated by the University and for monitoring its adequacy and effectiveness. It accepts that it is neither possible nor desirable to build a control environment which 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 system of internal control is designed to manage the principal risks to the achievement of the University's aims and objectives efficiently, effectively and economically; to safeguard the assets for which Council is responsible, including public funds and other assets; and to ensure that liabilities incurred are recorded and managed effectively.

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

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

- Council receives regular reports from the Audit and Scrutiny Committee on internal control and the business of the Committee.
- Council meets at least eight times during the year to consider the strategic direction and the effective administration of the University.
- PricewaterhouseCoopers LLP ('PwC') provides internal audit services for the University. PwC provides an annual opinion on the adequacy and the effectiveness of internal controls and risk management across the University, in accordance with HEFCE's 'Audit Code of Practice'⁶.
- KPMG LLP ('KPMG') provides external audit services for the University. KPMG provides an annual opinion on whether funds (including public funds) have been applied for the intended purposes. The external auditors also refer in their annual management letter to any control deficiencies arising from the audit, in accordance with the 'Audit Code of Practice'.
- The University's Financial Regulations set out processes designed to ensure the safeguarding of assets and the effective management of liabilities.

Council confirms that the University's system of internal control has been in place and operating effectively during the year ended 31 July 2017, and up to the date of approval of the audited financial statements.

⁶ HEFCE's Audit Code of Practice is Annex A to the Memorandum of assurance and accountability between HEFCE and institutions.

Independent Auditor's Report to the Members of Council of the University of Oxford

Report on the audit of the financial statements

Qualified Opinion on financial statements

We have audited the financial statements of the University of Oxford ('the University') for the year ended 31 July 2017 which comprise the Consolidated and University Statements of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Balance Sheets and Consolidated Statement of Cash Flows and related notes, including the Statement of Accounting Policies.

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Financial Statements" section of our report, 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 2017, 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 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016/17 financial statements.

Basis for qualified opinion on financial statements

As explained in note 1 to the Statement of Accounting Policies, the University has not included the transactions and balances of the Oxford University Press ('the Press') in its financial statements. As the Press is a department of the University rather than a separate legal entity, in our opinion, under the relevant accounting standards, the transactions and balances of the Press should have been included in the University and Group financial statements. Had the University accounted for the Press as part of the University, the University and Group financial statements for the year ended 31 July 2017 would have recognised additional net assets of some £582 million (2016: £636 million), an increase in the reported surplus for the year of some £79 million (2016: increase in surplus £48 million) and a reduction in Other comprehensive

income of £95 million (2016: increase in Other comprehensive income of £122 million) based on unaudited management accounts of the Press to 31 July 2017. Extracts from the accounts of the Press for the year ended 31 March 2017 are included for information at pages 73–78 but do not form part of these financial statements.

We qualified our audit opinion on the financial statements for the year ended 31 July 2016 with regard to this same disagreement.

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the 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.

Other information

Council is responsible for the other information, which comprises the Strategic Review, Financial Review, Corporate Governance Statement, Risk Management 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, except for the consequential effects of the matter described in the "Basis for Qualified Opinion on Financial Statements" section of our report on the related disclosures in the other information, we have not identified material misstatements in the other information.

Council's responsibilities

As explained more fully in their statement set out on page 23, Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines 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 it either intends to liquidate the group or the University or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 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 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.

Report on other legal and regulatory requirements

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or 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; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

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

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

Michael Rowley
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Consolidated & University Statements of Comprehensive Income

For the year ended 31 July 2017

		Consolidated		University	
		2016/17	2015/16	2016/17	2015/16
		£'m	£'m	£'m	£'m
Income					
Tuition fees and education contracts	1	307.2	293.5	295.3	277.2
Funding body grants	2	194.6	192.5	194.6	192.5
Research grants and contracts	3	564.9	537.4	559.0	534.3
Other income	4	227.7	213.0	187.5	168.0
Investment income	5	14.4	8.8	14.3	7.8
Total income before donations		1,308.8	1,245.2	1,250.7	1,179.8
Donations and endowments	6	88.4	74.4	91.5	71.0
Donation of heritage assets	6,14	3.2	2.2	3.2	2.2
Total Income		1,400.4	1,321.8	1,345.4	1,253.0
Expenditure					
Staff costs	7	714.8	680.3	696.3	661.5
Staff costs - movement in pensions provision	24	(6.5)	11.0	(9.3)	10.6
Operating expenditure	9	576.2	545.3	530.9	504.4
Depreciation	9,12,13	102.6	87.1	102.2	86.9
Interest and other finance costs	8	9.9	12.8	9.9	12.7
Total Expenditure		1,397.0	1,336.5	1,330.0	1,276.1
Surplus/(Deficit) before other gains		3.4	(14.7)	15.4	(23.1)
Gains on investments	5	218.1	188.0	212.9	186.1
Share of surplus/(deficit) on Joint Ventures	16	(0.2)	-	-	-
Surplus before tax		221.3	173.3	228.3	163.0
Taxation	10	(1.6)	(0.4)	(1.3)	-
Total Comprehensive Income		219.7	172.9	227.0	163.0
Represented by					
Unrestricted comprehensive income for the year		129.8	95.5	139.7	84.6
Endowment comprehensive income for the year		79.6	73.9	77.1	74.9
Restricted comprehensive income for the year		10.3	3.5	10.3	3.5
		219.7	172.9	227.0	163.0

The activities of the Oxford University Press ('the Press') are not included within the University's Financial Statements. Extracts from the accounts of the Press for the year ended 31 March 2017 are included for information at pages 73–78 but do not form part of these Financial Statements.

All activities relate to continuing operations.

Consolidated & University Statements of Changes in Reserves

For the year ended 31 July 2017

	Endowment Reserves		Income and Expenditure Reserves		Total £'m
	Permanent £'m	Expendable £'m	Restricted £'m	Unrestricted £'m	
Consolidated					
Balance at 31 July 2015	718.3	117.6	74.2	1,929.6	2,839.7
Income	25.3	12.9	20.8	1,262.8	1,321.8
Expenditure	(15.6)	(5.1)	(17.3)	(1,298.5)	(1,336.5)
Surplus/(deficit)	9.7	7.8	3.5	(35.7)	(14.7)
Reserves transfer	(9.9)	-	-	9.9	-
Other comprehensive income	55.1	11.2	-	121.3	187.6
Balance at 31 July 2016	773.2	136.6	77.7	2,025.1	3,012.6
Income	16.4	18.0	32.7	1,333.3	1,400.4
Expenditure	(16.4)	(6.2)	(22.4)	(1,352.0)	(1,397.0)
Surplus/(deficit)	-	11.8	10.3	(18.7)	3.4
Reserves transfer	(10.2)	-	-	10.2	-
Other comprehensive income	65.7	12.3	-	138.3	216.3
Balance at 31 July 2017	828.7	160.7	88.0	2,154.9	3,232.3

University					
Balance at 31 July 2015	651.0	117.6	74.2	1,932.4	2,775.2
Income	25.3	12.9	20.8	1,194.0	1,253.0
Expenditure	-	(5.1)	(17.3)	(1,253.7)	(1,276.1)
Surplus/(deficit)	25.3	7.8	3.5	(59.7)	(23.1)
Other comprehensive income	53.5	11.2	-	121.4	186.1
Reserves transfer	(22.9)	-	-	22.9	-
Balance at 31 July 2016	706.9	136.6	77.7	2,017.0	2,938.2
Income	16.4	18.0	32.7	1,278.3	1,345.4
Expenditure	-	(6.2)	(22.4)	(1,301.4)	(1,330.0)
Surplus/(deficit)	16.4	11.8	10.3	(23.1)	15.4
Other comprehensive income	60.6	12.3	-	138.7	211.6
Reserves transfer	(24.1)	-	-	24.1	-
Balance at 31 July 2017	759.8	160.7	88.0	2,156.7	3,165.2

Consolidated & University Balance Sheets

As at 31 July 2017

		Consolidated		University	
		2017	2016	2017	2016
		£'m	£'m	£'m	£'m
Non-current assets					
Intangible assets and goodwill	12	1.2	1.4	1.4	1.6
Property, plant and equipment	13	1,365.7	1,329.0	1,364.7	1,327.6
Heritage assets	14	85.3	80.5	85.3	80.5
Investments	15	2,158.5	2,057.8	2,094.9	2,005.2
		3,610.7	3,468.7	3,546.3	3,414.9
Current assets					
Inventories		2.9	2.9	1.3	1.4
Trade and other receivables					
– due within one year	17	232.7	224.5	233.0	227.1
– due after one year	18	5.9	7.2	5.9	7.2
Investments	19	109.5	51.1	107.5	49.9
Cash & cash equivalents	20	287.5	217.1	272.5	183.1
		638.5	502.8	620.2	468.7
Creditors: Amounts falling due within one year	21	(535.9)	(493.1)	(525.2)	(481.6)
Net current assets		102.6	9.7	95.0	(12.9)
Total assets less current liabilities		3,713.5	3,478.4	3,641.3	3,401.9
Creditors: amounts falling due after more than one year	22	(260.1)	(256.8)	(260.1)	(256.8)
Provisions for liabilities					
Pension provisions	24	(194.1)	(197.4)	(190.1)	(196.2)
Other provisions	25	(26.8)	(11.6)	(25.9)	(10.7)
Total net assets		3,232.3	3,012.6	3,165.2	2,938.2
Reserves					
Endowment reserves					
– Permanent	26	828.7	773.2	759.8	706.9
– Expendable	26	160.7	136.6	160.7	136.6
		989.4	909.8	920.5	843.5
Restricted reserves					
– Income and expenditure reserve	27	88.0	77.7	88.0	77.7
Unrestricted reserves					
– Income and expenditure reserve		2,154.9	2,025.1	2,157.7	2,017.0
		2,242.9	2,102.8	2,244.7	2,094.7
Total reserves		3,232.3	3,012.6	3,165.2	2,938.2

The activities of the Oxford University Press ('the Press') are not included within the University's Financial Statements. Extracts from the accounts of the Press for the year ended 31 March 2017 are included for information at pages 73–78 but do not form part of these Financial Statements.

The Financial Statements were approved by Council on 27 November 2017 and signed on its behalf by:



Professor L. Richardson
Vice-Chancellor



G. F. B. Kerr
Director of Finance

Consolidated Statement of Cash Flows

For the year ended 31 July 2017

		2016/17 £'m	2015/16 £'m
Cash flows from operating activities			
Surplus for the year		219.7	172.9
<i>Adjustment for:</i>			
Depreciation	9, 13	102.6	87.1
Amortisation of intangibles	12	0.2	0.1
(Gain) on investments		(218.1)	(188.0)
Decrease in inventories		-	0.2
(Increase) in receivables	17, 18	(13.3)	(5.2)
Increase in payables	21, 22	78.1	51.6
Increase in other provisions	25	15.2	4.4
(Decrease)/increase in pension provisions	24	(6.6)	10.9
Heritage assets non-cash donation	14	(3.2)	(2.2)
Unrealised exchange rate loss		1.5	15.3
<i>Adjustment for investing or financing activities</i>			
Investment income	5	(14.4)	(8.8)
Interest payable	8	9.9	12.8
Endowment income		(43.7)	(37.9)
Capital grant income		(81.2)	(77.7)
Profit on disposal of property, plant and equipment	13	-	-
Net cash flows from operating activities		46.7	35.5
Cash flows from investing activities			
Capital grants receipts		52.4	63.1
Payments to acquire heritage assets	14	(1.6)	(1.3)
Payments to acquire property, plant and equipment	13	(139.3)	(154.3)
Payments to acquire intangible assets	12	-	(1.4)
Net (investment)/disinvestment in current investments	19	(58.4)	14.1
Net disinvestment/(investment) in non-current investments	15	117.4	(26.6)
Investment income	5	13.6	6.5
Net cash flows from investing activities		(15.9)	(99.9)
<i>Cash flows from financing activities</i>			
Interest paid on borrowings and finance leases		(6.6)	(7.5)
Endowment cash received	8	50.2	53.0
Repayment of borrowings	21	(2.4)	(2.3)
New borrowings	21	-	-
Net cash flows from financing activities		41.2	43.2
Net increase/(decrease) in cash and cash equivalents		72.0	(21.2)
Cash and cash equivalents at beginning of year		217.1	233.3
Effect of foreign exchange rate changes		(1.6)	5.0
Cash and cash equivalents at end of year	20	287.5	217.1

Statement of Accounting Policies

1. Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value in accordance with the applicable accounting standard FRS 102 (Financial Reporting Standard 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (FEHE SORP), except for the exclusion of Oxford University Press ('Press').

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

The functional currency of the University is Pounds Sterling, the currency of the United Kingdom, the primary economic environment the University operates in. The consolidated financial statements are also presented in Pounds Sterling. 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.

Exclusion of the Press

The financial statements do not include the transactions and balances of the Press which is a department of the University rather than a separate legal entity. Under the University's Statutes and Regulations the financial statements of the Press shall not be included in the University financial statements and the Delegacy of the Press is responsible for preparing separate audited accounts relating to the Press for submission to Council. Extracts from the accounts of the Press for the year ended 31 March 2017 are included for information at pages 73–78 but do not form part of these financial statements. Where funds are transferred from the Reserves of the Press these are reflected as income in the financial statements of the University. The exclusion of the Press from the University and Consolidated financial statements is however not in accordance with applicable Accounting Standards and the Statement of Recommended Practice: Accounting for Further and Higher Education (FEHE SORP).

The Press will be consolidated into the financial statements of the University for the year ending 31 July 2018 with prior year comparatives and therefore no longer be excluded as detailed above.

The University has complied with all other requirements of FRS 102, the FEHE SORP, and HEFCE accounts guidance in preparation of the financial statements.

2. Scope of the Financial Statements

Basis of consolidation

The financial statements (apart from the University's own balance sheet, income statement and related notes) consolidate the accounts of the University and of its subsidiary undertakings for the financial year to 31 July 2017.

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

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

The financial statements do not consolidate the accounts of those Colleges of the University that are separate and independent legal entities. The accounts of Kellogg College and St Cross College are included as they are departments of the University.

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

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

In the consolidated financial statements, 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.

In the consolidated financial statements, 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.

Going concern

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

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

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

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

3. Foreign Currencies

Transactions in foreign currencies are recorded 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 balance sheet date. 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 balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

4. Income

University income falls into seven main material categories:

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

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

Transactions with commercial substance

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

Tuition fees and educational contracts

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

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

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

Provision of other goods and services

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

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

Royalty income

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

Investment income

Refer to policy 13 for investment income recognition policy.

Agency income

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

Transactions without commercial substance

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

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

Performance model

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

Performance conditions are defined as follows:

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

Resources received in advance of completion of performance conditions are recognised on the balance sheet 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.

■ HEFCE funding grants

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

Non-government grants, donations and endowments

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

Income is recognised as donation and endowment income, with the exception of funding for the purposes of research which is recognised as 'Research Grants and Contracts'.

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

■ Non-government grants and donated income with performance conditions

Income is recognised within the Statement of Comprehensive Income when receivable (legal/contractual commitment) and performance conditions have been met.

■ Donations with restrictions

A donation is considered to have a restriction when the gift agreement contains:

"A requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance-related condition".

Income with restrictions, but no performance conditions, is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and recorded within restricted reserves.

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

■ Donations without restrictions

Income with neither restrictions nor performance conditions is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and recorded within unrestricted reserves.

The University on occasion receives donations and endowments which either take the form of a bequest which will be paid upon the death of donor or will be paid in a series of tranches. It is the University's policy to recognise the income on these donations and endowments once it has a legal or constructive right to receive them, with the amounts due from the donors recognised on the Balance Sheet as Donations and Endowments Receivable.

■ Endowments

Refer to policy 5 for income recognition policy for endowments.

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.

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

Research income

Income recognition for research funding is dependent upon the source of the funding and the nature of the transaction. Income is classified as 'Research grants and contracts' regardless of source when it meets the Frascati definition of research.

The following specific research income recognition criteria have been applied;

Research funding from United Kingdom Research Councils, and the European Commission is received on the basis

of reimbursing the University for costs incurred in performance of the research. Income is recognised in line with expenditure which creates a right to receive funding from these bodies.

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

The following specific research income recognition criteria have been applied:

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

5. Endowments

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

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

Permanent endowments

■ Permanent Restricted

Donor has indicated the original gift be maintained in perpetuity, with investment income spent on the restricted purposes of the University

■ Permanent Unrestricted

Donor has indicated the original gift be maintained in perpetuity, with investment income spent on the general purposes of the University.

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

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

Total Return

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

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

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

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

Indexation of permanent endowment capital

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

Expendable endowments

■ Expendable Restricted

Donor has indicated that the capital of the original gift may be spent on the restricted purposes defined by the donor along with any investment income. All capital must be invested.

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

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

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

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 balance sheet date 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 two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) 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) and NHS Pension Scheme.

These schemes are all defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

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. These schemes are therefore accounted for as defined contribution retirement benefit schemes.

The University contributes to USS, 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.

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.

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

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

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

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Future commitments under operating leases are disclosed in note 31.

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

Service concession arrangements

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

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

8. Intangible Assets and Goodwill

Goodwill

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

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

Goodwill is assessed for indicators of impairment at each balance sheet date. 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.

Software Licenses

Software licenses costing over £25k and with a longer than 12 month life are capitalised as intangible assets over 5 years or the remaining length of the license, whichever is shortest.

Other internally generated intangibles

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

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

9. Property, Plant and Equipment

Property, Plant and Equipment (PPE) consists of equipment, software and vehicles costing over £25k and capital building projects over £100k, land and completed buildings having a useful economic life of greater than 1 year and not intended for resale.

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

Freehold buildings	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.

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a PPE asset

is the higher of its fair value less costs to sell and its value in use.

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

Borrowing costs

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

10. Heritage Assets

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

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

11. Donated Assets

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

12. Repairs and Maintenance

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

13. Investments Basis of Valuation

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

Investments in listed shares and venture capital vehicles (where shares are publicly traded or their fair value can be reliably measurable) are measured at market value. The majority of listed shares are invested through the Oxford Endowment and Oxford Capital Funds.

Investment properties will be measured at fair value, based on a professional triennial valuation undertaken by an independent Chartered Surveyor. Impairment reviews are conducted annually.

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

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

External entities such as Colleges and other bodies closely associated with the University can invest in the Oxford Endowment and Oxford Capital Funds. Since it is not possible to show the specific investments of these entities in the various funds, the amounts held on their behalf by the University are shown as a deduction from the University's Investment Assets.

14. Inventories

Inventories are stated at the lower of cost and selling price less costs to sell. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

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

15. Taxation status

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

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

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

16. Cash and Cash Equivalents

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

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

Cash and cash equivalents contains sums relating to endowment reserves which the University is restricted as to how they are disbursed. Note 26 summarises the assets restricted in their use.

17. Financial Instruments

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

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

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

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

18. Intra-Group Transactions

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

19. Public Benefit Concessionary Loans

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

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

20. 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.

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 balance sheet 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 34–41. Management has discussed its critical accounting estimates and associated disclosures with the external auditors, its Finance Committee and its Audit and Scrutiny Committee.

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

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

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

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 create the right to reimbursement.

Research and Development Expenditure credits are credited to income on the basis of the estimated amount of credit believed to be receivable. The credit in respect of 2014/5 was outstanding at year end but has been paid in full post year end. There is an incremental claim for 2015/16 of £5.5m (net of tax) which has been calculated but is still subject to HMRC review.

Pensions 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 to 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.

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

Investment properties are revalued triennially. The latest revaluation was July 2016.

The holiday pay provision is calculated using a sample of departments.

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.

JUDGEMENTS	NOTE
Income recognition	1–6
Depreciation of Property, Plant and Equipment	13
Investment valuations	15, 26
Spinout valuations	15
Valuation of investment properties	15, 26
Indexation of permanent endowment capital	26
ESTIMATION UNCERTAINTIES AND ASSUMPTIONS	NOTE
Provision for irrecoverable receivables	17
Calculation of short-term employee benefit accrual	7
Calculation of the provision for funding of pension deficits	24
Calculation on Tinbergen building provision	25

Notes to the Financial Statements

1. Tuition fees and education contracts

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Full-time students				
Home	98.5	90.3	98.5	90.3
EU	18.6	15.8	18.6	15.8
Overseas and other fees	94.0	94.2	94.0	94.2
Part-time students				
Home	6.6	6.6	6.6	6.6
EU	1.4	0.8	1.4	0.8
Overseas and other fees	15.8	11.1	15.8	11.1
Other fees and education contracts				
Professional and non-matriculated courses	30.9	36.4	19.0	20.1
Examination and other fees	0.6	1.2	0.6	1.2
Research training support grants	40.8	37.1	40.8	37.1
	307.2	293.5	295.3	277.2

2. Funding body grants

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Recurrent grants				
HEFCE	157.2	158.1	157.2	158.1
Specific grants				
Museums, galleries and collections fund	3.4	3.4	3.4	3.4
Higher education innovation fund	2.9	3.8	2.9	3.8
Scholarship	-	0.4	-	0.4
HEFCE capital grants	30.9	26.5	30.9	26.5
Other	0.2	0.3	0.2	0.3
	194.6	192.5	194.6	192.5

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

The Museums, Galleries and Collections Fund is provided by HEFCE 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 is provided by HEFCE to support Knowledge Exchange between members of the HE Sector and the wider community. HEIF funding is allotted by HEFCE 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.

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

3. Research grants and contracts

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
UK funders				
Research councils	146.4	152.9	146.4	152.9
UK government and health authorities	68.9	58.1	68.9	58.1
UK charities	155.8	147.0	155.8	147.0
UK industry and commerce	22.9	19.9	22.9	19.9
EU funders				
European commission and other EU government bodies	66.3	64.3	66.3	64.3
EU-based charities	1.8	1.1	1.8	1.1
EU-based industry and commerce	10.2	8.0	10.2	8.0
Non-EU funders				
Other government	23.0	21.8	23.0	21.8
Other charities	27.2	22.8	27.2	22.8
Other industry and commerce	35.8	41.8	29.9	38.7
RDEC	6.6	(0.3)	6.6	(0.3)
	564.9	537.4	559.0	534.3

Research grants and contract income includes £20.4m (2016: £22m) in respect of capital funding

4. Other income

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Residences, catering and conferences	5.0	4.7	4.6	4.4
Other services rendered	54.8	49.0	7.7	6.5
National Health Service	15.6	18.0	15.6	18.0
Foreign Exchange gain	7.3	-	7.2	-
Royalty income	6.6	3.2	1.7	2.0
Receipts from educational activities	13.2	12.9	13.2	12.9
Rental Income from operating leases	14.8	11.8	14.7	11.8
Transfer from the Press	41.0	45.8	41.0	45.8
Other income	39.5	38.4	51.9	37.4
Capital grants	29.9	29.2	29.9	29.2
	227.7	213.0	187.5	168.0

Capital Grant income is external funding other than research or from HEFCE for assets capitalised in year and includes funding for the Li Ka Shing Centre for Health Information and Discovery of £12.3m, £3.9 for the Begbroke Innovation Accelerator, and £2.9m for Radiopharmacy refurbishment.

Total rentals receivable under operating leases:

Land and buildings	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Receivable during the year	14.8	11.8	14.8	11.8
Future minimum lease receivables due:				
Not later than 1 year	12.8	8.8	12.8	8.8
Later than 1 year and not later than 5 years	7.8	7.2	7.8	7.2
Later than 5 years	15.0	25.4	15.0	25.4
Total future lease receivables due	35.6	41.4	35.6	41.4

5. Investment income

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Profit on disposal of spinout company investments	4.5	2.3	4.5	2.3
Other income and interest from investments	9.9	6.5	9.8	5.5
	14.4	8.8	14.3	7.8

Profit on disposal of spinouts includes £0.8m (2016: £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 22) and £1.7m (2016: £1.1m) 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 32) and a realised gain on disposal of Oxford Gene Technology of £2.2m (2016: £nil). This is offset by impairment charges related to other spinout company investments. Profit on disposal of spinouts also includes £0m (2016: £0.4m) release of deferred income from Beeson Gregory Merchant Bankers for the right to purchase a percentage share of share capital in spinout companies formed by the Department of Chemistry (see note 22).

Investment Gains

Analysis of Gains on Investments

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Investments held in the Oxford Funds	181.5	149.5	176.3	147.6
Spinouts	32.2	11.1	32.2	11.1
Investment properties held directly	(1.6)	17.8	(1.6)	17.8
Other investments	6.0	9.6	6.0	9.6
	218.1	188.0	212.9	186.1

Investment properties are externally revalued triennially. The last full valuation was conducted in 2015/16.

6. Donations and endowments

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Donations				
Donations with restrictions	29.5	18.6	29.5	18.6
Donations without restrictions	15.2	17.9	18.3	14.5
Endowments				
New endowments	43.7	37.9	43.7	37.9
	88.4	74.4	91.5	71.0
Donation of heritage assets	3.2	2.2	3.2	2.2
	91.6	76.6	94.7	73.2

Details of material heritage assets donated in the year can be found in note 14.

7. Staff costs

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Staff costs:				
Wages and salaries	567.7	547.6	552.2	532.8
Social security costs	56.6	48.5	54.8	46.5
Pension costs as paid (note 33)	90.5	84.2	89.2	82.2
	714.8	680.3	696.3	661.5
Pension provision (note 33)	(6.5)	11.0	(9.3)	10.6
	708.3	691.3	687.0	672.1

	2016/17 FTE	2015/16 FTE
Average staff numbers by major category:		
Academic	1,766	1,747
Research	4,639	4,634
Teaching & research support	2,760	2,608
Library and museum Services	503	497
Central Support services	1,655	1,527
Technical & crafts	588	604
Ancillary	496	503
	12,407	12,120
Subsidiaries	314	258
Average number of full-time equivalent staff	12,721	12,378

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

	2016/17 £'000	2015/16 £'000
Current Vice-Chancellor		
Salary	354	204
Benefits	12	-
Former Vice-Chancellor		
Salary	-	155
Benefits	-	16
	366	375
Current Vice-Chancellor		
Pension contributions	64	35
Former Vice-Chancellor		
Pension contributions	-	23
	430	433

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

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2016: Nil). The total expenses paid to or on behalf of a trustee were £1,262 (2016: £1,140). This represents travel and other expenses incurred in attending Council and related meetings.

Salary Banding

The numbers of members of staff throughout the University whose emoluments (excluding employer

pension contributions and compensation for loss of office but including payments under early retirement schemes) exceeded £100k are set out in the table below.

The salaries reflected in these ranges include payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment. These payments are excluded from the University's Income and Expenditure account. Of the 485 staff earning in excess of £100k, 164 include such payments on behalf of the NHS. Also included are royalty payments to members of staff via the payroll and professorial merit awards to non-clinical staff.

	Clinical		Non-clinical		Total	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
	No.	No.	No.	No.	No.	No.
£100,000 to £109,999	32	25	86	85	118	110
£110,000 to £119,999	17	16	57	45	74	61
£120,000 to £129,999	14	17	40	44	54	61
£130,000 to £139,999	16	14	25	23	41	37
£140,000 to £149,999	13	9	23	25	36	34
£150,000 to £159,999	12	15	20	16	32	31
£160,000 to £169,999	13	9	14	14	27	23
£170,000 to £179,999	7	11	10	8	17	19
£180,000 to £189,999	6	5	10	8	16	13
£190,000 to £199,999	11	9	5	6	16	15
£200,000 to £209,999	5	5	8	6	13	11
£210,000 to £219,999	4	4	4	5	8	9
£220,000 to £229,999	2	3	3	3	5	6
£230,000 to £239,999	1	3	3	1	4	4
£240,000 to £249,999	4	3	3	2	7	5
£250,000 to £259,999	3	-	1	1	4	1
£260,000 to £269,999	2	1	1	1	3	2
£270,000 to £279,999	-	1	-	1	-	2
£280,000 to £289,999	1	-	1	-	2	-
£290,000 to £299,999	-	-	1	-	1	-
£300,000 to £309,999	-	1	1	-	1	1
£310,000 to £319,999	-	-	1	-	1	-
£330,000 to £339,999	1	1	-	1	1	2
£350,000 to £359,999	-	-	1	-	1	-
£370,000 to £379,999	-	-	-	2	-	2
£450,000 to £459,999	-	-	1	1	1	1
£700,000 to £709,999	-	-	1	-	1	-
£880,000 to £889,000	-	-	1	1	1	1
	164	152	321	299	485	451

	2016/17 £'000	2015/16 £'000
Compensation for loss of office payable to higher paid staff:		
Compensation payable	-	376

The severance payments were paid in cash funded from general income and expenditure reserves and were approved by the University's Remuneration 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 and the Director of Finance. The Vice-Chancellor is excluded from this figure.

	2016/17 £'000	2015/16 £'000
Key management personnel - total remuneration	2,488	2,604
Number of staff	12.5	12
Key management personnel - Average Remuneration	199	217

8. Interest and other finance costs

	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Interest on loans	6.6	7.5	6.6	7.4
Net charge on pension scheme	3.3	5.3	3.3	5.3
	9.9	12.8	9.9	12.7

9. Operating expenditure

	2016/17 Staff £'m	Non-Staff £'m	2016/17 Total £'m	2015/16 Total £'m
Academic departments	284.9	130.5	415.4	387.2
Research grants and contracts	274.0	200.5	474.5	452.0
Academic services	35.2	22.2	57.4	55.5
Residence, catering and conferences	0.5	0.3	0.8	0.8
Bursaries and scholarships	-	60.9	60.9	56.8
Premises	20.6	66.1	86.7	101.8
Administration	74.6	42.0	116.6	110.1
Payments to colleges	-	53.9	53.9	54.5
Other expenses	6.5	29.3	35.8	26.9
Tinbergen building closure	-	27.5	27.5	-
Foreign exchange loss	-	-	-	7.3
TOTAL University	696.3	633.2	1,329.5	1,252.9
Subsidiary companies	18.5	45.6	64.2	59.8
Movement in pensions provision	(6.5)	-	(6.5)	11.0
Interest and other finance costs	-	9.9	9.9	12.8
TOTAL Consolidated	708.3	688.7	1,397.0	1,336.5

Depreciation (£102.6m), Operating expenditure (£576.2m) and interest payable £9.9m are combined in the non-staff figures of £688.7m.

In 2016/17 there is a foreign exchange gain which is part of "Other Income" in note 4.

The increase in administration expenses is largely due to increased depreciation charges.

Other operating expenses include:

	Consolidated	
	2016/17	2015/16
	£'000	£'000
Remuneration paid to auditors during the year was in respect of the following services:		
Audit of the consolidated University's annual financial statements	175	170
Audit of the subsidiaries annual financial statements	118	125
Total audit fees	293	295
Services relating to taxation	50	96
Research grant certification services	214	251
Assurance/VAT advice (OUem)	30	23
Other non-audit services	-	13
Total non-audit fees	294	383
Total fees to auditors	587	678

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

10. Taxation

	Consolidated		University	
	2016/17	2015/16	2016/17	2015/16
	£'m	£'m	£'m	£'m
Current tax				
UK corporation tax	1.6	0.4	1.3	-
Taxation charge for the year	1.6	0.4	1.3	-

The majority of the tax charge relates to an additional RDEC claim made in 2016/17 but relating to 2014/15. The remainder of the tax relates to taxation of profits in subsidiaries not covered by gift aid.

	Consolidated		University	
	2016/17	2015/16	2016/17	2015/16
Factors affecting the tax charge	£'m	£'m	£'m	£'m
Total Comprehensive Income	219.7	172.9	227.0	169.0
Surplus on ordinary activities multiplied by the standard rate of corporation tax of 19.67% (2016: 20%)	43.2	34.6	44.6	32.6
Less tax due on surplus falling within charitable exemption	(41.6)	(34.2)	(43.3)	(32.6)
Taxation charge for the year	1.6	0.4	1.3	-

11. Oxford University Press ('The Press')

As explained in the accounting policies, these financial statements do not include the accounts of the Press, which is a department of the University. In addition to the transactions disclosed under note 4 (Other income) the Press provided the rest of the University during the year with goods and services worth approximately £1m (2016: £0.9m) which were free of charge. The Press leased premises from the University during the year for

a total of £197k (2016: £248k), the University leased premises from the Press during the year for a total of £120k (2016: £150k). At 31 July 2017 the Press owed the rest of the University £nil (2016: £0.1m). There were no material amounts due to the Press by the rest of the University at 31 July 2017 or 31 July 2016. An extract of the Press accounts for the year ended 31 March 2017 is included at pages 73–78.

The table below summarises the main transactions with the Press:

	2016/17 £'m	2015/16 £'m
Annual transfer	40.0	44.9
Benefits in kind – (University year)	1.0	0.9
	41.0	45.8
Lease payments received from Press	0.2	0.2
Lease payments paid to Press	(0.1)	(0.2)

12. Intangible assets and goodwill

Consolidated	Goodwill Negative goodwill £'m	Other Intangibles Software licences £'m	TOTAL £'m
As at 31 July 2016	(0.2)	1.6	1.4
Additions	-	-	-
Amortisation	-	(0.2)	(0.2)
As at 31 July 2017	(0.2)	1.4	1.2

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

University	Other Intangibles Software licences £'m	TOTAL £'m
As at 31 July 2016	1.6	1.6
Additions	-	-
Amortisation	(0.2)	(0.2)
As at 31 July 2017	1.4	1.4

13. Property, Plant and Equipment

Consolidated	Land and Buildings				TOTAL £'m
	Freehold £'m	Leasehold £'m	Equipment & machinery £'m	Assets under construction £'m	
Cost					
As at 1 August 2016	1,508.7	25.5	166.8	120.4	1,821.4
Additions	10.9	-	24.7	103.7	139.3
Completed	96.6	1.1	15.7	(113.4)	-
Disposals	-	-	(25.6)	-	(25.6)
As at 31 July 2017	1,616.2	26.6	181.6	110.7	1,935.1
Depreciation					
As at 1 August 2016	421.1	6.2	65.1	-	492.4
Charge for the year	56.2	1.5	44.9	-	102.6
Disposals	-	-	(25.6)	-	(25.6)
As at 31 July 2017	477.3	7.7	84.4	-	569.4
Net book value					
As at 31 July 2017	1,138.9	18.9	97.2	110.7	1,365.7
As at 31 July 2016	1,087.6	19.3	101.7	120.4	1,329.0
Leased assets included above:					
Net book value					
As at 31 July 2017	-	18.9	-	-	18.9
As at 31 July 2016	-	19.3	-	-	19.3

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

Land and buildings (Consolidated and University) includes £84.4m (2016: £84.2m) of freehold land on which no depreciation is charged.

Included in the £56.2m of Freehold Building depreciation is £6.8m of accelerated depreciation relating to the closure of the Tinbergen building. Following closure of the building, all associated assets have been written off.

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

Land and buildings (Consolidated and University) include properties financed and occupied by the University on NHS sites with a net book value of £16.5m (2016: £7.1m).

Equipment additions include £4.8m (2016: £10.7m) of labour capitalisation relating to internal IT resource, which has been applied to major IT projects. The largest spend on single projects were for Integrated Communications £1.5m and Student Systems Admissions £1.3m.

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 section 2.8 Reporting the Substance over form, as the risks and rewards of occupancy vest in the University, the building is included in fixed assets. At 31 July 2017 the fixed assets of the University included a cost of £62.7m (2016: £62.7m) in respect of the building.

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

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

University	Land and Buildings				TOTAL £'m
	Freehold £'m	Leasehold £'m	Equipment & machinery £'m	Assets under construction £'m	
Cost					
As at 1 August 2016	1,505.9	25.5	163.6	120.4	1,815.4
Additions	10.8	-	24.5	103.8	139.1
Completed	96.6	1.1	15.7	(113.4)	-
Disposals	-	-	(25.2)	-	(25.2)
As at 31 July 2017	1,613.3	26.6	178.6	110.8	1,929.3
Depreciation					
As at 1 August 2016	419.1	6.2	62.5	-	487.8
Charge for the year	56.0	1.5	44.5	-	102.0
Disposals	-	-	(25.2)	-	(25.2)
As at 31 July 2017	475.1	7.7	81.8	-	564.6
Net book value					
As at 31 July 2017	1,138.2	18.9	96.8	110.8	1,364.7
As at 31 July 2016	1,086.8	19.3	101.1	120.4	1,327.6
Leased assets included above:					
Net book value	-	18.9	-	-	18.9
As at 31 July 2017	-	19.3	-	-	19.3
As at 31 July 2016					

14. 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.

Heritage assets acquired since 1999 are held at cost or valuation on receipt. Due to the scale and uniqueness of

many of the heritage assets, it is not possible to value the University's heritage assets acquired prior to 1999. The cost would also be prohibitive.

The cost of new heritage asset acquisitions in 2016/17 was £1.6m (2016:£1.3m). The main acquisition was the Watlington Hoard for a total of £1.35m, paid for by private donations. Disposals are unlikely as most donations have conditions preventing disposal, and there were no disposals in 2016/17. The costs of donated assets are based on valuations by experts in the relevant field. The five year summary for heritage asset donations/ additions is:

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	2016/17 £'m
Brought forward	25.3	64.3	66.6	77.0	80.5
Acquisitions purchased with specific donations	10.5	1.1	0.3	-	1.5
Acquisitions purchased with University funds	-	0.3	0.1	1.3	0.1
Total cost of acquisitions purchased	10.5	1.4	0.4	1.3	1.6
Value of acquisitions by donation	28.5	0.9	10.0	2.2	3.2
Carried forward	64.3	66.6	77.0	80.5	85.3

Heritage assets of £3.2m were donated in the year (2016: £2.2m). The largest donation was £2m for the William Dobson Portrait. 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.

15. Non-current investments

	Consolidated		University	
	2017 £'m	2016 £'m	2017 £'m	2016 £'m
Investments stated at market value:				
Spinout companies	114.3	81.5	114.3	81.5
Investment property	203.3	218.8	203.3	218.8
Global and private equities	720.8	698.6	717.7	693.3
Public equity	1,280.0	984.1	1,280.0	984.1
Credit	228.5	209.1	228.5	209.1
Other assets	0.2	104.3	0.2	104.3
Pledges	8.5	9.0	8.5	9.0
Third party managed	110.6	97.1	87.1	74.2
Short-term Bonds	492.9	446.3	492.9	446.3
Participating interest in Associates	-	0.3	-	-
Investments stated at cost:				
Subsidiary and associated undertakings	-	-	14.9	16.9
	3,159.1	2,849.1	3,147.4	2,837.5
Less: amounts attributable to outside bodies	(1,000.6)	(791.3)	(1,052.5)	(832.3)
Total at end of year	2,158.5	2,057.8	2,094.9	2,005.2
Investment assets held are split between reserves as follows:				
Income & expenditure reserves	1,169.1	1,148.0	1,174.4	1,161.7
Endowment reserves 26	989.4	909.8	920.5	843.5
	2,158.5	2,057.8	2,094.9	2,005.2
Held on behalf of outside bodies	1,000.6	791.3	1,052.5	832.3
Total at end of year	3,159.1	2,849.1	3,147.4	2,837.5

The investment market value gain is shown in note 5.

16. Investment in Subsidiaries and Associates

Subsidiaries

As at 31 July 2017 the University exercised control of the following subsidiary undertakings (excluding dormant undertakings):

	Country of incorporation	Nature of activity	% Interest
Instruct Academic Services Ltd	United Kingdom	Scientific facilities-sharing infrastructure services	100
James Martin UK Ltd ¹	United Kingdom	Endowment Management	100
Oxford Ltd	United Kingdom	Retail and other trading activities	100
Oxford Advanced Research Centres Ltd	United Kingdom	Head office activities	100
Oxford Mutual Ltd ²	United Kingdom	Provision of discretionary cover	100
Oxford Research South Africa Ltd	United Kingdom	Social policy research	100
Oxford Saïd Business School Ltd	United Kingdom	Executive education	100
Oxford University (Beijing) Science & Technology Co. Ltd	China	Clinical research	100
OUC Investments Ltd	United Kingdom	Head office activities	100
Oxford University Development (North America), Inc.	United States of America	Office administration	100
Oxford University Endowment Management Ltd	United Kingdom	Investment management services	100
Oxford University Fixed Assets Ltd	United Kingdom	Building management and utilities	100
Oxford University Innovation Centres Ltd	United Kingdom	Innovation technology research services	100
Oxford University Innovation Ltd	United Kingdom	Commercial exploitation of intellectual property	100
Oxford University Innovation (Hong Kong) Ltd ³	Hong Kong	Commercial exploitation of intellectual property	100
Oxford University Trading Ltd	United Kingdom	General trading activities	100
The Gray Laboratory Cancer Research Trust ⁴	United Kingdom	Radiobiology research	100
University of Oxford China Office Ltd	Hong Kong	Fundraising and alumni relations	100
Voltaire Foundation Ltd	United Kingdom	Publishing	100

As part of the Moritz-Heyman 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.

All subsidiary undertakings prepare accounts to 31 July each year except for: Jenner Vaccine Foundation which draws up its accounts to 31 March and Oxford University (Beijing) Science and Technology Co Ltd to 31 December each year.

¹ The James Martin Trust is a charitable trust incorporated in the United Kingdom where the University has the power to appoint the majority of the trustees.

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

³ Oxford University Innovation (Hong Kong) Ltd is a wholly-owned subsidiary of Oxford University Innovation Ltd.

⁴ The Gray Laboratory Cancer Research Trust is a company limited by guarantee. The sole member is the University.

University holdings in subsidiaries	£'m
Cost	
As at 31 July 2016	16.9
Capital reduction	(2.0)
Addition	-
As at 31 July 2017	14.9

Joint venture

The Jenner Vaccine Foundation is a charitable company limited by guarantee set up for the purpose of researching novel human and animal vaccines. The University has the right to appoint half of the directors, with the other half appointed by the Pirbright Institute, and the Foundation is accounted for as a joint venture using the equity method

based upon its Financial Statements prepared to 31 March 2017.

During the course of 2016/17, the University acquired a 50% stake in ARCH Kenya. This is a charitable company limited by guarantee set up to promote research on diseases in Africa and in particular Kenya.

	ARCH Kenya		Jenner Vaccine Foundation	
	Year ended 31 July 2017 £'m	Year ended 31 July 2016 £'m	Year ended 31 March 2017 £'m	Year ended 31 March 2016 £'m
Share of net assets at start of year				
Income Statement				
Incoming resources for the year to 31 July	-	-	0.8	0.9
Surplus/(deficit) for the year	1.9	-	-	-
	-	-	(0.2)	(0.1)
Share of net assets at end of year	1.9	-	0.6	0.8

Associates

As at 31 July 2017 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	United Kingdom	Commercial exploitation of intellectual property	50
Isis Changzhou International Technology Transfer Centre Co. Ltd ⁴	China	Technology transfer	40
Oxford Vacmedix UK Ltd	United Kingdom	Commercial exploitation of intellectual property	34
Smith Institute (limited by guarantee)	United Kingdom	Knowledge transfer	33
Oxford Ancestors Ltd	United Kingdom	Commercial exploitation of intellectual property	32
Reox Ltd	United Kingdom	Commercial exploitation of intellectual property	31
Suzhou Isis International Technology Transfer Co. Ltd ⁵	China	Technology transfer	30
Oxford Risk Research and Analysis Ltd	United Kingdom	Commercial exploitation of intellectual property	30
Oxford Electromagnetic Solutions Ltd	United Kingdom	Commercial exploitation of intellectual property	28
TdeltaS Ltd	United Kingdom	Commercial exploitation of intellectual property	28
Oxtex Ltd	United Kingdom	Commercial exploitation of intellectual property	27
Shenzhen Zhongjin International Technology Transfer Center Ltd ⁶	China	Technology transfer	25
Kepler Energy Ltd	United Kingdom	Commercial exploitation of intellectual property	23
Minervation Ltd	United Kingdom	Commercial exploitation of intellectual property	22
NightstaRx Ltd	United Kingdom	Commercial exploitation of intellectual property	21
Aurox Ltd	United Kingdom	Commercial exploitation of intellectual property	20
Celleron Therapeutics Ltd	United Kingdom	Commercial exploitation of intellectual property	20
Mind Foundry Ltd	United Kingdom	Commercial exploitation of intellectual property	20
Oxcept Ltd	United Kingdom	Commercial exploitation of intellectual property	20
Oxford Multispectral Ltd	United Kingdom	Commercial exploitation of intellectual property	20

The associated undertakings prepare accounts to various year-ends.

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

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

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

Associate valuation	£'m
Share of net assets of associate undertakings as at 31 July 2016	0.4
Share of surplus/(deficit) of associate undertakings for the year 2016/17	-
Share of net assets of associate undertakings as at 31 July 2017	0.4

17. Trade and other receivables falling due within one year

	Consolidated		University	
	2017	2016	2017	2016
	£'m	£'m	£'m	£'m
Research grants receivable	112.0	115.6	112.7	115.8
Research and Development Expenditure credit	34.2	30.4	34.2	30.4
Prepayments and accrued income	20.6	18.2	17.9	15.4
Other trade receivables	51.5	48.5	40.9	37.4
Other receivables	14.4	11.8	14.5	16.9
Amounts due from subsidiaries	-	-	12.8	11.2
	232.7	224.5	233.0	227.1

18. Receivables amounts falling due after more than one year

	Consolidated		University	
	2017	2016	2017	2016
	£'m	£'m	£'m	£'m
Other receivables	5.9	7.2	5.9	7.2
	5.9	7.2	5.9	7.2

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

19. Current investments

	Consolidated		University	
	2017	2016	2017	2016
	£'m	£'m	£'m	£'m
As at 1 August 2016	51.1	65.2	49.9	63.0
Additions	58.4	(14.1)	57.6	(13.1)
	109.5	51.1	107.5	49.9

20. Cash and cash equivalents

	At 1st August 2016	Cash Flows	At 31st July 2017
Consolidated	£'m	£'m	£'m
Cash and cash equivalents	150.2	37.5	187.7
Cash & cash equivalents held in Oxford Funds	25.6	46.5	72.1
Investment assets cash	41.3	(13.6)	27.7
	217.1	70.4	287.5
University	£'m	£'m	£'m
Cash and cash equivalents	116.2	71.6	187.8
Cash & cash equivalents held in Oxford Funds	25.6	46.5	72.1
Investment assets cash	41.3	(28.7)	12.6
	183.1	89.4	272.5

21. Creditors: Amounts falling due within one year

	Consolidated		University	
	2017 £'m	2016 £'m	2017 £'m	2016 £'m
Research grants creditors	281.8	238.6	281.8	238.6
Accruals and deferred income	129.1	105.7	112.9	90.0
Capital grants with performance conditions	26.9	60.6	26.9	60.6
Unsecured bank loans 22	2.6	2.4	2.6	2.4
Social security and other taxation payable	27.2	26.2	27.2	26.2
Trade payables	68.3	59.6	69.2	60.6
Amounts due to subsidiaries	-	-	4.6	3.2
	535.9	493.1	525.2	481.6

22. Creditors: Amounts falling due after more than one year

	Consolidated		University	
	2017 £'m	2016 £'m	2017 £'m	2016 £'m
Oxford Sciences Innovation plc	24.1	16.4	24.1	16.4
Technikos	3.3	4.1	3.3	4.1
Grant to Turing Institute	2.0	3.0	2.0	3.0
Bank loans	227.7	230.3	227.7	230.3
Loan to Blavatnik School of Government	3.0	3.0	3.0	3.0
	260.1	256.8	260.1	256.8
Analysis of unsecured bank loans:				
Due between one and two years	2.7	2.6	2.7	2.6
Due between two and five years	14.4	11.2	14.4	11.2
Due in five years or more	210.6	216.5	210.6	216.5
	227.7	230.3	227.7	230.3

Bank Loans	Loan 1 £'m	Loan 2 £'m	Loan 3 £'m	Total £'m
Amount borrowed	25.0	25.0	200.0	250.0
Amount outstanding at 31 July 2017	5.3	25.0	200.0	230.3
Interest rate	5.13 %	5.07 %	2.55%	-
Final repayment date	April 2019	June 2047	June 2045	-
Amount due within one year	2.6	-	-	2.6
Amount due between one and two years	2.7	-	-	2.7
Amount due between two and five years	-	-	14.4	14.4
Amount due after five years	-	25.0	185.6	210.6
	5.3	25.0	200.0	230.3

During 2007, the University entered into an agreement with Technikos LLP to fund the Institute of Biomedical Engineering over a 15-year period following completion of a new building. The building was completed on 1 October 2007. Cash of £12m had been received from Technikos by July 2010. The total balance that had not been set against costs at 31 July 2017 was £3.3m in Creditors over one year and £0.8m in Creditors: within one year.

The University entered into an agreement with Oxford Sciences Innovation plc (OSI) in 2015/16. In return for

50% of its stake in each company spun out from Medical Science and Mathematical, Physical and Life Sciences over a period of 15 years, the University received a 5% non-dilutable stake in OSI. This stake was initially valued at £17.5m but an additional fund raising has taken place in 2016/17 of £8.2m. The investment is treated as deferred income in the Balance Sheet and is being released to the Statement of Comprehensive Income over the 15 year period of the agreement. The amount due to be released in 2017/18 is included in Creditors: within one year, with the remaining balance included in Creditors over one year.

23. Financial instruments

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

Consolidated		2017 £'m	2016 £'m
Financial Assets			
<i>Measured at fair value through the profit or loss</i>			
Global & private equities, public equity, spin-out companies	15	2,115.1	1,764.2
<i>Measured at undiscounted amount receivable</i>			
Trade and other receivables	17	232.7	224.5
<i>Equity instruments measured at cost less impairment</i>			
Current asset unlisted investments	19	109.5	51.1
		2,457.3	2,039.8
Financial liabilities			
<i>Measured at amortised cost</i>			
Loans payable	21, 22	230.3	232.7
<i>Measured at undiscounted amount payable</i>			
Trade and other payables	21	68.3	59.6
		298.6	292.3

Derivative Financial Instruments

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

Foreign Currency Risk

Risk analysis is an integral part of University's investment decision making and portfolio management. Geographical and foreign current exposures and the liquidity of the underlying portfolio are consistently evaluated. An in-house performance and risk system has been developed to provide the ability to review The Oxford Funds' performance, understand the risks and evaluate them on a real-time basis.

Forward contracts are used by the Oxford Endowment Fund to hedge exposure to foreign exchange risk. These contracts are used as hedging instruments to ensure that the sterling value of investments are within a range decided by the Investment Committee between 40% and 70% of the assets held in the Oxford Endowment Fund.

Consolidated and University	Current		Non-current	
	2017 £'m	2016 £'m	2017 £'m	2016 £'m
Forward foreign currency contracts for investments	417.2	327.0	-	-
Forward foreign currency contracts for research	53.6	25.8	-	-
	470.8	352.8	-	-

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 income and expenditure account. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The nominal value of current hedging contracts in place at 31 July 2017 was £417.2m and the contracts, when

marked to market, showed an unrealised gain of £7.7m.

The University had outstanding forward contracts to sell US Dollars relating to expected US Dollar receipts from research funders. These forward contracts give greater certainty as to expected research income. It also had swap contracts to hedge its exposure to exchange rate fluctuations on Euro denominated cash balances held.

The nominal value of current hedging contracts in place at 31 July 2017 was £53.6m and the contracts when marked to market showed an unrealised gain of £1.3m. In 2016 the value was £25.8m and the contracts, when marked to market, showed an unrealised gain of £0.6m.

24. Pension Scheme Provisions

Consolidated	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2016	147.4	48.6	1.4	197.4
Utilised in year	-	-	(0.1)	(0.1)
(Release) / Additions in year	(7.8)	1.3	-	(6.5)
Interest release	2.6	0.7	-	3.3
At 31 July 2017	142.2	50.6	1.3	194.1

University	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2016	146.4	48.4	1.4	196.2
Utilised in year	-	-	(0.1)	(0.1)
(Release) / additions in year	(10.5)	1.2	-	(9.3)
Interest release	2.6	0.7	-	3.3
At 31 July 2017	138.5	50.3	1.3	190.1

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 in calculating these provisions the University has estimated that salary expense will increase at 2.4% for 2017/18 and 2.0% p.a. for future years for OSPS

and 3% p.a for USS and the liability is discounted at a 15 year corporate bond rate of 1.9% (2016: 1.4%). A sensitivity analysis to changes in salary and discount rate changes is shown in note 33.

The University 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. (see note 33)

25. Other Provisions

Consolidated				
	Building dilapidation Tinbergen £'m	Building dilapidation Castle Mill £'m	Other £'m	Total £'m
At 1 August 2016	-	6.1	5.5	11.6
Transfer from income and expenditure account	20.8	(3.4)	(1.3)	16.1
Utilised in year	(0.3)	(0.6)	-	(0.9)
At 31 July 2017	20.5	2.1	4.2	26.8

University				
	Building dilapidation Tinbergen £'m	Building dilapidation Castle Mill £'m	Other £'m	Total £'m
At 1 August 2016	-	6.1	4.6	10.7
Transfer from income and expenditure account	20.8	(3.4)	(1.3)	16.1
Utilised in year	(0.3)	(0.6)	-	(0.9)
At 31 July 2017	20.5	2.1	3.3	25.9

The "Other" provision relates to provisions for tax and potential repayments to a sponsor. The building dilapidations provisions relate to remedial work on Castle Mill Graduate Accommodation and costs associated with

the closure and demolition of the Tinbergen building. Following detailed review of building plans, part of the costs relating to Castle Mill give extra functionality and will therefore be capitalised.

26. Endowment Funds

Permanent Endowments

Consolidated							
	Unrestricted			Restricted			
	Capital	Unapplied	Total	Capital	Unapplied	Total	TOTAL
	£'m	Return	£'m	£'m	Return	£'m	£'m
Capital – Original gift	80.1	-	80.1	256.5	-	256.5	336.6
Capital – Indexation reserve	21.9	-	21.9	46.7	-	46.7	68.6
Unapplied return	-	154.6	154.6	-	213.4	213.4	368.0
Balance as at 31 July 2016	102.0	154.6	256.6	303.2	213.4	516.6	773.2
Investment Income	-	-	-	-	0.1	0.1	0.1
New endowments	0.1	-	0.1	16.2	-	16.2	16.3
Reclassification to expendable endowments	-	-	-	-	-	-	-
Indexation	2.6	(2.6)	-	7.8	(7.8)	-	-
Market value gains	-	19.7	19.7	-	46.0	46.0	65.7
Released to Unrestricted reserves	-	(10.2)	(10.2)	-	(16.4)	(16.4)	(26.6)
Balance as at 31 July 2017	104.7	161.5	266.2	327.2	235.3	562.5	828.7
<i>Represented by:</i>							
Capital – Original gift	80.2	-	80.2	272.7	-	272.7	352.9
Capital – Indexation reserve	24.5	-	24.5	54.5	-	54.5	79.0
Unapplied return	-	161.5	161.5	-	235.3	235.3	396.8
	104.7	161.5	266.2	327.2	235.3	562.5	828.7

University							
	Unrestricted			Restricted			
	Capital	Unapplied	Total	Capital	Unapplied	Total	TOTAL
	£'m	Return	£'m	£'m	Return	£'m	£'m
Capital – Original gift	29.5	-	29.5	253.6	-	253.6	283.1
Capital – Indexation reserve	12.8	-	12.8	46.7	-	46.7	59.5
Unapplied return	-	147.9	147.9	-	216.4	216.4	364.3
Balance as at 31 July 2016	42.3	147.9	190.2	300.3	216.4	516.7	706.9
Investment income	-	-	-	-	0.1	0.1	0.1
New endowments	0.1	-	0.1	16.2	-	16.2	16.3
Reclassification to expendable endowments	-	-	-	-	-	-	-
Indexation	1.1	(1.1)	-	7.8	(7.8)	-	-
Market value gains	-	14.6	14.6	-	46.0	46.0	60.6
Released to unrestricted reserves	-	(7.6)	(7.6)	-	(16.5)	(16.5)	(24.1)
Balance as at 31 July 2017	43.5	153.8	197.3	324.3	238.2	562.5	759.8
<i>Represented by:</i>							
Capital – Original gift	29.6	-	29.6	269.8	-	269.8	299.4
Capital – Indexation reserve	13.9	-	13.9	54.5	-	54.5	68.4
Unapplied return	-	153.8	153.8	-	238.2	238.2	392.0
	43.5	153.8	197.3	324.3	238.2	562.5	759.8

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 Endowment Fund which returns each year a cash dividend of 4% of holding value. The University considers 4% to represent a reasonable estimate of the long-term return on investment achievable above inflation.

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

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

Restricted Expendable Endowments

	Consolidated			University		
	Capital	Accumulated income	Total	Capital	Accumulated income	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Balance as at 31 July 2016	127.6	9.0	136.6	127.6	9.0	136.6
New endowments	27.4	-	27.4	27.4	-	27.4
Transfer to creditors	(8.3)	(1.1)	(9.4)	(8.3)	(1.1)	(9.4)
Investment Income	-	-	-	-	-	-
Market value gains	-	12.3	12.3	-	12.3	12.3
Expenditure	-	(6.2)	(6.2)	-	(6.2)	(6.2)
Balance as at 31 July 2017	146.7	14.0	160.7	146.7	14.0	160.7

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 Balance Sheet within the balances held for Investments and Cash and Cash Equivalents as follows:

	Consolidated		University	
Investments	2017 £'m	2016 £'m	2017 £'m	2016 £'m
Global equities	5.6	24.1	5.6	7.1
Private equity	183.7	166.1	183.7	156.2
Public equity	449.6	299.1	404.4	299.2
Investment property	73.7	79.2	73.7	76.3
Credit	72.2	63.6	72.2	63.6
Pledges	8.5	9.0	8.5	9.0
Third party managed	95.7	91.9	72.1	68.9
Other assets	46.5	68.7	46.5	61.5
Current asset investments	35.7	2.4	35.7	2.6
	971.2	804.2	902.4	744.4
Cash and cash equivalents	18.2	105.6	18.1	99.1
Balances as at 31 July	989.4	909.8	920.5	843.5

Endowment Purposes

Endowments, both permanent and expendable, fall into the following categories for the year to 31 July 2017.

	Opening	Investment gains	Investment income	New endowments	Expenditure and transfer	Closing
General Academic	341.7	45.9	-	7.0	(29.5)	365.1
Academic posts	268.8	15.6	-	10.5	(6.1)	288.8
Scholarship funds	240.2	13.4	-	23.8	(5.2)	272.2
Support for libraries and museums	36.6	2.0	-	2.4	(0.8)	40.2
Societies	17.3	0.7	0.1	-	(0.4)	17.7
Prize funds	5.2	0.4	-	-	(0.2)	5.4
Balance as at 31 July 2017	909.8	78.0	0.1	43.7	(42.2)	989.4

Material Endowments

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

	Nuffield Benefaction £'m	James Martin 21st Century Foundation £'m	Moritz–Heyman £'m
Balance as at 31 July 2016			
Capital – Original gift	3.1	50.6	49.6
Capital – Indexation reserve	0.6	9.1	0.7
Unapplied return	86.1	5.9	15.7
	89.8	65.6	66.0
Investment gains and income	8.3	6.1	10.2
Expenditure	(3.3)	(2.6)	(2.2)
Balance as at 31 July 2017	94.8	69.1	74.0
<i>Represented by:</i>			
Capital – Original gift	3.1	50.6	49.6
Capital – Indexation reserve	0.7	10.6	2.0
Unapplied return	91.0	7.9	22.4
	94.8	69.1	74.0

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

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

The Moritz–Heyman Scholarship Fund was established

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

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 (2015/16: none).

27. Restricted reserves

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

Consolidated				
	As at 31 July 2016 £'m	New donations & grants £'m	Restricted expenditure £'m	As at 31 July 2017 £'m
General academic	13.1	16.1	(10.8)	18.4
Academic posts	2.4	2.0	(1.8)	2.6
Scholarship funds	5.5	7.5	(5.9)	7.1
Support for libraries	1.4	1.0	(1.2)	1.2
Support for museums	1.7	2.9	(2.7)	1.9
Donated heritage assets	51.1	3.2	-	54.3
Mixed use buildings	2.5	-	-	2.5
	77.7	32.7	(22.4)	88.0

University				
	As at 31 July 2016 £'m	New donations & grants £'m	Restricted expenditure £'m	As at 31 July 2017 £'m
General academic	13.1	16.1	(10.8)	18.4
Academic posts	2.4	2.0	(1.8)	2.6
Scholarship funds	5.5	7.5	(5.9)	7.1
Support for libraries	1.4	1.0	(1.2)	1.2
Support for museums	1.7	2.9	(2.7)	1.9
Donated heritage assets	51.1	3.2	-	54.3
Mixed use buildings	2.5	-	-	2.5
	77.7	32.7	(22.4)	88.0

28. Linked charities

The University administers, either directly or indirectly, a number of charitable institutions that are established for its general purposes or a special purpose or in connection with it. Under paragraph 28(1) of Schedule 3 of the Charities Act 2011, these institutions are referred to as "paragraph 28" or "linked" charities. They fall under the umbrella of the University's charitable status and are exempt from registration with the 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 2016 £'m	Incoming resources including investment gains £'m	Outgoing resources and expenditure £'m	As at 31 July 2017 £'m
Consolidated into the Group Financial Statements				
James Martin 21st Century (UK) Trust	65.6	6.6	(3.1)	69.1
The Gray Laboratory Cancer Research Trust	(0.1)	1.6	(1.6)	(0.1)
Aggregated into the University Financial Statements				
University of Oxford Development Trust Fund	1,222.4	128.4	(52.4)	1,298.4
Oxford University Law Foundation	0.5	0.1	-	0.6
Excluded from the University and group accounts as they are not controlled by the University				
Oxford University Boat Club	3.9	0.4	(0.4)	3.9
Oxford University Rugby Club	0.2	0.3	(0.4)	0.1
Oxford University Women's Boat Club	0.1	0.3	(0.3)	0.1
Out of the Blue	-	0.1	-	0.1
Smaller sports charities	0.2	0.1	(0.1)	0.2
Smaller non-sports charities	0.7	0.3	(0.6)	0.4
Excluded from the University and group accounts as the University does not derive direct benefits from their activities				
Nuffield Dominions Trust	25.9	2.1	(0.4)	27.6
College Contribution Fund	53.5	13.7	(2.2)	65.0

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.

29. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017.

	Consolidated		University	
	2017 £'m	2016 £'m	2017 £'m	2016 £'m
At the end of the year the University had major capital commitments for building projects as follows:				
Contracted for:	104.0	93.3	104.0	93.3
At the end of the year the University had commitments to invest additional funds within its investment portfolio	331.0	302.0	331.0	302.0

30. Contingent liabilities

As explained in the Statement of Accounting Policies, these financial statements do not include those assets and liabilities that relate to the activities of the Press. In the unlikely event of the Press not having sufficient assets to meet such liabilities, those liabilities would fall to be met by the University as a whole. At 31 March 2017 the date of its latest audited balance sheet, the Press had total net assets of £541.1m (2016: £530.1m), after deducting total liabilities of £494.8m (2016: £383.7m).

The University has entered into an agreement with the Trustees of the Oxford Staff Pension Scheme ('OSPS') to

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

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

31. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings			
	Consolidated		University	
	2016/17 £'m	2015/16 £'m	2016/17 £'m	2015/16 £'m
Payable during the year	4.8	4.0	4.8	4.0
<i>Future minimum lease payments due:</i>				
Not later than 1 year	3.0	4.0	3.0	4.0
Later than 1 year and not later than 5 years	11.1	12.0	11.1	12.0
Later than 5 years	21.0	36.1	21.0	36.1
Total lease payments due	35.1	52.1	35.1	52.1

32. Related parties

During the year ended 31 July 2017 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 trustees of the related party. This excludes the colleges which are separate legal entities.

Related Party	Nature of relationship	Income £'000	Expenditure /Transfers £'000	Balance due to/(from) the University £'000
Adaptimmune Limited	A senior manager is a non-executive director	54	-	-
BTG International Ltd	A senior manager is a non-executive director	10	-	-
Edward Penley Abraham Research Fund	Member of Council is a trustee	471	-	118
Guy Newton Research Fund	Member of Council is a trustee	25	-	22
Imperial College London	A pro-vice-chancellor is a member of two advisory boards and a member of Council is a visiting professor	263	193	(70)
JISC Collections and Janet Limited	A pro-vice-chancellor is a trustee	-	1,348	39
John Wiley & Sons Inc	A pro-vice-chancellor is an editorial board member for a journal	244	23	1
McGill University	There is a collaboration in neuroscience	25	72	1
Medical Schools Council	Member of Council is on a sub-committee	-	18	-
Modality Partnership	Member of Council is a partner in the GP practice	-	10	-
Nanjing University	Member of Council is a researcher	65	-	-
National Institute for Health Research	The Vice-Chancellor and other senior management members are on the board	53	-	-
Optical Society of America	A pro-vice-chancellor is president-elect	-	14	-
Oxford BioMedica (UK) Limited	A pro-vice-chancellor is a consultant	37	48	7
Oxford Sciences Innovation Plc	A senior manager is a non-executive director	30	-	6
Royal Academy of Engineering	Member of Council is a fellow, another is a member of a committee	22	-	-
Taylor & Francis Group	Member of Council is a book series editor, and a pro-vice-chancellor is an editorial board member for a journal	5	13	-
The Company of Biologists Ltd	Member of Council is the Chairman and a trustee	-	18	-
The Russell Group of Universities	Vice-Chancellor sits on the board	-	69	-
UK Biobank Limited	Member of Council is the CEO	-	275	24
University and College Union (UCU)	Member of Council is a member	38	-	3
Wellcome Trust	3 centres are directed by Oxford academics	91	134	(22)
Transactions with joint venture and associates				
Jenner Vaccine Foundation		-	-	-

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.

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 16, 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 £488k (2016: £402k) to the Oxford University Student Union and its wholly-owned subsidiary.

The Alan Turing Institute: The Institute has been created as a government initiative to fund a national centre for data science and analysis, and is a joint venture between five universities who are all making grants to the Institute. The University as a founding partner has agreed to make a grant of £5m to the new Institute. This commitment has been recorded as a creditor at 31st July 2017.

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

The University provides support to spinout companies in which it has invested via Oxford University spinout Equity Management.

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

Income	Consolidated	
	2017 £'m	2016 £'m
Medical Research Council	56.8	61.1
Science and Technology Facilities Council	10.4	9.7
Engineering and Physical Sciences Research Council	42.8	45.7
Arts & Humanities Research Council	4.0	3.8
Biotechnology & Biological Sciences Research Council	11.3	10.2
Natural Environmental Research Council	6.3	7.6
Economic & Social Research Council:	5.2	5.0
	136.8	143.1

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 £53.9m to the colleges via its Joint Resource Allocation Method (JRAM) (see note 9) out of HEFCE funding and fee income (2016: £54.5m).

The University made a payment of £1m to the College Contributions Fund in 2016/17 (2016: £1m) and will make a final payment of £1m in 2017/18. The Fund finances a scheme which provides support to colleges with relatively low assets. The University agreed to make these payments to help build up a permanent endowment to provide income grants. Grants are awarded to colleges to improve services in key areas, including the provision of bursaries, scholarships, libraries, IT and teaching support.

Other areas of interaction with the colleges are as follows:

Investments: The colleges are able to invest in the Oxford Endowment Fund; such investments are treated as 'amounts attributable to outside bodies' and are deducted from Fixed Asset Investments (see note 15). At 31 July 2017 the University held investments in the Endowment Fund amounting to £607.3m (2016: £404.5m) on colleges' behalf. Colleges are also among the investors in the Oxford Capital Fund. They have invested £47.5m as at 31 July 2017 (2016: £23.5m).

General trading takes place between the University

and colleges, including the provision of research, accommodation, and teaching facilities. These arrangements are undertaken on a commercial basis.

Other external funds/trusts: Certain external trusts provide research and other funding to the University and some colleges. A number of these trusts (note 26) are allowed to participate in the Oxford Endowment Fund, and such assets held on their behalf by the University are included in the deduction from Fixed Asset Investments (see note 15).

33. Pension schemes

The University participates in two principal pension schemes for its staff – the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary) and until April 2016 were contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. The schemes are multi-employer schemes and the University is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard 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. From 1 October 2017 OSPS introduced a defined contribution section for new entrants and from 1 April 2018 changes introduced will break the final salary link for certain members.

In the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in

respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

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

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.

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

Actuarial valuations

The last full actuarial valuation of the NHSPS was performed as at 31 March 2012. The 2012 valuation reported scheme liabilities of £240bn. There are no underlying assets, and therefore no surplus or deficit was reported except on a purely notional basis. An accounting valuation of the scheme liability is carried out annually by the scheme actuary, whose report forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. The actuary agreed that the employer contributions rate would increase from 14.0% to 14.3% from 1 April 2015. With the introduction of the new pension arrangements based on Career Average Revalued Earnings, the 2015 Scheme, the contributions will be 14.3% for a four-year period and the rate will be reassessed at the next valuation to be carried out as at 31 March 2016. NHSPS is in a similar position to USS in that in the event of the withdrawal of a participating employer the remaining participating employers will assume responsibility for any increased contributions arising.

The last full actuarial valuation of SAUL was performed as at 31 March 2014. The 2014 valuation reported a deficit on a technical provisions basis of £9m and

was 97% funded. From 1 April 2016 the employers' contribution rate increased by 3% to 16% for the period to 31 March 2018 in accordance with the deficit recovery plan. On 1 April 2016 a number of changes were made to the benefits provided including closure of the final salary plan, with all members now building up benefits on a Career Average Revalued Earnings basis at an accrual rate of 1/75ths. In SAUL the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

Qualified actuaries periodically value the USS, OSPS, MRCPS 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 of the latest valuations and the determination of the contribution levels are for the two principal schemes shown in the following table. The other schemes do not have significant numbers of University employees contributing.

	USS	OSPS
Date of valuation:	31/03/2014	31/03/2016
<i>Date valuation results published:</i>	24/07/2015	28/04/2017
Value of liabilities:	£46.9bn	£661m
Value of assets:	£41.6bn	£528m
Funding surplus / (deficit):	(£5.3bn) ^a	(£133m) ^b
<i>Principal assumptions:</i>		
Investment return	5.2% ^c pa	-
Rate of interest (periods up to retirement)	-	Gilts' +1.2%
Rate of interest (periods after retirement)	-	RPI + 1%pa
Rate of increase in salaries	RPI + 1%pa ^d	Average RPI/
Rate of increase in pensions	CPI pa ^d	CPI pa
<i>Mortality assumptions:</i>		
Assumed life expectancy at age 65 (males)	24.2 yrs	22.4 yrs
Assumed life expectancy at age 65 (females)	26.3 yrs	24.7 yrs
<i>Funding Ratios:</i>		
Technical provisions basis:	89%	80%
Statutory Pension Protection Fund basis:	82%	67%
'Buy-out' basis:	54% ^e	42%
Estimated FRS102 total funding level	77% ^e	82%
Recommended employer's contribution rate (as % of pensionable salaries):	18% ^e	23%, decreasing to 19% from 01/08/2017 ^f
Effective date of next valuation:	31/03/2017	31/03/2019

Notes:

^a USS actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 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 are 8% of salary; a defined contribution benefit for salary above the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is matched by the employer. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. For the period up to 1 April 2016 the employer deficit contribution was 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long-term employer contribution rate of 18% p.a. of salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 2.1% p.a. of salaries. At 31 March 2017 USS reported that the estimated funding deficit was £12.6bn (83% funded).

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

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

^d USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% p.a. 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 0.8% p.a.

^e As noted above (note a) the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it was 16% of salaries. The total employer contributions 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.

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

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

OSPS		
Assumption	Change in assumption	Impact on USS liabilities
RPI inflation	increase / decrease by 1%	decrease / increase by £73m
Rate of salary growth	increase / decrease by 0.5%	increase / decrease by £13m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £18m

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:

	OSPS	USS
Finish Date for Deficit Recovery Plan	30/06/2026	31/03/2031
Average Staff Number Increase	2.4%	3%
Average staff salary increase	2.0%	2.0%
Average discount rate over period	1.4%	1.75%
Effect of 0.5% change in discount rate	£0.6m	£5.2m
Effect of 1% change in staff growth	£4.1m	£11.0m

A provision of £194.2m has been made at 31 July 2017 (2016: £197.4m) 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.

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	2016/17 £'m	2015/16 £'m
Universities Superannuation Scheme	63.5	74.5
University of Oxford Staff Pension Scheme	14.5	15.6
NHS Pension Scheme	4.0	4.1
MRC	0.5	0.4
Other schemes – contributions	1.4	0.7
Total	84.0	95.3

Included in other creditors are pension contributions payable of £11.1m (2016: £10.9m).

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

Abstract of the Accounts of the Trading Operations and the Delegates' Property and Reserve Fund of Oxford University Press for the year ended 31 March 2017

Introductory note

The Delegates wish to observe that:

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

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

Independent Auditor's Statement to the Delegates of the Oxford University Press

We have examined the Abstract of the non-statutory accounts of the Trading Operations and the Delegates Property and Reserve Fund of Oxford University Press for the year ended 31 March 2017 which comprises the abstract of the combined balance sheet, combined statement of comprehensive income and combined statement of changes in equity, of the Trading Operations and the abstract of the combined balance sheet and combined statement of financial activities of the Delegates Property and Reserve Fund ("the Abstract").

This statement is made solely to the Delegates of the Oxford University Press, as a body, in accordance with our terms of engagement. Our work has been undertaken so that we might state to the Delegates those matters we have agreed to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Oxford University Press and the Delegates, as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of the Delegates and KPMG LLP

The Delegates are responsible for preparing the Abstract within the Financial Statements of the University of Oxford in accordance with the applicable Statutes of Oxford University. Our responsibility is to report to you our opinion on the accurate extraction of the captions

and amounts included in Abstract within the Financial Statements of the University of Oxford with the full annual non-statutory accounts of the Trading Operations and Delegates Property and Reserve Fund of Oxford University Press.

Basis of opinion

Our examination of the Abstract consisted primarily of agreeing the captions and amounts included in the Abstract to the corresponding items within the full annual non-statutory accounts of the Trading Operations and the Delegates Property and Reserve Fund of Oxford University Press for the year ended 31 March 2017. We also read the other information contained in the Financial Statements of the University of Oxford and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Abstract.

This engagement is separate from the audit of the annual non-statutory accounts of Trading Operations and the Delegates Property and Reserve Fund of Oxford University Press and the report here relates only to the extraction of the Abstract from those annual non-

statutory accounts and does not extend to the annual non-statutory accounts taken as a whole.

As set out in our audit report on those non-statutory accounts, that audit report is made solely to the Delegates, as a body, in accordance with Council Regulation 20 of 2002 of Oxford University. The audit work has been undertaken so that we might state to the Delegates those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trading Operations and Delegates Property and Reserve Fund of Oxford University Press and the Delegates as a body for that audit work, for the audit report, or for the opinions we have formed in respect of those audits.

Opinion

On the basis of the work performed, in our opinion the captions and amounts included in the Abstract have been accurately extracted from the full annual non-statutory accounts of the Trading Operations and Delegates Property and Reserve Fund of Oxford University Press for the year ended 31 March 2017.

KPMG LLP

Arlington Business Park, Theale, Reading, RG7 4SD
30 May 2017

Abstract of the Combined Balance Sheet of the Trading Operations as at 31 March 2017

	2017		2016	
	£'m	£'m	£'m	£'m
Fixed assets				
Tangible assets		19.5		22.4
Intangible fixed assets		73.0		83.9
Investments		0.5		0.5
		93.0		106.8
Current assets				
Intangible assets – pre-publication	20.7		20.0	
Fixed asset held for sale	2.3		–	
Stock and work-in-progress	76.3		73.2	
Debtors	246.4		203.8	
Current asset investments	229.8		174.2	
Cash at bank and in hand	31.4		22.0	
	606.9		493.2	
Current liabilities				
Creditors: amounts falling due within one year	(273.3)		(209.3)	
Taxation	(7.7)		(12.8)	
Bank loans and overdrafts	0.0		(8.0)	
	(281.0)		(230.1)	
Net current assets		325.9		263.1
Total assets less current liabilities		418.9		369.9
Creditors: amounts falling due after more than one year		(6.7)		(7.2)
Provisions for liabilities		(1.5)		(1.6)
Net assets excluding pension liability		410.7		361.1
Pension liability		(197.1)		(126.7)
Net assets		213.6		234.4
Capital employed				
Accumulated fund		211.9		232.7
Minority interests		1.7		1.7
Total fund		213.6		234.4

Abstract of the Combined Results of the Trading Operations for the year ended 31 March 2017

	2017	2016
	£'m	£'m
Turnover	847.4	760.5
Profit before tax	110.5	85.3
Taxation	(16.7)	(10.1)
Profit after tax	93.8	75.2
Profit attributable to minority interests	(0.1)	(0.4)
Profit for the year	93.7	74.8
The above results relate to continuing operations.		

Abstract of the Combined Statement of Comprehensive Income of the Trading Operations for the year ended 31 March 2017

	2017 £'m	2016 £'m
Profit for the year	93.7	74.8
Other comprehensive income:		
Effective portion of changes in fair value of cash flow hedges	3.3	(10.6)
Actuarial losses on group pension schemes		
Actuarial (loss)/gain arising during period	(183.5)	28.9
Return on scheme assets greater/(less) than discount rate	96.4	(16.2)
Currency Translation Differences On Foreign Currency	9.3	-
Total other comprehensive income	(74.5)	2.1
Total recognised comprehensive income relating to the year	19.2	76.9

Abstract of the Combined Statement of Changes in Equity of the Trading Operations for the year ended 31 March 2017

	Cash Flow Hedging Reserve £'m	Profit and Loss Account £'m	Total £'m
Balance at 1 April 2015	4.8	195.9	200.7
Total comprehensive income for the year:			
Profit for the year	-	74.8	74.8
Other comprehensive income	(10.6)	12.7	2.1
Transfer to delegates' property and reserve fund	-	(44.9)	(44.9)
Balance at 31 March 2017	(5.8)	238.5	232.7
Total comprehensive income for the year:			
Profit for the year	-	93.7	93.7
Other comprehensive income	3.3	(77.8)	(74.5)
Transfer to delegates' property and reserve fund	-	(40.0)	(40.0)
Balance at 31 March 2017	(2.5)	214.4	211.9

Abstract of the Combined Balance Sheet of the Delegates' Property and Reserve Fund as at 31 March 2017

		2017		2016
	Strategic property reserve £'m	Effective operating reserve £'m	Total £'m	Total £'m
Fixed assets				
Properties	187.4	89.7	277.1	252.3
Investments	24.0	25.3	49.3	30.2
	211.4	115.0	326.4	282.5
Current assets				
Debtors	0.3	1.3	1.6	0.3
Cash at bank and in hand	8.0	-	8.0	29.3
	8.3	1.3	9.6	29.6
Creditors: amounts falling due within one year	(8.4)	(0.1)	(8.5)	(16.4)
Net current assets/(liabilities)	(0.1)	1.2	1.1	13.2
Total assets less current liabilities	211.3	116.2	327.5	295.7
Net assets	211.3	116.2	327.5	295.7
Reconciliation of funds				
Opening balance	195.4	100.3	295.7	270.6
Net movement in funds	15.9	15.9	31.8	25.1
Total funds	211.3	116.2	327.5	295.7

Abstract of the Combined Statement of Financial Activities of the Delegates' Property and Reserve Fund for the year ended 31 March 2017

	2017		2016	
	Strategic Property Reserve £'m	Effective Operating Reserve £'m	Total £'m	Total £'m
INCOMING RESOURCES FROM GENERATED FUNDS				
Rental income from properties	14.8	3.4	18.2	17.8
Income from investments	0.2	0.1	0.3	0.3
Transfer from Trading Operations	-	40.0	40.0	44.9
TOTAL INCOMING RESOURCES	15.0	43.5	58.5	63.0
EXPENDITURE				
<i>Costs of generating funds</i>				
Other resources expended	(8.4)	(1.1)	(9.5)	(9.2)
<i>Expenditure on charitable activities</i>				
Transfer of funds to the rest of the University:				
- Cash	-	(40.0)	(40.0)	(44.9)
- Property	-	(2.3)	(2.3)	-
- Benefits in kind	(1.0)	-	(1.0)	(1.0)
TOTAL EXPENDITURE	(9.4)	(43.4)	(52.8)	(55.1)
Gains on investment properties	8.0	6.8	14.8	15.8
NET INCOME	13.6	6.9	20.5	23.7
Transfer between funds	(9.0)	9.0	-	-
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR	4.6	15.9	20.5	23.7
Currency translation differences on foreign currency net investments	11.3	-	11.3	1.4
NET MOVEMENT IN FUNDS	15.9	15.9	31.8	25.1
RECONCILIATION OF FUNDS				
TOTAL FUNDS BROUGHT FORWARD	195.4	100.3	295.7	270.6
TOTAL FUNDS CARRIED FORWARD	211.3	116.2	327.5	295.7

The results relate to continuing operations.

The following statements are unaudited and provided for information only

Consolidated & OUP Statement of Comprehensive Income

For the year ended 31 July 2017

	Consolidated University £'m	Combined OUP £'m	Adjustments £'m	TOTAL £'m
Income				
Tuition fees and education contracts	307.2	-	-	307.2
Funding body grants	194.6	-	-	194.6
Research grants and contracts	564.9	-	-	564.9
Other income	227.7	874.7	(41.3)	1,061.1
Investment income	14.4	19.3	-	33.7
Total income before donations	1,308.8	894.0	(41.3)	2,161.5
Donations and endowments	88.4	-	-	88.4
Donation of heritage assets	3.2	-	-	3.2
Total Income	1,400.4	894.0	(41.3)	2,253.1
Expenditure				
Staff costs	714.8	-	-	714.8
Staff costs - movement in pensions provision	(6.5)	(1.7)	-	(8.2)
Operating expenditure	576.2	10.6	(1.3)	585.5
Publishing costs	-	736.2	-	736.2
Depreciation/Amortisation	102.6	22.2	-	124.8
Interest and other finance costs	9.9	4.3	-	14.2
Total Expenditure	1,397.0	771.6	(1.3)	2,167.3
Surplus/(Deficit) before other gains	3.4	122.4	(40.0)	85.8
Gains on investments	218.1	14.8	-	232.9
Share of surplus/(deficit) on Joint Ventures	(0.2)	0.1	-	(0.1)
Surplus before tax	221.3	137.3	(40.0)	318.6
Taxation	(1.6)	(17.4)	-	(19.0)
Surplus after tax	219.7	119.9	(40.0)	299.6
Transfer to University	-	(40.0)	40.0	-
Changes in Pension scheme liability	-	(87.1)	-	(87.1)
Minority Interest changes	-	1.5	-	1.5
Effective portion of changes in fair value of cash flow hedges	-	8.5	-	8.5
Currency translation differences on foreign exchange	-	(5.2)	-	(5.2)
Total Comprehensive Income	219.7	(2.4)	-	217.3
Represented by				
Unrestricted comprehensive income for the year	129.8	(2.4)	-	127.4
Endowment comprehensive income for the year	79.6	-	-	79.6
Restricted comprehensive income for the year	10.3	-	-	10.3
	219.7	(2.4)	-	217.3

The following statements are unaudited and provided for information only

Consolidated and OUP Balance Sheet

For the year ended 31 July 2017

	Consolidated University £'m	OUP £'m	Adjustments £'m	TOTAL £'m
Non-current assets				
Intangible assets and goodwill	1.2	78.8	-	80.0
Property, plant and equipment	1,365.7	291.5	-	1,657.2
Heritage assets	85.3	-	-	85.3
Investments	2,158.5	35.0	5.8	2,187.7
	3,610.7	405.3	(5.8)	4,010.2
Current assets				
Inventories	2.9	98.1	-	101.0
Trade and other receivables				
- due within one year	232.7	300.9	-	533.6
- due after one year	5.9	-	-	5.9
Investments	109.5	-	-	109.5
Cash & cash equivalents	287.5	226.2	-	513.7
	638.5	625.2	-	1,263.7
Creditors: Amounts falling due within one year	(535.9)	(239.5)	-	(775.4)
Net current assets	102.6	385.7	-	488.3
Total assets less current liabilities	3,713.3	791.0	(5.8)	4,498.5
Creditors: Amounts falling due after more than one year	(260.1)	(9.5)	-	(269.6)
Provisions for liabilities				
Pension deficit recovery provisions	(194.1)	-	-	(194.1)
Pension defined benefit scheme	-	(199.2)	-	(199.2)
Other provisions	(26.8)	-	-	(26.8)
Total net assets	3,232.3	582.3	(5.8)	3,808.8
Reserves				
<i>Endowment Reserves</i>				
- Permanent	828.7	-	-	828.7
- Expendable	160.7	-	-	160.7
	989.4	-	-	989.4
<i>Restricted reserves</i>				
- Income and expenditure reserve	88.0	-	-	88.0
<i>Unrestricted reserves</i>				
- Income and expenditure reserve	2,154.9	582.3	(5.8)	2,731.4
	2,242.9	582.3	(5.8)	2,819.4
Total reserves	3,232.3	582.3	(5.8)	3,808.8

