UNIVERSITY OF
OXFORD

Financial Statements
2021/22

University of Oxford

Financial Statements 2021/22

www.ox.ac.uk

Contents

AT A GLANCE
Strategic and Operational Measures

Education

Measure	% change 2020/21 to 2021/22
13,445 Postgraduate students	3.1%
12,580 Undergraduate students	0.6%
68.2% UK undergraduates admitted during 2022 UCAS cycle are from state schools	0.0%
22.9% of undergraduates admitted during 2022 UCAS cycle are from the most disadvantaged backgrounds[1].	0.8%

Research

Measure	% change 2020/21 to 2021/22
£711.4m Research income	6.9%
£117.4m Research income from industry	9.8%
1st in the *Times Higher Education* World University Rankings (7th time running)	-
6,319 Research-related agreements executed	-15.2%

Educational Publishing undertaken by the Press

Measure	% change 2020/21 to 2021/22
£743.1m Educational publishing income	7.0%
223 million visits to journal articles published by OUP	5%
£117.3m Operating profit	73.3%
170 Major publishing awards won	-

Engagement and Partnership

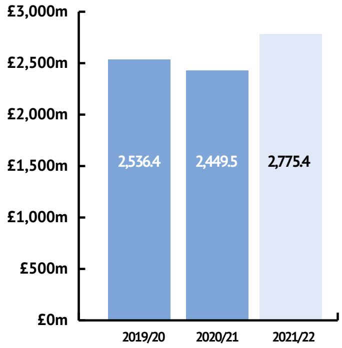
Measure	% change 2020/21 to 2021/22
More than **1,400** participants in the 8-month UNIQ 2022 programme	n/a
189 participants in our Opportunity Oxford bridging programme	14.7%
1,338 Students from low-income backgrounds supported by Crankstart scholarships	19.3%
171 Active spinout companies	1.2%

[1] ACORN categories 4 and 5, POLAR4 quintile 1 and Free School Meals.

Financial Measures

Income

£2,775.4m

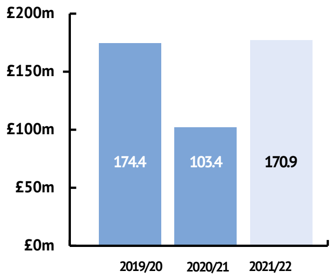


Adjusted surplus

before other gains and one-off exceptional items

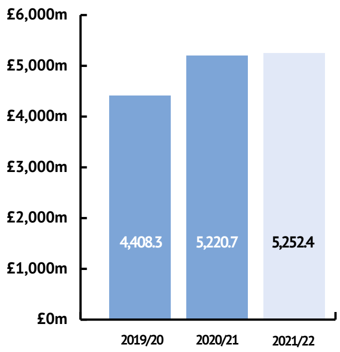
£170.9m*

** a detailed calculation of the Adjusted surplus before gains and other one – off exceptional items is shown on page 28*



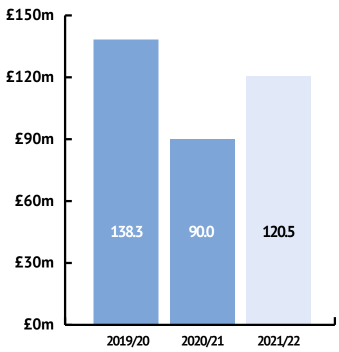
Net Assets

£5,252.4m



Capital Expenditure on Property, plant and equipment

£120.5m



LETTER FROM THE VICE-CHANCELLOR

"The University has emerged from the pandemic stronger than ever. Oxford has made a truly extraordinary contribution to winning the war against Covid, we are now digging into the complex challenges of winning a lasting peace. For all its hardships, the pandemic has accelerated Oxford's transition to new technologies, transformed our libraries into global digital hubs, and shown us new ways to teach and foster life-long learning. It has forced us to work together as a community more intensely than ever before, improving health and safety, integrating everything from professional services to mental health provision. It has trained us to be fit to face the future.

When we look back at this period we will marvel at the contribution our academics have made to the global battle against Covid. I believe that their actions will go down in history as one of the single fastest and most effective public health interventions ever mounted. An independent analysis by the London based data firm, Airfinity, estimates that the Oxford AstraZeneca vaccine had saved 6.3 million lives globally by the end of 2021. That is more than any other vaccine, and they did it at cost. In addition our RECOVERY trial, which currently has 48,000 participants, has discovered the efficacy of four therapeutics which in turn have saved many hundreds of thousands of lives and relieved the suffering of countless hospital patients.

They have made the most compelling case possible for research universities. The ability to choose to treat the products of our research as an infinite social good, rather than merely goods to market, distinguishes university collaborations from purely commercial ones, underlining the powerfully humane nature of our mission. It underlines too the importance of research universities to the country's success, in every sense.

The University continues to engage externally through our extensive links to industry and our thriving innovation ecosystem. We now derive more income from industry than any other university in the country and are jointly conducting research on everything from life-saving medicines, to climate change, to antibiotic resistant bacteria. Meanwhile we are spinning out companies at a rapid rate. In 2021 alone our companies attracted £1.6billion in investment. In this way we are continuing to fulfil our mission of contributing to the world around us.

We have also made a step change in philanthropic

fundraising which has more than doubled in the past seven years. In the year that ended in July 2022 we raised £249million (new cash gifts and pledges), our second best year ever. By contrast, in the year ending July 2015 our total raised was £89.7 million. This year we are already on track to have our best year ever. These figures do not include fundraising by colleges or the Rhodes Trust. The fact that so many of our gifts come from non-graduates is a testament to the global recognition of the quality of our research.

The calibre of our research and teaching was also recognised by the Times Higher Education Global Ranking of Universities. For the seventh consecutive year we were named the top university in the world. This is the longest run by any university since the rankings began and the first time a British University was ranked number 1.

The scale and calibre of our research was also evident in the results of the 2021 Research Excellence Framework. We made the largest submission in the UK entering 3,600 researchers in 29 subject areas and over 8,500 research "outputs." The research showed that Oxford is a powerhouse: we produce the largest volume of world leading research in the UK. The REF highlighted a wide range of areas in which we made a difference in the world, from tackling malaria to new therapies for depression, from reducing carbon emissions through climate policy, to using digital tools to improve parenting skills and reduce child abuse.

Teaching remains a core part of our mission and our recently launched Educational Awards recognize and celebrate excellence in education across the collegiate university. Meanwhile The Centre for Teaching and Learning has provided a focus for academic development in this area and established stronger collaboration across educational development and digital education. All students now have access to a core digital learning platform based on Canvas which offers greater flexibility and accessibility to learning resources. We have also increased funding for students in light of rising costs.

We have also made progress in reaching our goal of 25% of our incoming British students being from deprived backgrounds by 2023. The percentage of state school students has risen to 68% (rising from 56% in 2016) and BME students to 25% (rising from 18% in 2016). Our Opportunity Oxford program now has an enrolment of 189 students and we are recruiting for the Astrophoria Foundation program this year. The new frontier for access is bringing support for postgraduate access to the same level as support for undergraduates.

Notwithstanding these achievements, there are many challenges ahead. The cost of living crisis is having a deleterious impact on our staff and our students. The decline in the value of the pound will make recruiting staff from overseas more difficult, while fiscal constraints may jeopardise government funding for education and research. Meanwhile, we still await clarity on our membership of Horizon Europe. Fortunately the cost of University debt is fixed so we are protected from rising interest rates but we will not be protected from spiralling energy costs once our 22/23 hedging expires. In light of market conditions we also expect a challenging time for the value of our endowment. Fortunately Oxford University Press profits have recovered strongly from last year's Covid impact and are back to pre-Pandemic levels. In short, our financial position remains stable and we have maintained our strong balance sheet with net assets in excess of £5bn.

Finally, the usual uncertainty that surrounds the transition to a new Vice-Chancellor is mitigated both by the calibre of my successor, Professor Irene Tracey, and by the fact that she is intimately familiar with the complexities of Oxford having experienced the university in many different roles. I know that my colleagues will give her their full support. ”

Louise Richardson

VISION AND STRATEGIC COMMITMENTS

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

Vision

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

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

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

Strategic commitments

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

EMERGING TRENDS

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

The current Strategic Plan covers the period 2018 to 2024 and a full version can be found at www.ox.ac.uk/about/organisation/strategic-plan-2018-24. Emerging trends keep informing prioritisation of University activity.

Global context

The University is operating within an increasingly uncertain global context. The ongoing war in Ukraine and global political tensions threaten to impact academic collaboration and global supply chains continue to be disrupted as the world recovers from the COVID-19 pandemic. High inflation has resulted in moves by central banks to increase interest rates, despite slowing economic growth, prompting fears of a recession in the United Kingdom, Eurozone and the United States. This in turn has negatively impacted the performance of public and private equity markets and Bond markets, reducing the likelihood of strong investment returns going forward.

Inflationary environment

After decades of low inflation, prices are rising fast resulting in a financial challenge for the University. Due to the size of the University's estate, energy prices are giving particular cause for concern. Our policy of purchasing energy ahead of time has to date shielded the University from the worst of the impact of rising energy prices and we will benefit from the wider package of assistance announced by the UK Government through to April 2023. Beyond that date, costs are likely to rise sharply when the time comes to renegotiate contracts. Actions are being taken across the University to reduce energy consumption. With general inflation also increasing much faster than assumed, the rising prices will put strain on the University's budget.

Research and innovation

The UK Government has made a substantial and long-term commitment to invest in research and innovation, with the announcement in the Autumn 2021 Spending Review that public funding in research and development (R&D) would rise by over 35% from £14.8bn to £20bn/year in 2024/25. While the new funding landscape offers opportunities, policy changes and the UK economic landscape risk limiting the full potential of this uplift, not least by its erosion by inflation in real terms.

The UK Government has also committed to meet the full costs of UK association to the European Union's £80.5bn Research and Development programme; however, association has been delayed by negotiations between the UK and the EU. The Government has outlined a "bold plan B" alternative if the UK fails to associate but there are concerns about the prestige and flexibility of the alternative schemes and whether or not Oxford-based researchers will find it more difficult to join collaborative projects in future.

Set against this backdrop of both financial opportunity but also wider policy and sector uncertainty, the University nonetheless continues to perform strongly. This is demonstrated by the University's generation of research income (up 6.9% year on year), growth of innovation and the outcome of our submissions to the 2021 Research Excellence Framework (REF).

Emerging trends – continued

Student experience

The COVID-19 pandemic has demonstrated the importance of the broader student experience. From clubs and societies, to careers advice and internship provision, to sport and student advice, collaborative work across central services, the Student Union, the colleges and external partners will continue to strengthen the offer we make to students. Another recent trend has seen significant and ongoing growth in demand for student mental health support. The University has established a new 'Joint Student Mental Health' committee to bring together college and university parties to look more closely at the support provided and to consider how best to respond to the increasing complexity of student support needs.

Equality, Diversity and Inclusion

Amid the increasing prominence given to ensuring equality, diversity and inclusion, the University remains committed to attracting and admitting students from all backgrounds and supporting them whilst at Oxford. Our access and outreach work is ongoing and will develop further targeted strands of activity for particular underrepresented groups at undergraduate level whilst also expanding at postgraduate level, including targeted graduate scholarships.

Over the past year focus has been given to matters of race equality for staff as the University continues to work towards greater diversity. We launched a Race Equality Task Force in the autumn of 2020 and its work has resulted in a series of recommendations aimed at ensuring Oxford maintains an environment in which everyone can contribute and flourish, and where differences are valued.

Environmental sustainability

An unstable climate, increasing carbon emissions and accelerating biodiversity loss require urgent action. The University plays a leading role in tackling these issues through the application of its research, policy advice and educating its students and in March 2021, Council approved the Environmental Sustainability Strategy 2021 to address the negative impacts of our own operations. The Strategy includes a target for the University to achieve carbon net zero and biodiversity net gain by 2035. Further information about the Environmental Sustainability Strategy and our progress towards our goals can be found on page 24 of this report and on the University's website at https://sustainability.admin.ox.ac.uk/environmental-sustainability-strategy.

Digital Transformation

Over recent years, there has been a growing recognition of the need to increase our ability to leverage digital capabilities across the University. In July, Council approved £15m to fund the Foundations phase of a digital transformation programme. This will put in place a number of competency centres in key capability need areas, will undertake further investigations into potential areas of step change investment, and will deliver a range of defined interventions to deliver immediate additions and enhancements to our capabilities.

Information Security and Cybercrime

A recent Joint Information Systems Committee (Jisc) report on the impact of cybercrime on the United Kingdom's higher education and research sectors highlighted the rising threat posed by ransomware infections. Ransomware seeks to encrypt files and computer systems, often stealing sensitive information and threatening to publish it, demanding a payment in cryptocurrency to restore access. Higher education institutions are high value targets for cyber criminals and the current conflict in Ukraine has heightened the risks from both state-sponsored and non-state actors. The University continues to focus on improving both its preventative controls and its incident response.

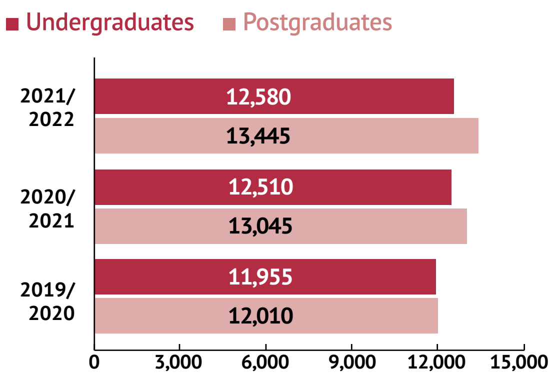
OPERATIONAL REVIEW
Education

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

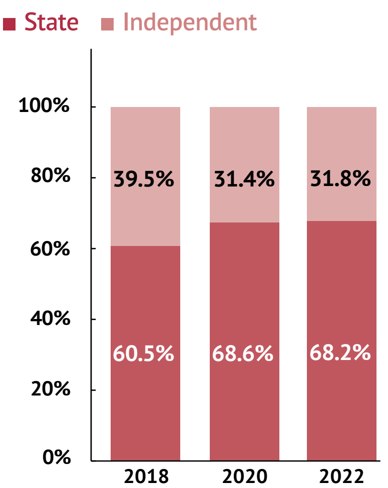
Our strategic commitments

- To attract and admit students from all backgrounds with outstanding academic potential and the ability to benefit from an Oxford education.
- To offer an excellent academic experience for all our students, and ensure that Oxford fully equips graduates to excel in whatever they choose to do.
- To retain and refresh the collegiate University's rich academic environment.

Student numbers



United Kingdom admissions from state and independent sectors



Teaching: flexible and inclusive approaches

Oxford encourages a flexible and inclusive approach to teaching. This approach preserves the high quality, personalised education which is our hallmark, whilst recognising and minimising the barriers that hinder student learning and participation. Inclusive teaching contributes to students being able to identify and communicate their learning needs, being motivated to learn and confident that they can participate and be encouraged to do so, and being clear about what they are expected to do and achieve.

Following the pandemic, a Digital Education Strategy (DES) is emerging that seeks to articulate a vision for digitally enabled teaching and learning, which recognises the distinctive student experiences of tutorials, small group and college-based teaching. The DES provides a framework for transitioning from the pandemic to new ways of inclusive teaching, creating conditions for innovation in teaching, and supporting the global reach of Oxford's educational provision.

Undergraduate admissions and outreach

Overall applications for undergraduate study fell by 2.2% in the 2022 UCAS cycle and the number of admitted students fell by 2.7%. The largest decreases have been amongst applicants and admitted students from the EU.

The Undergraduate Admissions Office continues to work closely with colleagues across the collegiate University to share research on the ongoing impact of the pandemic in terms of educational disruption and learning loss. Disadvantaged students are identified during the admissions process through ongoing use of contextual data, including information on eligibility for free school meals which has not previously been available.

2022 saw the return of in-person outreach, with the flagship UNIQ programme taking a hybrid approach . UNIQ welcomed 1,150 participants to Oxford for a 3-day residential course,and 300 more joined an online academic programme. Thousands of visitors also returned to the city for the University open days. The Digital Outreach resource Oxplore continues to provide 'Big Questions' and is now running the Oxplore Book Club for a second year for KS3 students, promoting recreational reading.

Education – continued

Graduate admissions, recruitment and access

After a sharp increase in applications for graduate study in the previous year (+18%), applications declined by 6% to circa 37,000 in the 2021/22 admissions cycle. Applications from the UK decreased by about 13%; this was also the case for EU applications, whilst non-EU applications decreased by only 2%. The University's Graduate Access Working Group continues to lead on a number of pioneering initiatives to encourage and support access to graduate study for students from underrepresented and deprived backgrounds. In 2022, the UNIQ+ graduate access research internship programme expanded and hosted 130 students in Oxford for six weeks. The Universities of Oxford and Cambridge, working in joint partnership, were awarded £800k as part of the OfS/UKRI competition to improve access to doctoral study for historically marginalised students. This project started in January 2022 and will run for four years with the aims to understand current selection processes and introduce interventions that would improve access. In parallel, our ground-breaking pilots to use contextual socio-economic flags and other interventions to counter unconscious bias have expanded with all doctoral courses in Medical Sciences taking part as well as some courses in Maths, Physical and Life Sciences, and Social Sciences.

Graduate funding

The University continues to face a substantial scholarship funding gap for graduate students and fundraising for such scholarships remains a strategic priority, with particular focus on funding to address underrepresentation and disadvantage in the graduate student community. Recent successful initiatives have included the creation of new endowed scholarships through the Graduate Endowment Matched Scholarships scheme, and the launch of the Academic Futures scholarship programme, including dedicated strands of support for UK Black and Mixed-Black students, refugee students, and future plans for support for other under-represented groups.

Further information about graduate scholarships available at Oxford can be found at www.ox.ac.uk/admissions/graduate/fees-and-funding.

Continuing Education

The Department of Continuing Education is an integral part of the University of Oxford, with an outstanding track record of enabling non-traditional learners from across the globe to pursue their academic and professional ambitions. Continuing Education sits at the heart of the University's strategic commitments to broad outreach, and to providing an accessible, inclusive, and digital education to students and learners throughout their lives.

It is now one of the strongest centres of lifelong learning in the UK, and is a vital repository of experience and expertise in areas such as remote pedagogy, remote assessment, flexible modular provision and award of academic credit. It has a large and diverse portfolio; every year it has around 21,000 student enrolments on its courses and programmes, drawn from local, national and global constituencies. Its teaching portfolio includes: short, non-award-bearing courses; undergraduate certificates, diplomas and advanced diplomas; foundation certificate courses designed to lead into full undergraduate degrees (at Oxford or elsewhere); postgraduate certificates and diplomas; part-time Master's; part-time DPhils; and continuing professional development courses. Courses are delivered in-person, online and through a blend of the two.

The turnover of Continuing Education in 2021/22 was £19.9m, up £5.8m on the previous year due to the resumption of courses that were cancelled during the previous two years because of the pandemic.

Supporting student success and their wellbeing

Given the continuing growth in demand for the full range of our welfare and wellbeing services, further development of these services will remain a priority. Mental health support has been given particular focus during and coming out from the pandemic. A new joint University and colleges committee on student mental health has been mapping out a framework for the provision of mental health services, seeking to ensure there is a common approach when supporting students at times of distress and which flows between the different layers of college, department and central service provisions. Building on the work already developed around a Mental Health and Wellbeing strategy, the focus will move towards securing Student Mental Health Charter accreditation.

Education – continued

Additional resources have been added to the Counselling Service in recognition of growing demands, including increased diversity amongst the counselling staff. Staff in the Disability Advice Service are exploring how its response to student support needs might be reorganised to ensure it remains timely and effective, given the considerable demand for such support at Oxford and the increasing complexity of some individual needs.

Equipping students for future study and employment

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

- over 500 financially supported research and professional internships in more than 36 countries; over 1,600 Micro-internships; and over 120 dedicated Crankstart internships
- over 7,000 1:1 sessions with a Careers Adviser, including with undergraduates, graduates, research staff and alumni
- 10 careers fairs covering all industries, plus programmes such as Creative Careers week
- over 600 students taking part in "Insight Into..." programmes in teaching, medicine, academia, pharmaceuticals, publishing, and strategy and business;
- experiential programmes organised by The Oxford Strategy Challenge, The Student Consultancy, Researcher Strategy Consultancy and The Agency providing almost 1,000 students and researchers with opportunities to work on over 100 voluntary consultancy projects for business, social enterprise, charity, and local government clients

Analysis of the 2018/19–2020/21 Oxford leavers' data (the most recent available) shows that there is no statistically significant association between their unemployment rates and their social background (on many measures, including ACORN, POLAR3, school type, ethnicity, gender and household income). There are some differences on salary levels associated with sex, ethnicity, disability and final honours school degree class. This does not match the national picture and shows that Oxford really does level the employment playing field.

2021/22 HIGHLIGHTS

26,455 students at Oxford, including **12,580** undergraduates and **13,445** postgraduates

23,802 applications during the 2022 UCAS cycle for **3,247** undergraduate places for 2022/23 entry

68.2% of UK undergraduate admissions from state schools

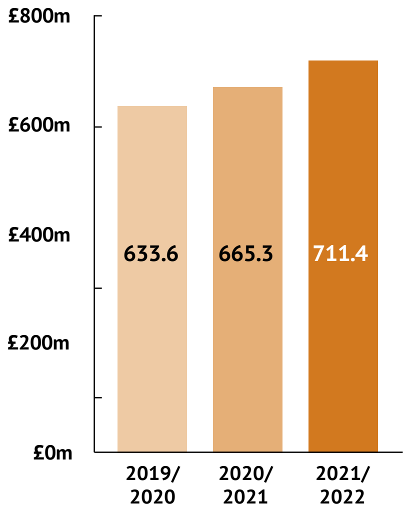
Research

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

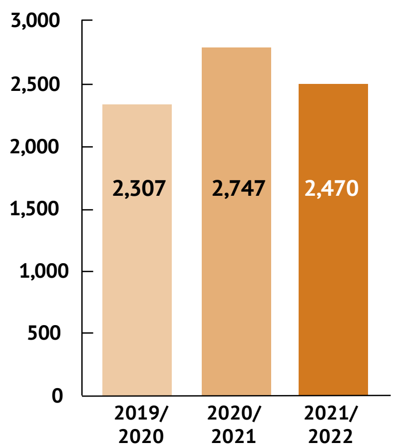
Our strategic commitments

- To promote and enable ambitious research of exceptional quality.
- To invest in people, to support them and their research environment, thereby enabling the research endeavour to grow sustainably.
- To change the world for the better.

Research income



Number of new research awards received



Research activity

The scale of the University's research activity is substantial, involving over 1,900 academics, almost 4,900 research staff and over 7,000 postgraduate research students. The University collaborates with other universities and research organisations, healthcare providers, businesses, community groups, charities and government agencies, nationally and internationally. The public benefits from this research include better public policy, improved health outcomes, economic prosperity, social cohesion, international development, community identity, the arts, culture and quality of life.

According to the 2021 Research Excellence Framework (REF 2021; the official UK-wide assessment of all university research), the University has the largest volume of world-leading research in the UK. The University also made the largest submission of any Higher Education Institution in the UK, submitting over 3,600 researchers (3,405 FTE) into 29 subject areas, over 8,500 research outputs, and 220 case studies about the impact of Oxford research beyond academia.

The outcome of REF 2021 informs the mainstream Quality-related Research funding (QR) element of the University recurrent QR grant for several years. The Government announced the shape of the next Research Excellence Framework at the end of 2022.

Research grant contracts awarded

Much of the University's research activity is funded by competitively won research grants and contracts awarded by third parties (including the UK Research Councils, UK charities and the European Commission) as well as funding from business and other organisations. In 2021/22 over 2,470 new research awards were received, with a cumulative value of £819m and which will be spent over the lifetime of the awards across future years. In addition, Research England provided invaluable support through Quality-Related recurrent grant funding totalling £154.3m.

Research income in 2021/22

Annual research income rose in 2021/22 to £711.4m, an increase of 6.9% compared to 2020/21. This growth was particularly noteworthy given the continued level of disruption to research experienced across the University as a result of the pandemic.

The University's leading position in so many facets of national and international research has driven this year's research income growth. Income from the UK Public Sector increased the most, from £101.6m in 2020/21 to £141.4m in 2021/22, largely due to investment made by the Department of Health & Social Care in major COVID-19 research programmes such as the PRINCIPLE trial, the Com-Cov vaccine trial, and the ONS COVID-19 Infections Survey.

Selected research funding highlights in the past year include:

- £10m from the Leverhulme Trust to set up a new Oxford nature recovery centre, to halt and reverse the ongoing loss and degradation of nature and its biodiversity.
- £11m investment from Cancer Research UK to catalyse the translation of world-leading cancer research into patient benefit. An additional £3m is dedicated to help train the next generation of cancer researchers.
- £30m award from British Heart Foundation to develop the first cures for inherited heart muscle diseases via gene therapy technologies.
- £50m funding commitment from Serum Life Sciences to establish a Poonawalla Vaccines Research Building at Oxford University.
- £11m from the LEGO foundation for an international collaboration to develop and evaluate playful parenting programmes to improve at-scale child learning outcomes and reduce violence against children.
- £800K grant from Research England/Office for Students, shared with the University of Cambridge, to tackle persistent inequalities that create barriers for Black, Asian and minority ethnic students to access and take part in postgraduate research.

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

2021/22 HIGHLIGHTS

- For the seventh consecutive year, ranked first in the *Times Higher Education* (THE) worldwide ranking of universities (both overall and for research)
- Highest overall research income of any UK university including highest for UK public sector, industry and the European Commission
- REF 2021 results show Oxford's submission had the highest volume of world-leading research
- The REF 2021 results will make Oxford the recipient of the highest quality-related recurrent funding for research of any UK university in 2022/23
- Oxford University retains top spot for spinout generation in the UK

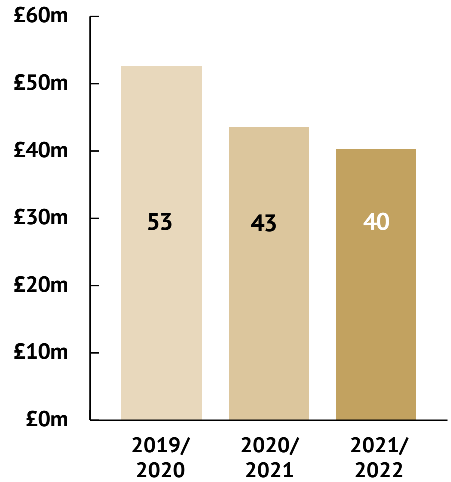
Educational Publishing

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

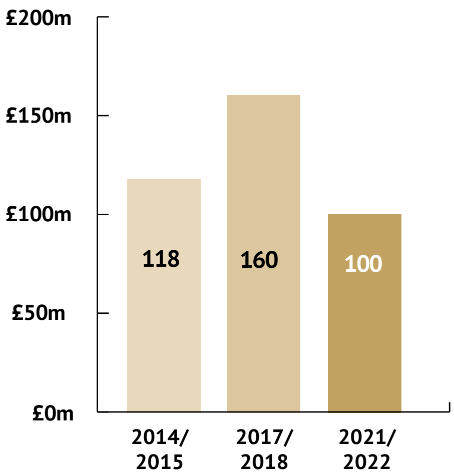
Our strategic commitments

- To demonstrate evidence of positive educational and research impact from the use of the Press's materials and services
- To invest to build integrated digital content and service propositions in its markets.
- To focus on growth in emerging markets, in particular those where the Press is already well placed.
- To focus on efficiency in order to remain competitive.

Value of annual transfers from educational publishing



Value of special periodic transfer from educational publishing



Mission

Oxford University Press serves three core publishing markets—Research, the Learning of English, and Education (Schools and Higher Education)—on a global scale. It is committed to creating high-quality content and related services that support and enable education and research worldwide.

Across all of its markets, the Press continued to increase its digital business and extend the reach and impact of its products and services. It saw consistent growth in digital-only sales, and invested in evolving its offer to meet the changing needs of customers and learners. As part of its digital transformation, the Press also launched its refreshed brand, further demonstrating its digital-first ambitions.

Market and sector strategies

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

Research publishing maintained good trading momentum, and continued its transition to digital. Visits by researchers or students to journal articles increased by 5% to 223 million.

The Press also furthered its commitment to open access, this year reaching the important milestone of 100,000 open access articles. It now publishes more than 100 open access journals and 20,000 articles per year. New 'read and publish' agreements were secured, including in Australia, Croatia, Italy, New Zealand, Spain, UK and the US, meaning the Press now has over 500 of these open access agreements in place worldwide.

In reference, both Oxford Bibliographies Online and Oxford Research Encyclopaedias grew by 30% and 46% respectively. The Oxford English Dictionary also launched its OED Varieties of English page to chart the diversity of the English language around the world. The Press's academic book publishing continued to win prestigious awards, including:

- The 2021 Lionel Gelber Prize for best English non-fiction book on foreign policy for *The American War in Afghanistan* by Carter Malkasian

Educational Publishing – continued

- BMA Medical Book of the Year 2021 in the Public Health category for *Health Equity in a Globalizing Era: Past Challenges, Future Prospects* by Ronald Labonté and Arne Ruckert
- The American Philosophical Association's 2021 Book Prize for *Games: Agency as Art* by C Thi Nguyen

It also won a quartet of prizes at the Society of Military History's Distinguished Book Awards:

- Best book on US military history award for *Divisions: A New History of Racism and Resistance in America's World War II Military* by Thomas A Guglielmo
- Best book on non-US military history award for *Fortress Dark and Stern: The Soviet Home Front during World War II* by Wendy Goldman and Donald Filtzer
- Best first book award for *Faustian Bargain: The Soviet-German Partnership and the Origins of the Second World War* by Ian Ona Johnson
- Best reference work award for *The Oxford Handbook of Gender, War and the Western World since 1600*, edited by Karen Hagemann, Stefan Dudink, and Sonya O Rose

In Education, schools reopened at different rates around the world. Demand for digital and blended products and services grew, with Oxford Owl and Oxford Advantage increasing in popularity. Schools Publishing turnover returned to almost pre-pandemic levels, with Kenya, Pakistan, and India showing particularly strong recoveries. However, some markets, such as China, faced regulatory changes which are impacting the Press's activities.

Notable successes in the year include the pilot of the Oxford Smart Curriculum Service, which provides secondary schools with an evidence-based curriculum at KS3 and KS4; the launch of Oxford Eduzone in South Africa, an 'all-in-one teacher's toolbox' to support remote and online learning; the licensing to a Chinese internet company of OPERA (Oxford Primary English Reading Assessment) content, for use in their reading comprehension app in China; and the ongoing pilot of the Oxford International Curriculum, which brings together a focus on both learning and wellbeing.

In Higher Education, the Press saw growth in several areas. Inclusive access—which offers affordable, high-quality digital content for students—saw an 82% increase in turnover in the US; in the UK, the Press's digital collections of Politics Trove and Law Trove delivered £3 million in turnover; and the training for universities business, Epigeum, saw a 65% increase in new business.

The Learning of English continued to feel the impact of COVID-19 in many of its markets, but still achieved growth in Europe, Latin America, the Middle East, Central Asia, and Africa. In particular, digital product sales grew by 28%. In support of its digital ambitions, the Press introduced the Oxford English Hub, which will become the single destination for teachers and learners of English by enabling users to access digital course materials from one place. It has already generated more than 60,000 new user sessions and 900 trials for new courses. The Press also launched the Oxford Reading Club — an online subscription platform for graded readers. As well as surpassing its turnover targets, it was a finalist in the 2021 BETT awards.

The Press maintained its support for English language teachers worldwide, reaching 182,000 people through various social activities and community events.

Due to its continued strong financial performance, the Press was able to transfer £140m to the rest of the University, to support a range of research, scholarship, and educational activities.

2021/22 HIGHLIGHTS

- Achieved the milestone of publishing 100,000 open access articles, plus 100 fully open access journals
- Launch of *Oxford Reading Club*—a digital library with hundreds of Graded Reader eBooks to support English language learning
- More than 4,000 educational titles and 1,782 academic titles published
- 9,000 people from more than 150 countries attended the English Language Teaching Online Conference
- 170 major publishing awards won across the Press
- 223m active visits to journals on the *Oxford Academic* platform
- 3.3m users of digital publications in schools
- 20,000 titles on *Oxford Scholarship Online*, the digital library of research books published by the Press
- £140m cash transferred by the Press to the rest of the University

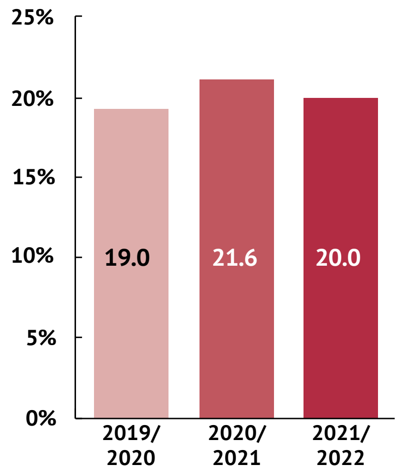
People

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

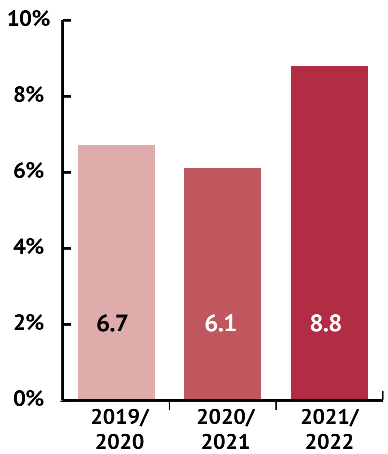
Our commitments

- To attract, recruit and retain the highest calibre staff.
- To work towards an increasingly diverse staffing profile.
- To support staff in personal and professional development.

Women as % of statutory professors



Staff on permanent/open-ended contracts



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

Equality, diversity and inclusion

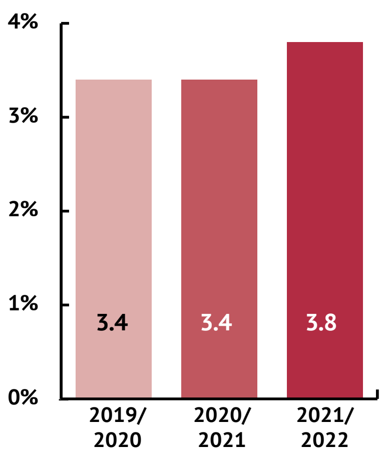
The University recognises the importance of diversity among its staff and is actively working to increase this and to embed an inclusive and fair working environment that allows everyone to grow and flourish. Forty two departments hold Athena SWAN awards for promoting gender equality, 21 at Silver and 21 at Bronze. The University's Race Equality strategy has been agreed and a new Chief Diversity Officer has been recruited.

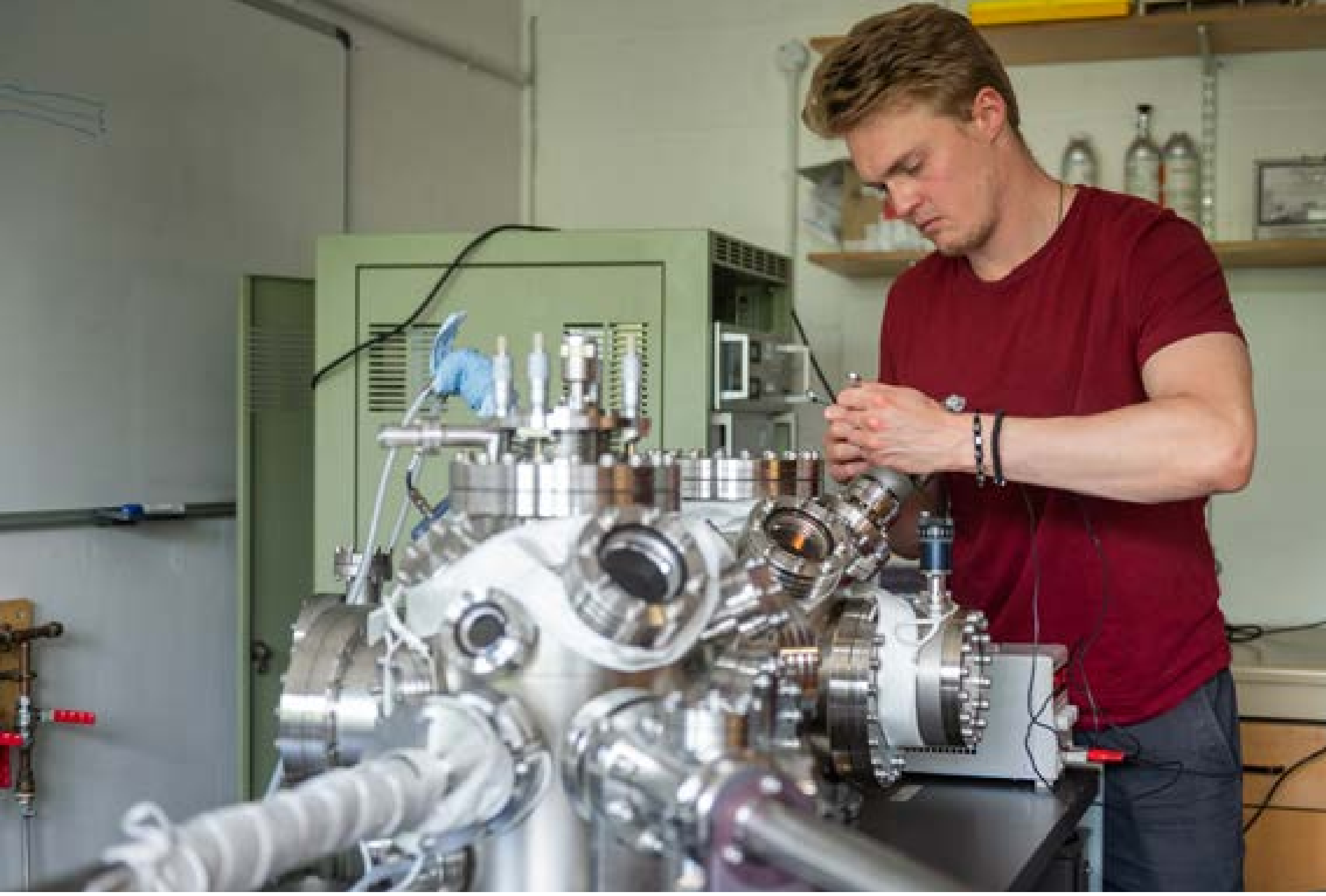
Staff development

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

The University established a new Research Staff Hub and representative structures to better embed support for fixed-term researchers' career and professional development. After extensive consultation, the Concordat for Researcher Development action plan has been launched.

Academic staff % turnover





Priorities for 2022/23

Priorities for 2022/23 include delivering service reviews of HR, implementing the recommendations from the PVC Research's Health and Safety review, improving the management of bullying and harassment cases, implementing the new strategy Wellbeing: Thriving at Oxford, increasing leadership capability and people management capability across the University, and taking forward through a joint University-College working group agreed actions in respect of Associate Professors to include career progression, reward and recognition and workload.

We are also piloting ways to improve recruitment and create an external talent pipeline, and will submit renewal applications for Athena SWAN in November 2022 and the Race Equality Charter in February 2023.

2021/22 HIGHLIGHTS

- Thank-you payment of up to £1,000 paid to all eligible staff including casual workers in summer 2022
- Inauguration of the Research Staff Hub
- Re-launch of all discretionary pay exercises to recognise exceptional staff contributions, which had been on pause during the pandemic
- The introduction of a bicycle salary sacrifice scheme for staff, with a similar scheme for electric cars to launch in Michaelmas term 2022
- Continued growth in the take-up of the apprenticeship levy with a successful move to cohort intake in line with the apprenticeships strategy.
- Celebration of the biennial Vice-Chancellor's Diversity Awards
- A pulse survey in summer 2022 indicated that 81% of respondents among professional services staff felt that New Ways of Working fairly balanced individual preferences and operational needs

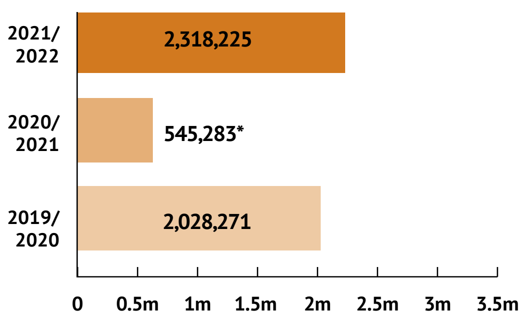
Engagement and Partnership

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

Our strategic commitments

- To work with partners to create a world-class regional innovation ecosystem.
- To build a stronger and more constructive relationship with our local and regional communities.
- To engage with the public and policy makers to shape our research and education and to encourage the widest possible use of our research findings and expertise.
- To maximise the global social, culture and economic benefit derived from our research and scholarship through our international engagement.

Number of visitors to University gardens, libraries and museums



* Note the KPI has been impacted by lockdowns, social distancing and travel restrictions.

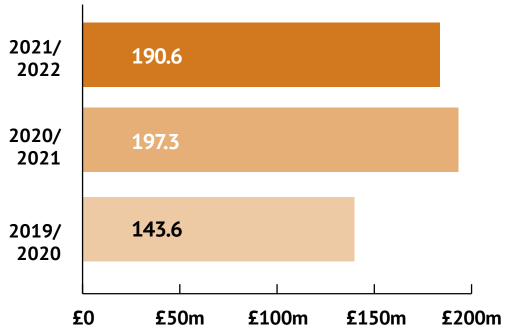
Social contribution

Social ventures continued to grow, with four new social ventures created in 2021/22 and a total of 15 since the programme launched four years ago. The University's social ventures are already targeting five of the 14 UN Sustainable Development Goals. The University is exploring ways of using the UN Sustainable Development Goals to monitor the impact of all the companies it creates.

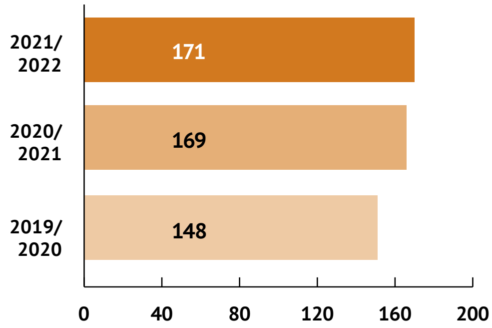
The University continues to provide annual grant awards to community groups and events through its Small Community Grants Scheme. The grant scheme is based around four criteria: promoting education; celebrating culture and heritage; benefiting communities; and building ties between the University and the city. The Scheme awarded £50,000 to 44 separate projects in 2021/22, including: food delivery to vulnerable families; refugee support; working with the disabled or those with learning difficulties; supporting youth or under 18s education; mental health and wellbeing initiatives. The scheme will open for 2022/23 in Hilary term.

Building on close collaboration during the pandemic, representatives from the University, Oxford Brookes University, the City and County Councils and Thames Valley Police now meet on a regular basis to discuss coordination of communications to staff, students and local residents. This helps to increase awareness of the University's activities among the local community and keeps the University community aware of local concerns.

Value of University's share of spinout companies



Number of spinout companies



Engagement and Partnership – continued

2021/22 saw successful completion of the Science Together: Oxford Researchers and Communities project pilot (a new initiative led by public engagement teams in the Mathematical, Physical and Life Sciences and Medical Sciences Divisions). Twenty-eight researchers from across the University of Oxford and Oxford Brookes University were engaged in co-developing practical initiatives in response to specific challenges or opportunities identified by eight local community groups. Areas of focus ranged from art as a tool for improving the wellbeing of dementia patients to making carbon-absorbing paint from felled hedgerow material. A showcase event in June 2022 highlighted the benefits of these collaborations for both community groups and researchers; and a new cohort of researchers has since been connected with local groups, ready to embark on seven new projects identified for 2022/23.

Economic contribution

In 2021/22 the University created 15 companies (spinouts, startups, and social ventures), with support from Oxford University Innovation (OUI). Since OUI was formed in 1988 it has launched approximately 280 companies. These companies have raised over £5.5bn of investment, with £1.2bn raised in 2021/22.

Working with Oxfordshire Local Enterprise Partnership (OxLEP), the University has secured over £22m from various types of regional funding for the creation of innovation, research and learning spaces, refurbishment of clinical bio-manufacturing facilities, equipment for plant sciences, and engagement of small businesses. Outcomes so far include supporting over 250 jobs in the region and 1.4bn in investment funding for start-up companies.

2021/22 HIGHLIGHTS

- Oxford Nanopore's initial public offering (IPO) was one of the largest UK biotech flotations in history at valuation of $6.8bn on the first day of trading and the fifth largest IPO for any university company worldwide
- Oxford spinout company Yasa was acquired by Mercedes, which is aiming to sell only battery-powered vehicles by the end of the decade
- RQ Bio was spun out to develop treatments and preventative therapies for vulnerable people at risk of severe disease or death from viral infections. Simultaneously with the launch, the company announced a $157m+ licensing deal with AstraZeneca

Cultural contribution

The Gardens, Libraries and Museums (GLAM) were able to open as normal in 2021/22 following periods of closures due to the Covid pandemic. In total we welcomed over 2.3 million visitors to our sites in 2021/22.

Highlights of the year include:

- Major exhibitions such as Tokyo: Art and Photography at the Ashmolean Museum followed by Pissarro: Father of Impressionism. The Bodleian Libraries opened its popular exhibition, Tutankhamun: Excavating the Archive as well as Melancholy: A New Anatomy, developed with Oxford University experts in mental health research and the humanities. The Museum of Natural History's exhibition, Meat the Future, examined how the production and consumption of animal products affect people and planet while Pitt Rivers' Beyond the Binary explored gender identity, sexuality and power.
- Two GLAM institutions were winners in the top sector awards, the 2022 Museum & Heritage awards. The Museum of Natural History won Partnership Award for their Meat the Future exhibition and the History of Science Museum won the Visitor Welcome Award.
- In 2021/22 Bodleian Libraries saw 1.3 million visits to its Reading Rooms and use of its online resources, including SOLO, was 50.5 million.
- In 2021/22 GLAM's Community Engagement Team worked with partners including local organisations, groups and communities – and often audiences that are historically underserved by the sector – to deliver a programme of over 140 outreach events or activities, reaching over 3,000 people.
- GLAM Research formed an integral part of the University of Oxford's submission to REF 2021. Research from GLAM staff was submitted to eight REF 2021 Units of Assessment alongside research from other departments of the University. In addition, GLAM activity featured in 21 University of Oxford impact case study submissions to REF 2021, and eight impact case studies from other universities also contained a GLAM contribution.
- The History of Science Museum launched its Collections Online, part of a major project across the four GLAM museums to digitize and make their collections available online.

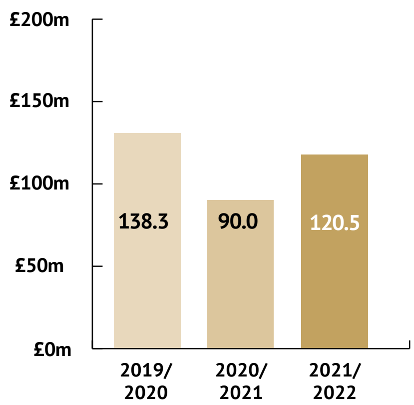
Resources

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

Our strategic commitments

- To manage our resources to ensure the collegiate University's long-term financial and environmental sustainability.
- To provide an environment which promotes world-class research and education whilst minimising our environmental impact, conserving our historic buildings, and improving our space utilisation.
- To continue to invest in our information technology capability to enhance the quality and security of our research and education, and to streamline our administrative processes.
- To raise funds to support the very best students, invest in our staff and their work and provide new resources and infrastructure.

Capital additions to property, plant and equipment



Financial resources

The University's financial position remains strong leaving it well-placed to withstand the impact of rising inflation and falling investment returns and still be able to invest in its strategic priorities.

In 2019, the University signed a long-term partnership with Legal & General plc (L&G), who will provide up to £4 billion to fund the construction of graduate student accommodation, staff housing, innovation districts, and functional buildings. The first projects being delivered under the partnership are now underway. Construction of the Life and Mind Building began in late 2021 after being transferred to the joint venture, and work started in mid-2022 on two other L&G-backed projects – redeveloping the University's graduate accommodation at Court Place Gardens, and adding two large and highly flexible buildings to Begbroke Science Park, almost doubling its current usable floor space. The University's bond, which was issued in two tranches and totals £1 billion, is being deployed to fund a number of academic buildings, as well as the University's Environmental Sustainability Strategy.

Information Technology

With the progressive return to more normal working, IT professionals have been working to facilitate the widespread adoption of remote and hybrid working and teaching across the University, and the New Ways of Working within Professional Services. The ongoing programme of IT developments and refreshes of technology has continued throughout the year, including a major upgrade to our Oracle financial system, and a step change in our internet connectivity capacity. Our data governance programme has advanced, strengthening the breadth and practice in managing the data which underpins all the University's administrative processes.

Development

In the 2021/22 financial year, the University raised over £249m in new cash gifts and pledges making it the second most successful year for philanthropic fundraising at the University. It should be noted that the most successful year for philanthropy (2018/19 when almost £260m was raised by the University) included the University's largest single

Resources– continued

ever gift of £150 million, while the largest single gift in the 2021/22 financial year was £50 million. In the past few years we have continued to see an increase both in exceptionally large (£50m+) gifts as well as in our baseline results from smaller gifts.

The largest gifts in 2021/22 were received for the Pandemic Sciences Institute (PSI), reflecting the impact of the University's work in relation to COVID-19. These included £50 million from The Natasha Poonawalla Foundation, Serum Life Sciences and Cyrus Poonawalla to support an endowed professorship and the Poonawalla Vaccines Research Building, which forms a key part of the PSI infrastructure. The PSI also received a generous gift from the Moh Family Foundation to drive forward several core research strands, provide support for doctoral students and secure the future of a number of academic leadership posts at the Institute. Furthermore, the Medical Sciences Division had an excellent year generally, more than tripling the amount raised in the previous 12 months.

Other notable gifts in this period included an additional £25 million gift from Stephen A Schwarzman towards the Stephen A Schwarzman Centre for the Humanities, raising his total support for the project to £175 million.

Other areas that received a significant boost from philanthropy this year include sustainable agriculture research, refugee economies projects, classics outreach and the University was also able to establish its first dedicated American Football field and endow the Oxford University Lancers American Football Club.

Estates

Estates Services continued to support colleagues across the University during the return to on-site working following the COVID-19 pandemic, while playing an important role in the introduction of new ways of working that mean many staff members can now work from home at least some of the time. This is expected to bring significant financial, operational and sustainability benefits. Key projects also continued to move forward. Following the transfer in 2020 of delivery to the joint venture partnership with L&G, construction began in late 2021 on the Life and Mind Building (LaMB), which will provide new facilities for biological and psychological science in place of the now-demolished Tinbergen Building.

The University is working with L&G on developing several other major building programmes, including new innovation districts at Begbroke and Osney Mead, and staff and student housing.

Work has now started on several of these joint-venture projects, with demolition of the outdated graduate housing at Court Place Gardens having commenced in summer 2022. These will be replaced with 71 new houses as well as study bedrooms in the refurbished Mansion House. The new homes will offer exceptional environmental performance through highly energy-efficient construction and technologies such as heat pumps and solar panels, and the whole site will feature wildlife-friendly planting and an integrated drainage system to reduce flood risk from extreme rainfall. The new homes are expected to be ready in time for graduate students and their families to start moving in ahead of the 2024/25 academic year.

Contractors have also started work on the first phase of Begbroke Science Park's expansion, with two highly flexible new buildings – one for occupation by University research groups and the other to accommodate innovative private-sector companies. Together they will almost double the Science Park's usable floor space. The University continues to make good progress towards its longer-term aspiration to transform the surrounding area into a major new innovation district, with a design team appointed in early 2022 to create a masterplan for the site after winning an international competition. The project will create up to 2,000 homes as well as community facilities, a nature reserve and improved sustainable transport links.

Construction of the new Stephen A Schwarzman Centre for the Humanities is due to begin in late 2022 after Oxford City Council approved the University's planning application earlier in the year. The centre is expected to open in 2025, providing excellent new facilities for teaching and research in the humanities and housing seven faculties, the Institute for Ethics in AI, the Oxford Internet Institute and a new library. It will also feature high-quality spaces for exhibition, performance and public engagement, including a theatre and 500-seat concert hall. The project was made possible by the generosity of Stephen A Schwarzman, CEO and co-founder of investment firm Blackstone.

Environmental Sustainability

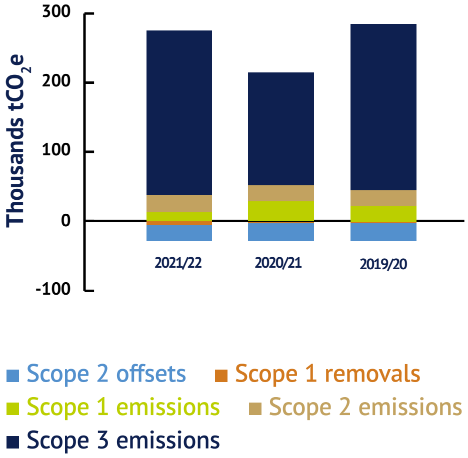
The University's Environmental Sustainability Strategy, approved by Council in 2021, states the University's commitment to achieving net zero carbon emissions and a net gain in biodiversity by 2035. The Strategy lists ten priority focuses for achieving these goals.

Carbon emissions

In 2022 the University published their own approach to carbon emission reporting tailored to the needs of the institution. This approach, based on existing protocols, offers a reliable measuring and reporting of carbon equivalent emissions from University operations, including direct and indirect sources. The table below offers a categorised summary of emissions from the University.The emissions data, representing the 2021/22 academic year, is calculated (where possible) using physical measurements and UK conversion factors.

Between 2019/20 and 2021/22, Scope 1 carbon emissions increased by 10%. This reflects residual additional heating demand to accommodate COVID mitigation measures. It should be noted that this overall increase represents a 20% improvement on 2020/21 figures when gas use increased significantly to maintain heated, fresh air in University buildings. Scope 2 carbon emissions fell by 9% over the same period, following demand reduction and a fall in the UK grid carbon factor. Scope 3 emissions dropped by 31% between 2019/20 and 2020/21 before increasing back to trend in 2021/22. This is mainly due to a dip in purchased goods and services, employee commuting and business travel.

Oxford University's annual carbon emissions



University of Oxford Carbon Emissions (tCO2e)	2021/22	2020/21	2019/20
Scope 1 Emissions	19,854	25,009	18,097
Scope 1 Removals	(4,534)	(4,534)	(4,534)
Scope 2 Emissions	20,737	21,487	22,883
Scope 2 Offsets	(20,737)	(21,487)	(22,883)
Scope 3 Emissions	230,823	158,406	229,356
Total Gross	271,414	204,901	270,336
Total Net	246,143	178,881	242,919

Biodiversity Impact

In the 2020/21 Financial Statements, the University introduced quantified reporting on biodiversity net gain for the first time. This identifies and addresses University biodiversity impacts across operations and the supply chain, and aims to offer means to enhance biodiversity on the University estate. Oxford University has set the strategic ambition to achieve a net gain in biodiversity by 2035.

The first biodiversity impact assessment performed for Oxford in 2020 considered the 2018/19 year. The second, in 2021, considers the 2019/20 year and applies different methodology, in line with a rapidly progressing scientific literature on the topic. A clearer understanding of the biodiversity impact will be presented as more data points are created over time and the reports are scheduled to be brought up to date, including 2021/22 data by summer 2023. All updated reports will be available on the University Environmental Sustainability website (https://sustainability.admin.ox.ac.uk/home).

Environmental Sustainability – continued

Biodiversity and environmental sustainability

The Environmental Sustainability Subcommittee oversees the implementation of the strategy. In the past year, the subcommittee approved supporting targets and policies as follows:

1. The International travel priority: the University has set a target of reducing emissions from flights by 35% by 2035 against the 2018/19 travel baseline, as follows:
   - a 20% reduction by 2024/25
   - a further 10% reduction by 2030/31
   - a further 5% reduction by 2034/35.
2. A flight levy is charged to departments for all flights made on behalf of the University to compensate for the carbon emissions of that flight. The levy will be allocated to the Oxford Sustainability Fund (OSF) for implementing the University's Environmental Sustainability Strategy. The flight levy will commence at £30/tCO2e for all flights from 1 August 2022. The flight levy rate will be reviewed every two years.
3. The Sustainable resource use priority: (1) waste targets reduction of 10% in non-residential waste mass (kg) per staff and student FTE by 2025; (2) achieving 40% of total non-residential waste mass to be recycled by 2025.
4. The Carbon emissions from University buildings priority: a Carbon Management scheme was developed to set out our approach to achieving net zero carbon emissions by 2035. Nature-based solutions will also play a role in reducing our carbon emissions.
5. The Carbon Management scheme details four proposed workflows for dealing with Scope 1 and 2 carbon emissions, which are: (1) Investing in energy efficiency, (2) Heat Decarbonisation, (3) Low carbon standards, monitoring and verification and (4) Carbon removal and offsetting. The first three workflows are concerned with carbon reduction and will incorporate the use of renewable technologies. The fourth workflow proposes opportunities for emission removals. Carbon offsetting is included for completeness but is not due to be adopted until 2030.
6. The Oxford Sustainability Fund was initiated, with a budget of £5m for implementing the environmental sustainability strategic goals in the 2022/23 academic year, and a total of £200m for the 15 years of the Strategy implementation.
7. The biodiversity priority: a biodiversity subgroup has identified priority actions for the academic year which will begin with a comprehensive mapping of the ecological data available across the University estate. This will enable prioritisation of enhancement of biodiversity on the estate.

The Environmental Sustainability Strategy sets biodiversity net gain by 2035 as a headline target, addressing the principal biodiversity impacts through operations, supply chain and enhancing biodiversity within Oxford.

The biodiversity subgroup of ESSC, commissioned a comprehensive mapping of the ecological data available across the University estate. This will enable the development of a biodiversity implementation plan to ensure the strategy commitments are met.

Meanwhile, the University continued to be a global pioneer and plays an important role in biodiversity action, learning, and research.

- In November 2021, the United Nations Environment Programme (UNEP) and the University of Oxford launched the network of Nature Positive Universities - an alliance of universities worldwide on a mission to restore biodiversity within their operations and supply chains. So far, over 300 universities have joined the alliance.
- Wytham Woods, the University's research woodland northwest of Oxford, marked the 75th anniversary of the Wytham Woods Great Tit study - the longest running study on an individually marked animal population in the world. The study offers a clear indication of how animal populations are responding to the changing environment.
- The Oxford Botanic Gardens marked its 400th anniversary with a diverse engagement programme celebrating four centuries of playing a crucial role in science, horticulture and education, as well as inspiration to the arts.

FINANCIAL REVIEW 2021/22

Financial overview

The University delivered a robust underlying operating performance in 2021/22 driven by high income growth and control of costs. A strong balance sheet was maintained with net assets in excess of £5bn and significant levels of cash and investments being held. Cash flow was strong with an inflow of £102.8m mainly due to higher new endowments and strong working capital control. This overall performance was delivered through the efforts and achievements of all our staff and the continued support of our funders and donors.

Income growth in 2021/22 was strong at 13.3% . However when other income including the royalties on the sale of the Oxford AstraZeneca vaccine (£143.1m) in developed countries is deducted the total income growth was 7.5%. Income grew in all the main areas of income including tuition fees (9.2%), research income (6.9%), publishing services (7.0%), investment income (16.6%), donations and endowments (10.2%).

The increase in expenditure, excluding the impact of the increase in the USS pension provision (£368.6m) and the costs associated with the Oxford AstraZeneca vaccine (£67.0m), was 5.6%. The cost increase was similar across both staff costs and operating, with the latter being impacted by higher energy.

The adjusted surplus before gains, which excludes the impact of pension provision movements and non-recurring income, was £170.9m which was above the 2020/21 adjusted surplus of £103.4m (A detailed calculation of the Adjusted Surplus is shown in a table on page 28). The year-on-year increase in surplus of £67.5m was due to the higher surplus from the Press (£48.8m), increased donations and endowments (£9.6m), higher dividends (£16.5m) and additional capital grants (£9.3m). The Press's surplus recovered to £114.4m after last year's results were impacted by COVID-19. The Press benefited from continued focused investment on digital products and platforms to sustain and grow income streams.

Despite the increase in the adjusted surplus, the comprehensive income of the University in 2021/22 of £31.7m was significantly below that of 2020/21 (£812.4m). This was principally due to the very strong investment gains of £727.3m in 2020/21 which did not repeat in 2021/22 (loss £4.6m) due to the more demanding investment environment caused by the uncertain macro-economic environment. In addition, in 2021/22 there was a net charge for pensions of £218.3m (£12.6m in 2020/21) which was composed of an increase in the Universities Superannuation Scheme ("USS") pension provision of £368.6m and a £150.3m reduction in the Press's defined scheme net liability. The March 2020 USS valuation was completed during the financial year and the scheme deficit increased from £3.6 billion to £14.1 billion. This brought a non-cash pension deficit charge into the University's 2021/22 accounts of £368.6m for the USS recovery plan.

The delivery of capital projects through the Legal & General partnership continues to progress well.

Educational publishing

The £48.8m year-on-year increase in publishing income (7%) from £694.3m in 2020/21 to £743.1m in 2021/22 reflected improvements in trading across many areas as pandemic restrictions lifted. The Academic division, which had been least impacted by the pandemic, maintained good trading momentum, seeing continued demand for high-quality research content. The Education and English Learning Teaching (ELT) divisions saw a return to growth with particularly strong performances in the UK, India, Pakistan, Kenya and Argentina.

Overall the Press's Comprehensive Income was £290.1m (2020/21 £40.0m) due to gains on the valuation of investment properties of £26.9m and a favourable movement in the Press's defined benefit scheme net liabilities which fell by £150.3m during the year due to changes in actuarial assumptions, primarily an increase in the discount rate which was only partially offset by an increase in the CPI inflation assumption. More detail is included in the segmental note 13 in the Financial Statements.

Investments in the Oxford Endowment Fund and Spinouts and Investment Properties

The Oxford Endowment Fund's objective is to generate a 5% real return per annum over the long term and provide a sustainable income. For the 10 years to 31 July 2022, the Fund delivered an annualised net return of 9.9% nominal (7.4% real). For the financial year to 31 July 2022, the Fund value reduced by 1.2% (£39.5m) driven by performances in public and private equity which were impacted by market and political uncertainties relating to inflation, energy costs and the war in Ukraine. The distribution for the year was £1.69 per unit (2020/21: £1.62). On a total return basis the Oxford Funds returned 2%. Further information on the Oxford Endowment Fund is found on www.ouem.co.uk.

Financial Review – continued

The Capital Account's objective is to generate a 2.5% nominal return per annum over the long term in order to finance the University's medium term investment needs. For the financial year to 31 July 2022, the value of the Capital Account reduced by 8% (£42.9m) due to reduced equity and bond prices.

Over recent years the University has supported the incorporation of 181 companies based on research and intellectual property developed at the University. The value of the University's equity share in these spin-out companies decreased to £190.6m (2020/21: £197.3m) reflecting a number of sales of spinouts including Yasa Motors.

The University holds investment properties for rented graduate housing and other land around Oxford. The University has a 5% stake in OSE which increased in value by £16.4m from £43.9m to £60.3m (note 17). The value of investment properties increased by £34.1m due to strong growth in Oxford property prices.

Pension schemes

The University is a member of three multi-employer pension schemes and one single-employer pension scheme. One of these multi-employer schemes is the Universities' Superannuation Scheme (USS), for which the assets and liabilities are not hypothecated to individual institutions. In accordance with the requirements of the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition), the University recognises a provision for its obligation to contribute to the funding of any deficit arising within USS as a result of actuarial valuations.

This new valuation of the scheme has allowed the Trustee to introduce a new total contribution rate from 1 October 2021 of 31.2% of salary instead of 34.7% (as scheduled under the 2018 valuation). However, this leaves a funding gap between the contributions being paid now, and the cost of providing the current benefits. The University currently has a provision of £586.7m in the balance sheet for its share of the £14.1bn USS deficit from the 2020 valuation of the USS pension scheme. The financial position of the USS pension scheme has improved significantly since the March 2020 valuation and the June 2022 monitoring report of the scheme showed a surplus of £1.8bn, versus a deficit of £14.1bn at March 2020.

Details of the University's provision are included in notes 28 and 37 to the financial statements.

Financial outlook

The University's balance sheet remains strong with £5.3 billion of assets and high levels of cash and investments (£950.0m). The economic and political environment is uncertain with recession an increasing risk. This economic environment has also resulted in increased inflation particularly on energy costs. The University has strong revenue flows and the financial results shown here demonstrate the resilience provided by the diversity of the University's sources of revenue. Of the University's income in 2021/22, 25.0% came from teaching and 26.0% from research with the remainder being met by income from the activities of the Press, investment dividends, donations, and other income.

Key financial risks in this operating model include:

- Limited ability to increase some income sources to offset inflation, especially for home undergraduates and government funding grants
- Upward pressure on the University's cost base, including pay and energy
- Recession could lead to a fall in demand for some courses including self funded study and executive education
- Potential for reduced government funding under austerity measures
- Potential increases in capital project costs from inflationary pressures.

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

Basis of accounting

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition).

Going concern

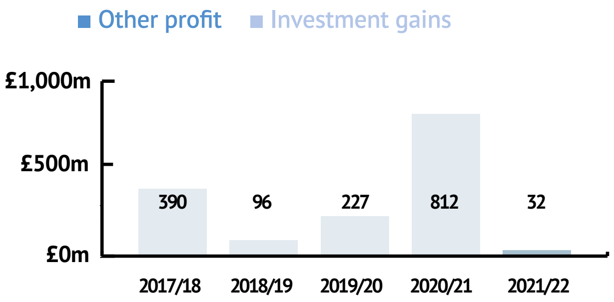
The University's Council has reviewed a five-year financial forecast based on the forecast submitted to the Office for Students and has determined that the University has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Based on this determination, these statements have been prepared on a "going concern" basis.

1.Comprehensive Income

Summary of movements in Comprehensive Income

Statement of Comprehensive Income £'m	2021/22 Consolidated	Restated 2020/21 Consolidated	Variance
Income	**2,775.4**	**2,449.5**	325.9
Expenditure	**(2,897.0)**	**(2,332.2)**	(564.8)
(Deficit)/surplus before other (losses)/gains	**(121.6)**	**117.3**	**(238.9)**
Gains on disposal of fixed assets	**17.0**	**-**	17.0
(Losses)/gains on investments	**(4.6)**	**727.3**	(731.9)
(Deficit)/surplus on joint ventures	**(4.1)**	**2.4**	(6.5)
Taxation	**(3.3)**	**(8.5)**	5.2
Decrease/(increase) in pension provision	**150.3**	**(26.5)**	176.8
Currency translation differences on foreign currency net investments	**3.9**	**(3.8)**	7.7
Other Comprehensive Income	**(5.9)**	**4.2**	(10.1)
Comprehensive Income	**31.7**	**812.4**	**(780.7)**

Comprehensive Income £'m



Total comprehensive income in 2021/22 was £31.7m (£812.4m in 2020/21), down £780.7m on 2020/21 .

The increase in the underlying financial performance of the University was offset by lower investment gains of £731.9m and a net charge for pensions of £218.3m (£12.6m in 2020/21). The pension charge was composed of an increase in the Universities Superannuation Scheme ("USS") pension provision of £368.6m and a reduction in the defined pension provision scheme liability of OUP of £150.3m

The deficit before other gains of £121.6m was impacted by a number of one off items and the following table shows the underlying financial surplus before gains:

Explanation of adjusted surplus before other gains and one- off exceptional items £'m

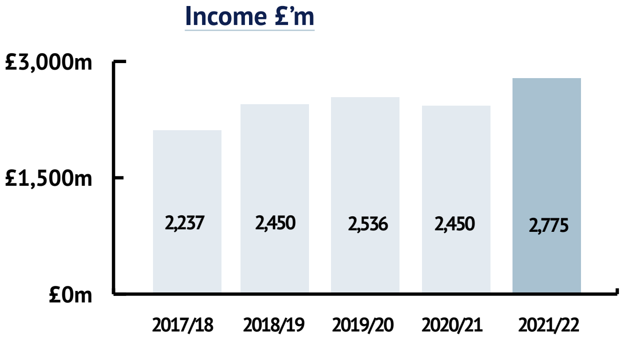
	2021/22	Restated 2020/21	Variance
Surplus before other gains per Accounts	(121.6)	117.3	(238.9)
Staff costs – movements in pension provisions	368.6	(13.9)	382.5
AstraZeneca royalty surplus after third party costs	(76.1)	-	(76.1)
Adjusted surplus before gains	170.9	103.4	67.5

The adjusted surplus before gains increased in 2021/22 to £170.9m from £103.4m in 2020/21. This surplus excludes the movement on the USS pension provision and the surplus on the sale of the Oxford AstraZeneca vaccine in developed markets which will principally be used to fund research going forward.

The year-on-year increase in surplus of £67.5m was driven by a higher surplus from the Press (£48.8m), increased donations and endowments (£9.6m), higher dividends (£16.5m), foreign exchange gains (£7.6m) and additional capital grants (£9.3m). The profits of The Press recovered following last year's Covid impact with profits of £117.3m returning to pre-pandemic levels.

Comprehensive Income – continued

1.1 Income



Total income in 2021/22 was £2,775.4m, an increase of 13.3% from £2,449.5m in 2020/21.

Publishing income accounted for £743.1m in 2021/22. The underlying increase in income, excluding the income from the royalty on sales of the vaccine (£143.1m), was 7.5%.

Key movements in Income included the following:

1. Tuition fees and education contracts

Student numbers increased by 470 (2%) with postgraduates up 3.1% and undergraduates up 0.6% . In addition, non-matriculated fees showed strong growth increasing by 32% on 2020/21 driven by higher revenues mainly in the Said Business School. The main reasons for the 9.2% increase in fees in 2021/22 were the increased number of students, higher fee rates and new EU students paying higher overseas fee rates. Higher student numbers increased income but also led to increased workload for staff.

2. Research income

Annual research income rose in 2021/22 to £711.4m, an increase of 6.9% compared to 2020/21. This growth was particularly noteworthy given the continued level of disruption to research experienced across the University as a result of the pandemic. The University's leading position in so many facets of national and international research has driven this year's research income growth. Oxford has the highest overall research income of any UK university and it has a robust pipeline of future research projects. Following a key initiative across the University research overheads recovery increased and this in turn has improved the profitability of research. Research overhead income covering departmental costs increased 22% in 2021/22 particularly in Medical Sciences Division and Mathematical, Physical and Life Sciences Division due to growth in industrial and commercial funding which has higher cost recovery rates. In 2021/22 funding increased from industry by 10% to £117.3m and from charities by 8% to £197.1m. Income from the UK Public Sector increased significantly from £101.6m in 2020/21 to £141.4m in 2021/22, largely due to investment made by the Department of Health & Social care in major COVID-19 research programmes. European Commission funding income was flat year on year at £57.9m.

3. Press

Income from the Press increased by 7.0% to £743.1m. The Press saw an improvement in trading across many areas as pandemic restrictions lifted. The Academic division, which had been least impacted by the pandemic, maintained good trading momentum, seeing continued demand for high-quality research content. The Education and ELT divisions saw a return to growth with particularly strong performances in the UK, India, Pakistan, Kenya and Argentina.

4. Other income

The major element of the other income increase was from royalties on the sale of the Oxford AstraZeneca vaccine in developed markets of £143.1m. The costs associated with the vaccine are mainly in operating expenditure with payments to third parties for use of vaccine technology of £67.0m. The net surplus in the financial statements is £76.1m. The surplus will to be used mainly to fund research in Medical Sciences and the wider University through the Strategic Research Fund. Royalties reduced as the year progressed and as a result significantly lower royalty revenues are expected in 2022/23.

5. Investment income

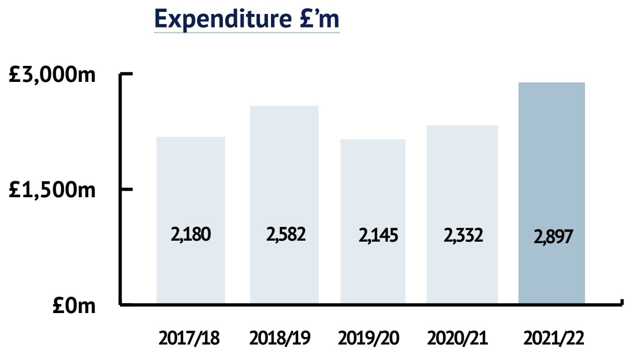
Investment income at £130.1m increased 16.6% on 2020/21. The main cause of this change was the increase in the cash dividend received by the University from OUem, which is reflected in the University's operating cash surplus and is calculated based on the average net asset value of the Oxford Funds over 20 quarters. The cash dividend received of £116.5m was £16.5m higher than prior year, reflecting the underlying growth over time of the value of the fund and the University's continued investment of philanthropic gifts in the Oxford Funds.

6. Donations and new endowments

Donations and new endowments were £103.8m up 10.2% on the 2020/21 total of £94.2m. There was continued strong philanthropy for endowed professorships. Significant donations during the year included £12.6m from the Moh family, £5m for the Poonawalla Professor of Biotechnology, £6.7m for the Dieter Schwarz Associate Professorship of Technology and Society and Artificial Intelligence, Government & Policy Fund and £4m for the Dame Louise Richardson Professorship in Global Security Fund.

Comprehensive Income – continued

1.2 Expenditure



Total expenditure in 2021/22 was £2,897.0m, a year-on-year increase of £564.8m from £2,332.2m in 2020/21.

The Press accounted for £701.8m or 24% of the 2021/22 total expenditure. Underlying expenditure increased from £2,332.2m to £2,461.4m (5.6%) after the Oxford AstraZeneca vaccine costs of £67.0m and the movement in the USS pension provision of £368.6m are removed. Extensive work was undertaken across the University to control costs as inflation increased during the year.

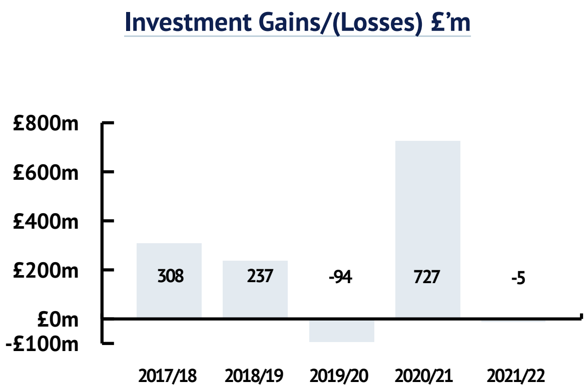
Staff costs have grown by 5.9% and this is mainly from the progression through the grades of staff moving up grades (1.2%), a one-off thank you payment to staff of £1,000 per employee costing £15.0m (1.4%), increases in National Insurance contributions to 15.05% from April 2022 and increased staff numbers (1.1%). In addition the pay rise was 1.5%.

Operating expenditure increased by 10.4% mainly due to the Press's cost of sales increasing in line with higher income and research costs increasing in line with higher research income and third party Astra Zeneca costs. Bursary & scholarship costs increased by £3.3m, a key University priority. Revenue expense relating to capital projects was down £9.7m as some major projects progressed to construction rather than pre-construction work. With the increase in global energy costs, energy costs increased by £7.6m (37%) excluding Press costs which are in publishing costs.

1.3 The Press's Pension provision reduction

The Press's defined benefit scheme net liabilities reduced by £150.3m during the year due to changes in actuarial assumptions. This defined benefit scheme was closed to future accruals from 30 September 2021 and was replaced by a defined contribution scheme.

1.4 Investment Gains



Key movements in the 2021/22 Investment losses of £4.6m included the following:

- The Investment value of the Oxford Fund for year to 31 July 2022 fell by £39.5m (1.2%) mainly due to stress in the financial markets impacting in particular investments in Public Equity. The decline would have been higher but as many of the assets are US$ denominated, the investments benefited on conversion into pounds due to the weakness of Sterling.
- The Capital account is held 30% in Public Equity, 50% in corporate bonds and 20% in short term bonds. The Capital account was down £42.9m (8%) due to weakness in UK bond and equity markets due to inflation concerns, Ukraine war and macro-economic uncertainty.
- Investment Properties are up with the Begbroke Farm valuation (£11m) and other valuations higher as UK property markets, particularly in Oxford, remain strong (average 5–7% increase).
- The value of the Sequoia fund increased by £38m (15%). Sequoia is the fund set up by Michael Moritz for the Crankstart scholarships. The fund is invested in the US and mainly in Public and Private Equity. It has benefited from continued robust performance and the conversion of US$ assets into Sterling where the weakness of Sterling has increased the Sterling valuation. The dividend of £4m is shown in investment gains in line with previous years.

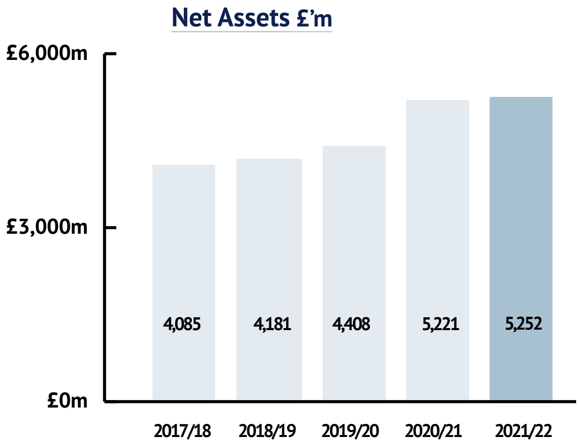
1.5. Gains on disposal of fixed assets

The Financial statements include a £17.0m gain relating to a warehouse no longer required by the Press in the US.

2. Change in Net Assets

Summary of movements in Net Assets

Balance Sheet £'m	2021/22 Consolidated	Restated 2020/21 Consolidated	Variance
Non-current assets	6,734.2	6,361.6	372.6
Current assets	1,694.2	1,662.6	31.6
Creditors due within one year	(1,211.2)	(1,028.7)	(182.5)
Total assets less current liabilities	7,217.2	6,995.5	221.7
Creditors due after more than one year and provisions	(1,964.8)	(1,774.8)	(190.0)
Total net assets	5,252.4	5,220.7	31.7



Total net assets in 2021/22 amounted to £5,252.4m, of which the Press accounted for £594.8m.

Net assets increased by £31.7m to £5,252.4m (2020/21: £5,220.7m). Key movements in net assets included the following:

- Net assets decreased as a result of the increase in USS pension provision for the 2020 recovery plan of £368.6m.
- Increase in cash and cash equivalents by £102.8m to £809.1m at 31 July 2022 due to new endowments particularly at the end of year and strong working capital control.
- Increase in investments by £380.5m to £5,071.1m at 31 July 2022 as funds were invested in the Oxford Funds for long term return.

Capital expenditure

The University invested £120.5m in capital expenditure additions during the year, with key additions being the completion of the Institute of Development and Regenerative Medicine (IDRM) building, which is now in full academic use and combines a unique insight into organ development and regeneration to treat birth defects and acquired diseases. A refurbishment at Osney Mead has seen the opening of the Energy Systems Accelerator pilot, better known as the Mini TESA, a world leading multi-disciplinary hub, championing green innovation. The pilot will inform the final design and operational practises of a 'full TESA' project, creating 102 new jobs for the Oxfordshire economy and is set to be net-carbon negative and will form part of the new Innovation District at Osney, helping to regenerate the West End of Oxford. The new Innovation District will be one of the projects under the joint venture with Legal & General. The delivery of capital projects through the Legal & General partnership in future years is expected to reduce reported capital expenditure going forward. Work continues on the redevelopment of the Osney Power Station for the Said Business School, which will also feed into the West End of Oxford regeneration work when it opens in 2024. The power station will be transformed into the Global Leadership Centre supporting high-level business and leadership education, both formal and informal, and will incorporate leisure, dining, and hotel style accommodation.

Bank Loans

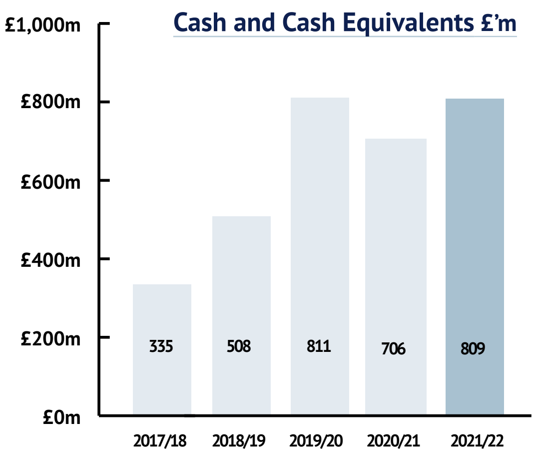
As at 31 July 2022, the University had bank loans and bonds outstanding totalling £1,288.5m (2020/21: £1,282.8m), primarily in the form of £1,000m of unsecured bonds at a fixed rate of 2.54%. These bonds are redeemable at their principal amount in 2117. Of these bonds £250m was taken out in 2019/20 at an effective rate of 2.018%. A £200m amortising loan at a fixed rate of 2.55% is redeemable in 2045.

3. Cash and Cash Equivalents

Summary of movements in Cash and Cash Equivalents

Cash and Cash Equivalents £'m	2021/22 Consolidated	Restated 2020/21 Consolidated	Variance *
(Loss)/surplus for the year	(113.3)	847.0	**(960.3)**
Investment income and gains	(125.5)	(838.9)	**713.4**
Provision movements	328.6	(11.6)	**340.2**
Depreciation	124.7	120.7	**4.0**
Other non-operating cash flows	(117.9)	(81.9)	**(36.0)**
Working capital and other movements	94.9	46.5	**48.4**
Net cash flow from operating activities	**191.5**	**81.8**	**109.7**
Investing and financing income /(expenditure)	75.6	(60.8)	**136.4**
Capital expenditure (cash spend)	(165.3)	(121.3)	**(44.0)**
Cash movement	**101.8**	**(100.3)**	**202.1**
Foreign exchange translation	1.0	(4.1)	**5.1**
Cash and cash equivalents at beginning of year	706.3	810.7	**(104.4)**
Cash and cash equivalents at end of year	**809.1**	**706.3**	**102.8**

*these underlying variances are explained in the commentaries below



Cash and cash equivalents increased by £102.8m to £809.1m, due mainly to higher net cash flow from operations, up £109.7m. There was also an improvement to Investing & Financing income of £75.6m, an increase of £136.4m principally due to new endowments received in cash in the year of £81.5m, up £49.7m on the £31.8m in 2020/21. Capital Expenditure of £165.3m was up £44.0m year on year mainly due to timing, with some major buildings being completed. The provision movements are non-cash movements and go through Comprehensive Income and are in the (Loss)/Surplus for the year, so do not impact the movement in cash and cash equivalents.

GOVERNANCE

The University of Oxford is a lay corporation first established in common law and later formally incorporated by statute. It has no founder and no charter and is an independent and self-governing institution. The wider collegiate University consists of the University and the thirty-nine colleges.

Governing Bodies

Congregation
Congregation is the sovereign body of the University. It is composed of academic staff, heads and other members of governing bodies of colleges and societies, and other senior research, computing, library and administrative staff. Congregation is responsible for considering major policy issues submitted by Council and its own members. It elects members to different University bodies and approves changes to the University's statutes and regulations.

Council
Council is the University's executive governing body. It is responsible, under the Statutes, for "the advancement of the University's objectives, for its administration, and for the management of its finances and property". It is therefore responsible for the academic policy and strategic direction of the University. Council is responsible to the Office for Students (OfS) for meeting the conditions of Financial Memorandum between the OfS and the University.
Council members are the University's charity trustees. There are nine ex officio members, four external members, and 12 elected members of the Congregation.

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

Conference of Colleges
The wider collegiate University consists of the University and the thirty-nine colleges.
These colleges (other than Kellogg College, Reuben College (formerly Parks College, which was established in 2018/19 and endowed and renamed in 2020/21), and St Cross College, which are formally classified as societies) and the six permanent private halls are separate and independent legal entities.

Divisional Boards

Academic Divisions
There are four academic divisions within the University: Humanities; Social Sciences; Medical Sciences; and Mathematical, Physical and Life Sciences. Each division has a divisional board that is responsible for its division.

Gardens, Libraries and Museums
The Gardens, Libraries and Museums Group. This group comprises the four University museums, the Bodleian libraries and the Botanic Garden and Harcourt Arboretum. Each has a governing body prescribed by Statute or Regulation. Collectively, they are overseen by the GLAM Board which comprises the directors of the six GLAM departments and is chaired by the Head of GLAM.

The Oxford University Press
A department of the University that publishes thousands of research and education titles a year.

Committees

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

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

Governance – continued

Council

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

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

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

In preparing the financial statements, Council is required:

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

Council is also required to:

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

From time to time Council reviews its own effectiveness. Council's most recent self-review took place in the 2021/22 academic year. This took the form of a light touch review with a questionnaire, being issued to Council members and attendees, which had a series of questions and free text comment boxes for completion in relation to the remit, operation and effectiveness of Council with particular regard to equality, diversity and inclusion. Council will receive the report in Michaelmas Term 2022 and consider any recommendations.

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.

In accordance with the Modern Slavery Act 2015, the General Purposes Committee of Council (with delegated authority from 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 https://compliance.admin.ox.ac.uk/modern-slavery.

COVID-19

During 2020/21 the University triggered its crisis management framework to ensure a swift and effective response to the COVID-19 outbreak. The framework remained in place throughout the academic year 2020/21, although a number of changes were made to reflect the evolving needs of the University as the pandemic progressed.

Council stopped having additional meetings at the start of the 2021/22 academic year, instead receiving regular updates at each meeting from the Vice-Chancellor on the work of the crisis management bodies and the impact upon University finances. The

Governance – continued

University continued throughout to engage with internal and external stakeholders about its response to the pandemic. Students were closely involved in decisions taken under the crisis management framework, with representatives on several key Groups. The University continues to work closely with local authorities and partner organisations. The Silver Group held its last meeting in May 2022 and the Crisis Management Framework was formally dissolved at the May 2022 Council meeting.

The members of Council are the Charity Trustees of the University. Membership of Council from 1 August 2021 to 30 November 2022 was as follows:

Position	Name	Date
Ex officio members		
Vice-Chancellor	Professor Dame Louise Richardson	Throughout
Chair of Conference of Colleges	Baroness Royall of Blaisdon, Principal of Somerville	From 1 October 2021
Head of the Medical Sciences Division	Professor Gavin Screaton	Throughout
Head of the Mathematical, Physical and Life Sciences Division	Professor Sam Howison	Throughout
Head of the Humanities Division	Professor Daniel Grimley	From 1 October 2021
Head of the Social Sciences Division	Professor Margaret Stevens Professor Timothy Power	From 1 August 2021 From 1 October 2021
Senior Proctor	Ms Lucinda Rumsey Professor Jane Mellor	To 15 March 2022 From 16 March 2022
Junior Proctor	Dr David Johnson Professor Linda Flores	To 15 March 2022 From 16 March 2022
Assessor	Dr Bettina Lange Dr Richard Earl	To 15 March 2022 From 16 March 2022
Elected by the Conference of Colleges		
	Mr John Bowers, Principal of Brasenose Mr Tom Fletcher, Principal of Hertford	To 30 September 2022 From 1 October 2022
Elected by Congregation		
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Mathematical, Physical and Life Sciences and of Medical Sciences	Professor Tim Coulson Professor Fabian Essler Professor Richard Hobbs Professor Kia Nobre Professor Alex Schekochihin Professor Proochista Ariana	To 30 September 2021 To 30 September 2022 Throughout Throughout From 1 October 2021 From 1 October 2022
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Humanities and of Social Sciences	Professor Geraldine Johnson Professor Aditi Lahiri Fra' John Eidinow Professor Diego Sánchez-Ancochea Professor Cécile Fabre Professor Nandini Gooptu	To 30 September 2021 To 30 June 2022 Throughout From 1 January 2021 From 1 October 2021 From 1 October 2022
One of three members of Congregation, not necessarily being members of any division and not in any case being nominated in a divisional capacity, who shall be elected by Congregation	Ms Tania Boyt Mr Richard Ovenden Professor Sir Rory Collins Professor Patricia Daley Professor Sir Charles Godfray	To 1 February 2022 To 30 September 2021 Throughout From 1 October 2021 From 1 October 2022
External members		
	Mr Charles Harman Mr Nicholas Kroll Sir Chris Deverell Ms Wendy Becker	Throughout Throughout Throughout Throughout
Co-opted members		
	Professor Anne Trefethen	Throughout

Governance – continued

Committees of Council

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

The primary responsibilities of the nine committees are as follows:

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

The Committee to Review the Salaries of Senior University Officers is responsible for making recommendations to Council on the salaries on appointment of the Vice-Chancellor, the Registrar and the Director of Finance; for determining the salaries on appointment of the Pro-Vice-Chancellors with portfolio and the Heads of Divisions; and for reviewing the salaries of those office-holders thereafter;

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

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

The 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. It is also responsible for the University's risk management arrangements. The GPC regularly reviews the University Risk Register;

The Investment Committee is responsible for the strategic oversight and supervision of all funds invested by, or for the benefit of, the University (including any funds placed with the University by external bodies), except:

those investments which Council determines to be the responsibility of the Finance Committee or other bodies; and those held by Societies or the Press.

In particular, the committee shall be responsible for:

- recommending to Council suitable investment objectives and, where relevant, distribution policies for the investments under its remit, currently The Oxford Funds: Collegiate Feeder Units (part of the fund known as the Oxford Endowment Fund); the Capital Account; the Venture Fund ("the Funds");
- setting, where appropriate, investment policies, benchmarks, risk guidelines and investment restrictions for the Funds taking into account agreed objectives and policies and including those relating to socially responsible investment;
- advising Council, or such other body as Council might direct, on implications of specific socially responsible investment-related proposals with regard to any potential impact on the investment objective or strategy of the investments under its remit;
- evaluating, where relevant, the performance of the Funds against investment objectives and agreed benchmarks and oversight and monitoring of compliance with all policies and guidelines (including those relating to socially responsible investment) relevant to the Funds;
- reporting to Council at least annually on the matters above and on such other matters as the committee sees fit.

The Valuation Committee is a sub-committee of the Investment Committee and approves the net asset value per unit of The Oxford Funds: Collegiate Feeder and the net asset value of the Capital Account at each year end.;

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

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

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

Charitable Status

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

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

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

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

The Annual Report of the Delegates of the University Press sets out how Oxford University Press ('the Press') has furthered the University's charitable purposes for the public benefit. This report is available at https://annualreport2022.oup.com/2021-22/

Any private benefit arising from commercially funded research and knowledge transfer activity is incidental to the University's principal objectives. 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.

Sign Off

Council confirms that it is responsible for ensuring that a sound system of governance is maintained. It has reviewed the effectiveness of these arrangements and confirms that the University's system of governance has been in place during the year ended 31 July 2022, and up to the date of approval of the audited financial statements.

STAKEHOLDER ENGAGEMENT

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

Students

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

Staff

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

Research funders

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

Office for Students

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

The city and the local community

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

National Health Service

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

Alumni

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

UNDERSTANDING OUR RISKS

The University of Oxford has established risk management practices embedded into its core operations (covering both academic and business risk), based on the principles of the ISO 31000 risk management standard.

During 2021/22 the University has undertaken further work to embed risk management and to build capability to identify, assess and manage risks across the organisation. The improvements to the risk management arrangements and treatment of risks, include the principal Committees of the Council now undertaking robust reviews of the risks they oversee as well as risk assessment informing strategic resource allocation e.g. further investment secured to address principal risks such as cyber-security and health and safety. The General Purposes Committee, the Audit and Scrutiny Committee and the Council regularly review the University's risk profile and monitor actions taken to mitigate the risk. However, the majority of principal risks remain above their target scores. Plans are in place to bring the risks to target. During the year, steps have been taken to reduce the risks and bring them to target, resulting in a number of risks being removed from the University Risk Register. The dynamic nature of risk management is reflected in the year-on-year changes to the University Risk Register noted below.

For details of the University's risk management and internal controls processes and how the University Risk Register is developed please see the 'Statement of Internal Control' section.

Principal Risks

Over the course of 2021/22 there have been significant changes in the principal risks included on the University Risk Register as disruption due to COVID-19 reduced, post-pandemic working arrangements became more settled and inflation in all costs had an increasing impact.

The main changes in principal risks over the course of 2021/22 are summarised below and on the next page:

ESCALATED TO PRINCIPAL RISK A more detailed description of the risk and mitigation plan is below. Principal risks are monitored at Council level.	**Capital project cost inflation:** cost increases on projects underway will have an impact on the availability of strategic capital funding for future projects. **Cost Inflation:** pay and non-pay costs have been rising sharply after years of relatively low inflation. **Reward and benefits:** changes to the USS pension scheme could put at risk our ability to recruit and retain key staff. **Compliance failure:** failing to meet the increasingly complex compliance requirements could have significant reputational, financial and legal impacts.
DE-ESCALATED TO MEDIUM RISK These risks and mitigation plans continue to be monitored at Committee and Divisional level.	**Employee relations:** the likelihood of a major impact has reduced during 2021/22, due to work done to maintain good working relationships with unions. However, there is a possibility of this risk being escalated to the principal risk level during 2022/23 due to the general economic situation and its direct and indirect (e.g. pay award) impact on staff **Insurance:** it is now unlikely that there will be a significant increase in uninsured exposure. **Pension costs:** the March 2020 valuation has now been finalised, and there is therefore certainty on USS contributions until 2024. **Student mental health and welfare:** with a number of initiatives implemented in 2021/22 as a result of the Mental Health Task Force's work, there is a reduced likelihood of impact. **Staff mental health and wellbeing:** with changes to the Occupational Health service, the Wellbeing Programme underway, a review of academic workload ongoing and staff workload and wellbeing as a strand of Professional Services Together there is now reduced likelihood of impact. **Research funding:** Disruption from COVID-19 and instability in the research funding environment has broadly diminished, although there is continued impact on some funders, particularly charity funders, and some disciplines, particularly around access to archives and difficulties undertaking fieldwork. Uncertainty remains over association with Horizon Europe and the exact nature of any alternative schemes if the UK fails to associate.

Understanding our Risks – continued

DE-ESCALATED TO LOW RISK	**OUP transfer**: a special transfer has been made, and no significant reduction in annual transfers is anticipated.
CHANGE OF RISK DESCRIPTION	**Condition of the estate.** Two elements are now tracked as separate risks: the general condition of the Estate (a longer term risk) and the potential for building failure (a short-term risk that could materialise more quickly). The risk of building failure is seen as the more significant at present and is therefore on the Principal risk list, while the general condition of the estate has moved to the medium risk list.

The principal risk areas related to the University's strategy and operations during 2021/22, as well as corresponding mitigations and actions, are described below; the risks are broadly aligned to the Strategic Plan themes and are not presented in a ranked order. The trend in residual risk level over 2021/22 is shown, highlighting which risks are new, and which remain unchanged as principal risks. Work continues to reduce the likelihood and/or impact of the 12 current principal risks to bring each to an agreed target level.

Strategic Plan Area – Research and Education

Principal Risk	Action/Mitigation	Trend (highlights position at the end of 21/22)
APP attainment targets Risk of not meeting Access and Participation Plan (APP) targets for reducing gaps in awarding rates for disadvantaged students due to a failure to tackle structural inequalities in teaching, learning support and assessment at Oxford, leading to increased regulatory burden and reputational damage.	• Partnership with Inspera for open-book online exams – a platform for more diverse and inclusive assessment • Guidance and support for designing and reviewing assessment from the Centre for Teaching and Learning • Common framework on digitally enabled inclusive teaching being developed • Funding being sought to improve academic transition and on-course support for academic skills development and educational enhancement projects to diversify assessment.	↔ Unchanged Principal risk

Strategic Plan Area – People

Principal Risk	Action/Mitigation	Trend (highlights position at the end of 21/22)
Reward and benefits While previously the University was able to rely on a competitive reward and benefits package to offset concerns around salary levels, there is a risk that this will no longer be the case due in particular to changes to the USS pension. This could lead to a higher level of staff turnover or an inability to recruit staff.	• Review of reward and benefit packages • Participation in the annual national pay round negotiations • Flexibility in working arrangements on offer: New Ways of Working Framework • Childcare provision offers a ratio of nursery places significantly better than most other HEIs within the UK	NEW Principal risk

Understanding our Risks – continued

Strategic Plan Area – Engagement & Partnerships

Principal Risk	Action/Mitigation	Trend (highlights position at the end of 21/22)
Brand and partnerships Risk that we partner with organisations whose activities could damage our reputation, or that our brand is misused, due to either insufficient due diligence, lack of ability to mitigate existing partnerships or lack of controls, resulting in potential reputational and financial impacts.	• Due diligence prior to entering into partnerships • University-level Security in International Collaboration Group working to standardise processes for evaluating risks and managing engagement in international activity and to ensure responses to new government policy, legislation, or regulatory requirements • Financial controls strengthened for societies and colleges and a new GPC sub-committee overseeing joint ventures and subsidiaries.	↓ Reduced, but remains a Principal risk

Strategic Plan Area – Resources

Principal Risk	Action/Mitigation	Trend (highlights position at the end of 21/22)
Investment in IT Potential challenge to ensure adequate investment in our information technology capability, leading to a potential 'maintenance only' budget and risking falling behind technological developments. This could impact the quality of our research and education provision, as well as our operational efficiency and cyber protection.	• Development of the multi-year digital transformation programme, which would allow investment to move beyond maintenance to truly developing our digital support for teaching and research, building on the opportunities witnessed globally by the shift to digital in the pandemic • Developing a sustainable revenue and capital funding model for IT • Prioritisation of projects via the IT Capital Development Fund. One-off investments (e.g. e-examinations and library management systems, cyber security).	↔ Unchanged Principal risk
Building Failure Risk that buildings will fail and need to be closed due to inadequate levels of investment in repairs and maintenance and the minor capital plan resulting in increased demand on strategic capital funding and significant disruption to core academic activity.	• A new Estates Strategy being developed to be agreed in 2022/23, including an approach to dealing with high-risk buildings • Asbestos management surveys.	↔ Unchanged Principal risk
Capital Project Cost Inflation Risk that the cost of capital building projects increases due to significant inflation in the supply chain, resulting in insufficient funding for the current programme of strategic capital projects.	• Value engineering is being undertaken on current projects and the Strategic Capital Steering Group has a target to agree a broader mitigation strategy by late 2022.	NEW Principal risk

Understanding our Risks – continued

Strategic Plan Area – Resources

Principal Risk	Action/Mitigation	Trend (highlights position at the end of 21/22)
Cost Inflation Risk that cost inflation increases above controllable levels due to external economic factors, resulting in an inability to deliver a balanced budget and a long-term decline in University reserves.	• Implementation of improvements to financial planning processes within the University (the "Finance White Paper"): a settlement for historic reserves, creating cash-backed reserves for surpluses going forward, simplifying funding flows and introduce a 3-year settlement for central charges.	NEW Principal risk

Strategic Plan Area – Compliance, controls & operations

Principal Risk	Action/Mitigation	Trend (highlights position at the end of 21/22)
Data protection Risk that private data or research material is exposed, either by accident or deliberate act, resulting in harm to one or more individuals, legislative and financial sanctions against the University, damage to reputation, and resource implications in ensuring timely reporting and investigation.	• Policies, governance, tools, training and other controls and central Information Compliance and Information Security teams working with the University to maintain the confidentiality, integrity or availability of University information • Delivery of Information Security programme • Development of strategic approach and delivery of actions to improve compliance including: integrating Data Protection Impact Assessments more effectively into ethics reviews to ensure privacy by design and lower risks of over processing/subsequent breaches; developing a proactive reporting framework from departments to assess risk; and reviewing insurance options	↔ Unchanged Principal risk
Cyber security A widespread cyber security incident could cause severe disruption to our IT systems resulting in individual harm if data is leaked, prolonged disruption to operations and/or permanent loss of critical research data; any of these incidents would have significant operational, financial, reputational and legal impact on the University.	• Continued focus on improving preventative controls and incident response approach to cyber incidents • Multi factor authentication • Implementation of information security programme to include: improvements to the mandatory training; improvements to email infrastructure; expansion of the reach of the monitoring service; developing the baseline assessment and security audits of enterprise systems.	↔ Unchanged Principal risk

Understanding our Risks – continued

Strategic Plan Area – Compliance, controls & operatio ns continued		
Principal Risk	**Action/Mitigation**	**Trend (highlights position at the end of 21/22)**
Business continuity/ disaster recovery Risk that the University's business continuity and major incident/crisis management capability is inadequate and ineffective, due to lack of a dedicated resource and gaps in arrangements, resulting in lack of appropriate preparation for and the ability to respond to a major incident (physical or cyber).	• Business continuity strategy, policy, governance, roadmap, guidance and network in place • Business continuity programme development and implementation.	↔ Unchanged Principal risk
Compliance Failure Risk of failure of compliance or internal control in the University, exacerbated by the devolved nature of the organisation and limited central and local resource resulting in potential reputational, financial and legal impacts (excluding Health, Safety and Environment and Data Protection which are covered separately).	• Central risk, compliance and assurance function • Recently revised and new policies (e.g. fraud, bribery, sanctions) • Assurance activity including internal audits	✸ NEW Principal risk

Strategic Plan Area – Compliance, controls & operations		
Principal Risk	**Action/Mitigation**	**Trend (highlights position at the end of 21/22)**
Health and safety Risk of non-compliance with health and safety policy, regulations, and legislation due to governance and operational management structures in place at the University leading to increased potential for accidents, non-compliance with legal requirements and reputational damage	• Governance, including the new Safety Executive Group, policies and procedures in place to support compliance with health and safety requirements • Implementation of the Everyday Safe programme addressing the recommendation of the Health and Safety Review.	↔ Unchanged Principal risk

Understanding our Risks – continued

New risks

The following risks have been added to the University Risk Register during Michaelmas Term 2022

Principal Risk	Action/Mitigation	Trend (highlights position at the end of 21/22)
Recruitment Risk that the University will be unable to recruit in some areas the highest calibre academic, academic-related and professional services/ administrative staff due to i) the current challenges in the labour market both internationally and locally and ii) complex internal recruitment processes, and iii) lack of understanding of barriers to attraction in hard to fill roles resulting in a potential reduction in the calibre of teaching and research activity and the underpinning support services.	• Increasing and improving the recruitment capability • Use of targeted market pay premiums / salary supplements • Improving the inclusivity of selection process for academic staff • Development and communication of the Employee Value Proposition	NEW Principal risk
Failure to attract most able PG candidates Risk of not attracting the most able postgraduate candidates from all backgrounds, due to a failure to provide sufficient financial support, leading to a decline in the quality of students and the academic offering, and a loss of competitiveness in research effort.	• Launch of Black Academic Futures scholarships, co-funded by the University and college. • Improvements to application and admissions process • Introduction of graduate access initiatives. • Develop Graduate Recruitment and Access Strategy	NEW Principal risk

Emerging Risks

Emerging risks are those identified as unlikely to have a high impact in the current or next academic year but likely to have high impact in the 3–5 years after that, based on the existing control.

One risk is being monitored:

Decline in operational surplus	**Risk that operational surpluses decline to an unsustainable point due to the University not ensuring sufficient income is raised to support expenditure, resulting in a long-term decline in the University's reserves.**

Understanding our Risks – continued

Further, the emerging trends (see Emerging Trends section, above) may give risk to associated risk (e.g. geopolitical risks, inflationary risk, research funding, delivery of digital transformation), which the University will identify, monitor, assess and mitigate through its risk processes during 2022/23.

Climate Related Risks

As set out elsewhere in this document, as an organisation we have implemented an Environmental Sustainability Strategy with ambitious net zero carbon and biodiversity net gain targets to reduce the contribution that our operations could be making to climate change and biodiversity loss. From July 2022, new guidance on acceptance of funding from the fossil fuel sector has also been agreed by Council.

When assessed under our agreed risk management framework climate change is not currently a principal risk to strategy or operations, but there are risks that the University's research, teaching and operations will be impacted either directly by the effects of climate change or biodiversity loss or indirectly as a result of local, national or international climate-related policy changes. These risks are being monitored at the relevant Committees and are also a contributor to business continuity risk which is one of the principal risks addressed above.

STATEMENT OF INTERNAL CONTROL

The University's Internal Control Framework supports the delivery of its strategy and internal control objectives.

Objectives

The University's objectives for internal control are:

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

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

Control environment

Council accepts that it is neither possible nor desirable to build a control environment that is free from risk. There is a tension between the acknowledged advantages of the University's highly devolved operating model and the risks inherent in such a devolved structure. The devolved nature of authority and responsibility can present a challenge to the achievement of internal control. The University's system of internal control can therefore provide reasonable but not absolute assurance over the governance, operational, compliance, management, quality, reputational and financial risks to the University. The University's Financial Regulations set out processes designed to ensure the safeguarding of assets and the effective management of liabilities.

The University has established policies and supporting processes designed to prevent and detect corruption, fraud, bribery and other irregularities, however further work is required to bring the University's arrangements in line with best practice.

Review processes over internal control

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

The Committee meets four times a year and receives assurances on the design and effectiveness of internal controls on behalf of Council. To this end, 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. It provides Council with termly reports on internal controls as part of its regular business updates.

- General Purposes Committee is responsible for reviewing the procedures for identifying and managing governance, management, quality, reputational and financial risks across the University. It is also responsible for the University's risk management arrangements. The GPC regularly reviews the University Risk Register.
- PricewaterhouseCoopers LLP ('PwC') provides internal audit services for the University; the scope of these services excludes educational publishing activities carried out by the Press: the Press has its own internal audit function. PwC provides an annual opinion on the adequacy and the effectiveness of internal controls and risk management across the University.

- Deloitte LLP ('Deloitte') provides external audit services for the University, including educational publishing activities carried out by the Press. Deloitte provides an annual opinion on whether funds (including public funds) have been applied for the intended purposes. The external auditors also refer in their annual report to any control deficiencies identified during the course of the performance of the audit.
  In the course of their work, the external auditors identified some weaknesses in control which they considered to be significant and management are in the process of agreeing actions to respond to these findings.

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

Risk management

The University's Risk Management Framework supports the delivery of the University's academic mission and its strategic priorities. The University's objectives for risk management are:

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

The University reviewed and refreshed its enterprise risk management arrangements in 2020/21 and continued working to embed the new risk processes during 2020/21 and 2021/22. There is a good understanding and management of risk at the divisional and committee level, with further development of arrangements, supported by guidance and training, required at the departmental level. Risk management should also be better integrated with planning and resources allocation processes.

Risk appetite

The University's statement of risk appetite sets out the overarching principles that define its appetite for risk, and guides the University's approach to the acceptance of risk.

University statement of risk appetite

In pursuing its objectives, as expressed in its Strategic Plan and elsewhere, the University will generally accept a level of risk proportionate to the expected benefits to be gained, and the scale or likelihood of damage.

The University has a high appetite for risk in the context of encouraging and promoting critical enquiry, academic freedom, freedom of expression, and open debate.

The University has a very low appetite for risk where there is a likelihood of significant and lasting reputational damage; significant and lasting damage to its provision of world-class research or teaching; significant financial loss or significant negative variations to financial plans; loss of life or harm to students, staff, collaborators, partners or visitors; or illegal or unethical activity.

The University's risk management policy, including the statement of risk appetite, will be reviewed and updated during 2022/23 to better reflect the current risk profile.

Risk assessment

Risk identification and assessment is undertaken at subsidiary, department/faculty, divisional, professional services, key project and core Committees of Council level, with risks considered as part of the annual planning cycle and principal risks escalated through to General Purposes Committee (GPC),

Statement of Internal Control – continued

Audit and Scrutiny Committee and Council according to defined thresholds of impact and likelihood. Standardised impact/likelihood score descriptors are used to ensure consistency of risk scoring.

Risk treatment

Treatment of risk is agreed according to the University's risk appetite. Council recognises that risk management cannot eliminate all risk, particularly where risks are outside the University's control, and a higher level of tolerance is actively promoted in the context of encouraging and promoting critical enquiry, academic freedom, freedom of expression and open debate.

Risk recording, escalation and reporting

The University Risk Register captures the key risks to achieving the mission and vision, as well as other notable risks, and considers the effectiveness of risk mitigation and internal controls.

Divisional risks get escalated to appropriate committees (e.g. Education, Personnel). Risks from the Committee and the other risk registers across the University are considered for inclusion in the University Risk Register according to a defined assessment methodology and thresholds (e.g. risks scoring 15 and above).

The GPC, Audit and Scrutiny Committee and Council review the University Risk Register twice a year, with the other risk registers (Committee, Divisional) also reviewed with the same frequency.

Lines of defence

The three lines of defence form an integral part of the risk and assurance framework.

1st line of defence The first line of defence comprises departments, faculties, services and process owners whose activities create and manage the risks that can facilitate or prevent the University's objectives from being achieved. This includes taking acceptable risks in pursuit of the academic mission. The first line owns the risk, and the design and execution of the University's controls to mitigate those risks.

2nd line of defence The second line of defence's role is the design and maintenance of frameworks, policies, procedures and guidance that support risk and compliance to be managed in the first line. It is also responsible for monitoring and judging how effectively the first line is operating and is more commonly referred to as functional oversight. This function is performed by a number of central functions (e.g. Assurance, Finance, HR, Safety Office) as well as the standing principal committees of the Council (e.g. Personnel, Research and Innovation).

3rd line of defence The third line of defence provides independent assurance that management operate an effective framework of controls to manage risk and that governance is appropriate around management of risk. The third line is directed by the Audit and Scrutiny Committee and has organisational independence from management. Currently, the main tool being used is the internal audit programme.

Monitoring and review

Risk management underpins the University's programme of internal audit work and is embedded as part of the University's annual planning processes. The University's risk management arrangements ensure that a wide range of risk including the business, operational and compliance risk as well as financial risk are identified, assessed and captured on the relevant risk registers, with Divisional Boards, Committees and the Council providing the required monitoring and oversight. The University's risk arrangements are being continuously improved and the direction of travel is informed by best practice/industry standards.

Oxford University Press (OUP), the 'Press'

The Finance Committee of the Press is responsible under Council for the Press's **system of risk management and internal control** and for reviewing its effectiveness. The Press's system of internal controls is designed to manage rather than eliminate the risk of failure to meet the operational objectives, and inevitably can only provide reasonable and not absolute assurance against material misstatement or loss.

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

Audit Committee of the Press receives reports on internal control from the Press internal audit function and reports regularly to the Finance Committee of the Press and annually to the University Audit and Scrutiny Committee.

The Press's risk management system

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

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

Sign off

Council confirms that it is responsible for ensuring that a sound system of internal control is maintained. It has reviewed the effectiveness of these arrangements and confirms that the University's system of internal control has been in place during the year ended 31 July 2022, and up to the date of approval of the audited financial statements. The system of internal control has generally been operating as intended.

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

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

to the governing body of the University of Oxford

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of University of Oxford (the 'university') and its subsidiaries (together, the 'group'):

- give a true and fair view of the state of the group's and university's affairs as at 31 July 2022 and of the group's and the university's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the consolidated and university statement of comprehensive income;
- the consolidated and university statement of changes in reserves;
- the consolidated and university statement of financial position;
- the consolidated statement of cash flows;
- the statement of accounting policies;
- the related notes 1 to 39; and
- the US Loans Schedule, the supplementary schedule for the US Department of Education, being required by reference to University of Oxford accepting students under the US Department of Education student financial assistance programs.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and the university for the year are disclosed in note 11 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the university.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report – continued

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: ► Pension scheme valuation assumptions; ► Capitalisation of expenditure on property, plant and equipment; ► Valuation of the investment in the Oxford Funds; ► Valuation of unlisted spin-out investments; ► Valuation of directly held property investments; and ► Income from new donations and endowments.
Materiality	The materiality that we used for the group financial statements was £23.25m which was determined on the basis of 1.0% of anticipated total income before donations. This equated to 0.9% of reported total income before donations.
Scoping	Our full scope audit and specified procedures covered 90% of group income and 96% of group net assets.
Significant changes in approach in comparison with the predecessor auditor	We have concluded that research grant and contract income is no longer a key audit matter. The key audit matter in relation to pensions is specific to the Universities Superannuation Scheme (USS) and the Oxford University Press Group Pension Scheme. We have identified additional key audit matters with respect to capitalisation of expenditure on property, plant and equipment, valuation of the investment in the Oxford Funds, valuation of unlisted spin-out investments, valuation of directly held property investments, and income from new donations and endowments. The group audit scoping was broadly consistent with the previous year. Additional procedures were carried out on specific balances in the Oxford University Press (OUP), Delegates Property Reserve Fund (DPRF) and on transactions related to the Astra Zeneca vaccine income stream within Oxford University Innovation. No reliance was placed on the operating effectiveness of controls.

Independent Auditor's Report – continued

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the governing body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the governing body's assessment of the group's and university's ability to continue to adopt the going concern basis of accounting included:

- Review and challenge of the group's forecast by considering the historical accuracy of previous forecasts, and by assessing whether their assumptions are reasonable given the current significant increases in the cost of energy and wider inflation;
- Consideration of the university's financial position, including the size and liquidity of its investment portfolio;
- Recalculation of forecast loan covenant compliance and the amount of headroom thereon;
- Performance of sensitivity analyses to understand whether there are realistic scenarios where the university would have insufficient liquidity to continue its operations;
- Comparison of post year end performance to forecasts; and
- Consideration of the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and university's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governing body with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report – continued

5.1. Pension Scheme valuation assumptions	
Key audit matter description	The Universities Superannuation Scheme (USS) is a multiemployer scheme with a large deficit. The latest recovery plan includes deficit contributions, which must be accounted for similarly to an onerous contract, with a liability recognised for the net present value of the future deficit payments. In the current inflationary environment, council's assumptions about future pay rises have a potentially significant impact on the liability recorded. The provision for the USS pension deficit recovery plan (note 28) has increased from £217.1m to £586.7m in the year. This makes the provision more sensitive to changes in assumptions and there is a greater degree of uncertainty associated with the pay rise assumption due to the current high levels of inflation and increased wage uncertainty. The provision is calculated by the university in line with the guidance and models provided by the British Universities Finance Directors' Group (BUFDG). The Oxford University Press Group Scheme (OUPGS) is a defined benefit pension scheme which is currently in deficit. There are a range of assumptions that underpin the deficit which can have a material impact on the deficit reported in the financial statements. The net deficit of the OUPGS has decreased from £220.1m at 31 July 2021 to £30.1m at 31 July 2022. With respect to the liabilities, the group's key assumptions include the scheme discount rate (3.55%, 2021: 1.75%), RPI inflation (3.25%, 2021: 3.25%), and the related pay increase and pension increase assumptions. Details of the USS deficit provision can be found in note 28 to the financial statements. Details of the OUPGS deficit and the sensitivity analyses prepared by management can be found in note 37 to the financial statements. The valuation of the USS deficit is discussed in the Financial Review on page 27. Pensions are included as a risk area in the "understanding our risks" section of the annual report on page 39. Further information on the related judgements and estimates is provided in the "Accounting Judgements and Estimates" note.
How the scope of our audit responded to the key audit matter	USS Pension deficit liability ► We obtained an understanding of the relevant controls over the key assumptions applied in the model. ► We challenged management's estimates around salary changes, by examining the accuracy of past estimates and the consistency of these estimates with other forecasts and plans within the university, as well as by comparing them with external data such as the latest Bank of England inflation forecasts. ► We considered the adequacy of the related accounts disclosures. Oxford University Press Group Scheme deficit ► We obtained an understanding of relevant controls associated with determining the assumptions that underpin the valuation of the funded obligations. ► We worked with our pension audit specialists to assess the reasonableness of the assumptions and independently check the valuation of the funded obligations. ► We considered the adequacy of the related accounts disclosures.
Key observations	Based on the work performed we are satisfied that the valuations of the USS deficit liability and the OUPGS deficit are materially correct.

Independent Auditor's Report – continued

5.2 Capitalisation of expenditure on property, plant and equipment	
Key audit matter description	The group continues to invest in significant improvements to its buildings and the related equipment and machinery, and recognised a total of £120.5m (2021: £90m) of additions to property, plant and equipment and assets in the course of construction in the year to 31 July 2022, as disclosed in note 15 to the financial statements. There is a judgement as to whether the expenditure included in this amount correctly meets the definitions of capital spend under FRS 102. Inappropriate accounting judgments could be utilised as a method to fraudulently manipulate the financial statements by capitalising amounts which should be recognised as expenditure. Details of the accounting policies applied are set out in the statement of accounting policies. Capital expenditure is discussed in the financial review on page 31.
How the scope of our audit responded to the key audit matter	► We obtained an understanding of the relevant controls over capitalisation of fixed assets. ► We tested a sample of additions to fixed assets, and challenged management's judgement as to whether these specific additions represented capital items by assessing the nature of the additions against the criteria set out in FRS 102.
Key observations	Based on the work performed we are satisfied that the capitalisation of expenditure is materially correct. We made recommendations to management to improve controls in this area.

Independent Auditor's Report – continued

5.3. Valuation of the investment in the Oxford Funds	
Key audit matter description	The group had a holding in the Oxford Funds of £3,641.6m as at 31 July 2022 (up from £3,123.8m at 31 July 2021 – note 17). The balance represents the group's holding of the unitised funds, which is required to be held at fair value. The unitised funds themselves have a wide range of underlying investments which have differing risk profiles which make up the total fund valuation and the net asset value per unit. We identified a key audit matter related to the underlying investments with the most judgement being those private equity investments and agricultural property investments which are directly held by the Oxford Funds. These have a high level of judgement owing to the level of information available, and the subjectivity of the inputs to the valuation of these underlying investments. The group uses input from external valuers to assess the valuations of the property investments. They make up 5% (£184m) of the value of the group's investment in the Oxford Funds. We identified the valuations as a potential area for fraud. The Oxford Funds have a full valuation performed as at 31 December each year and therefore many of these more complex and illiquid assets are valued on a roll-forward basis to the 31 July balance sheet date. The income and investment gains from the investment in the Oxford Funds are discussed in the Financial Review, on pages 29 to 31.
How the scope of our audit responded to the key audit matter	► We obtained an understanding of the relevant controls over the valuation of the private equity and rural property investments within the Oxford Funds. ► We performed roll-forward procedures for certain level 3 investments where the original valuations were at dates other than the balance sheet date. ► We worked with our property valuation specialists (Deloitte Real Assets Advisory) to challenge the key assumptions made by management's expert valuers by reference to other market data and appropriate comparatives. ► For the directly held private equity investments, we selected a sample of investments for testing. This included testing of sales and purchases in the period, examination of underlying investee financial statements, events occurring since 31 December 2021 and any recent funding rounds. We used appropriate selections of comparator companies to challenge management's assessments.
Key observations	Based on the work performed we are satisfied that the valuation of the investment in the Oxford Funds is materially correct. We made recommendations to management to improve controls in this area.

Independent Auditor's Report – continued

5.4. Valuation of unlisted spin-out investments	
Key audit matter description	The £190.6m (2021: £197.3m) of spinout investments in note 17 contains both listed and unlisted investments. Spinout investments are those in companies that have arisen from university research activities, and generally represent small holdings in early-stage-lifecycle companies. As disclosed in the Statement of Accounting Policies (subsection 12), the university holds its investment in unquoted companies at fair value where there has been a recent trade. Where management concludes there is no reliable measurement of fair value, unlisted equity investments are held at cost less impairment. Where a reliable fair value had previously been available, but can no longer be determined, the previous value is deemed to be the cost for the purpose of measuring the asset on a cost less impairment basis. Council is required to make judgements both as to whether sufficient information is available to measure the unlisted investment at fair value, and also as to whether there are any impairments required in this class of investments. The level of subjectivity in these judgements means that we identified the valuations as a potential area for fraud. Further details on spin-out investments are included on Pages 26 and 27 of the financial review.
How the scope of our audit responded to the key audit matter	► We obtained an understanding of the relevant controls over the valuation method and assumptions. ► We challenged whether the university's assessment as to whether fair value could or could not be reliably determined for a sample of unlisted spin-out investments was appropriate, by obtaining evidence of whether there had been recent funding rounds, and by examining whether the circumstances of the investment meant that it was reasonable to conclude that sufficient reliable data were not available to calculate a reliable fair value. ► We examined the key assumptions relating to potential impairment of spin-out investments and considered whether any further impairments were required; we did this through examination of recent investee information and, where relevant, consideration of the performance of appropriate comparator companies.
Key observations	Based on the work performed we are satisfied that the valuation of the spin-out portfolio and investment properties is materially correct. We made recommendations to management to improve controls in this area.

Independent Auditor's Report – continued

5.5. Valuation of directly held property investments	
Key audit matter description	As disclosed in note 17, the university had £335.8m (2021: £275.2m) of investment properties as at 31 July 2022, held at fair value. These cover a range of types including residential, commercial and agricultural, held directly by both the academic university and Oxford University Press. The group uses input from external valuers to assess the valuations of these properties. The investment properties require judgemental and subjective inputs in order to be valued appropriately, and as such we have identified that this is a fraud risk. Further information on the valuation methodology is provided in Section 12 of the Statement of Accounting Policies.
How the scope of our audit responded to the key audit matter	► We obtained an understanding of the relevant controls over the valuation method and assumptions. ► We challenged the valuation of a sample of directly held property investments, including where the treatment has been changed in the year, for example where farm land has planning permission for further development, by examining the evidence supporting the information used by management's valuer. ► We worked with our property valuation specialists (Deloitte Real Assets Advisory), in our audit of the valuations produced by management's expert valuers, to challenge the assumptions by reference to other market data and appropriate comparatives.
Key observations	Based on the work performed we are satisfied that the valuation of investment properties is materially correct. We made recommendations to management to improve controls in this area.

5.6. Income from new donations and endowments	
Key audit matter description	Each year the university receives significant new donations and endowments. As detailed in note 8, the group recognised £103.8m in 2022 (£94.2m in 2021). The Statement of Recommended Practice (SORP) for Higher and Further Education (2019) lays out the decision tree for how these should be treated in the financial statements. In practice there are often complex judgements required both with respect to the classification of a donation/endowment, but potentially also to the timing of the recognition of a donation/endowment. This is because there can be terms and conditions attached to gift agreements that are complex to interpret and can influence the accounting for the gift. As management's judgements could have a material impact on the performance of the group, we have concluded that this matter is a potential area for fraud. The accounting policies are set out in section 5 of the statement of accounting policies. Further analysis is given on page 29 of the financial review.
How the scope of our audit responded to the key audit matter	► We obtained an understanding of the relevant controls over the classification and cut-off of donations and endowments. ► We selected a sample of new donations and endowments and assessed the classification and cut-off of the amounts recognised. This included holding discussions with the university development office, who manage the process for significant donations and endowments, in order to obtain further information and obtaining supporting documentary evidence.
Key observations	Based on the work performed we are satisfied that the treatment of income from new donations and endowments is materially correct.

Independent Auditor's Report – continued

6. Our application of materiality

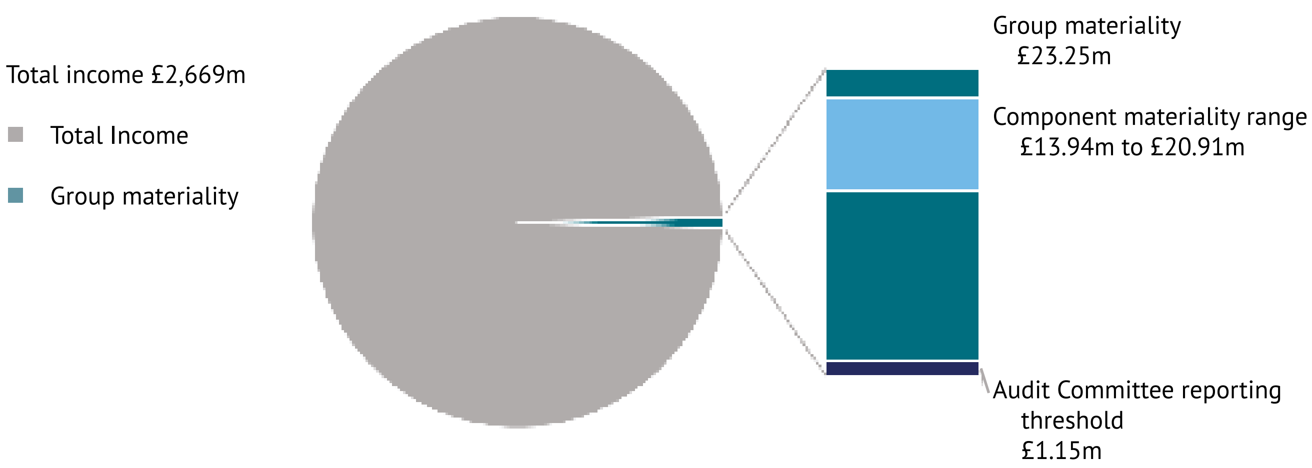
6.1.Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	University financial statements
Materiality	£23.25m (2021: £21.5m)	£21.45m (2021: £16.0m)
Basis for determining materiality	1.0% of forecast total group or university income before donations (2021: 0.9% of total group income; 0.7% of total university income). This therefore represents 0.9% of total reported income before donations for the group.	
Rationale for the benchmark applied	We use total income before donations as the benchmark for determining materiality as this reflects the underlying performance of the business and is a key metric for users of the financial statements.	

The amounts disclosed in note 38, Access and Participation expenditure of £14.1m (2021: £13.2m) has been audited to a lower materiality of £0.7m. This is due to the importance of this information to the regulator, the Office for Students, as a key user of the financial statements. This lower materiality was determined on the basis of 5% of the total expenditure disclosed in that note. No other account balances, classes of transactions or disclosures have been audited to a materiality lower than that for the financial statements as a whole.



Independent Auditor's Report – continued

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	University financial statements
Performance materiality	60% (2021: 65%) of group materiality	60% (2021: 65%) of university materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: ▶ the fact that this was our first year auditing the group; ▶ the quality and maturity of the control environment, including consideration of the areas where we identified deficiencies in internal control, as well as our conclusion that we were unable to rely on the operating effectiveness of internal controls; ▶ the devolved nature of financial control within the group; ▶ the low number of uncorrected misstatements identified in prior periods; and ▶ the low level of turnover of university management and key accounting personnel.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.15m (2021: £0.65m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the nature of the university and its subsidiaries, and assessing the risks of material misstatement at the group level.

As disclosed in section 22 of the Statement of Accounting Policies, the university was formally incorporated under the name of "The Chancellor, Masters and Scholars of the University of Oxford" ("CMS"). Although the university is a single legal entity, we identified that it comprises two main components: Oxford University Press (OUP) and all other departments (sometimes referred to as the "academic university"). These components of the university operate under separate control environments and between them they have 57 wholly-owned subsidiaries and two other subsidiaries as at 31 July 2022.

Additionally, we identified that OUP itself comprises several sub-components. These can be summarised as:

- the UK and US operations (legally part of CMS);
- the Delegates Property Reserve Fund (DPRF) (substantially all of which is legally part of CMS);
- other unincorporated branches (legally part of CMS); and
- other subsidiaries which are legally separate.

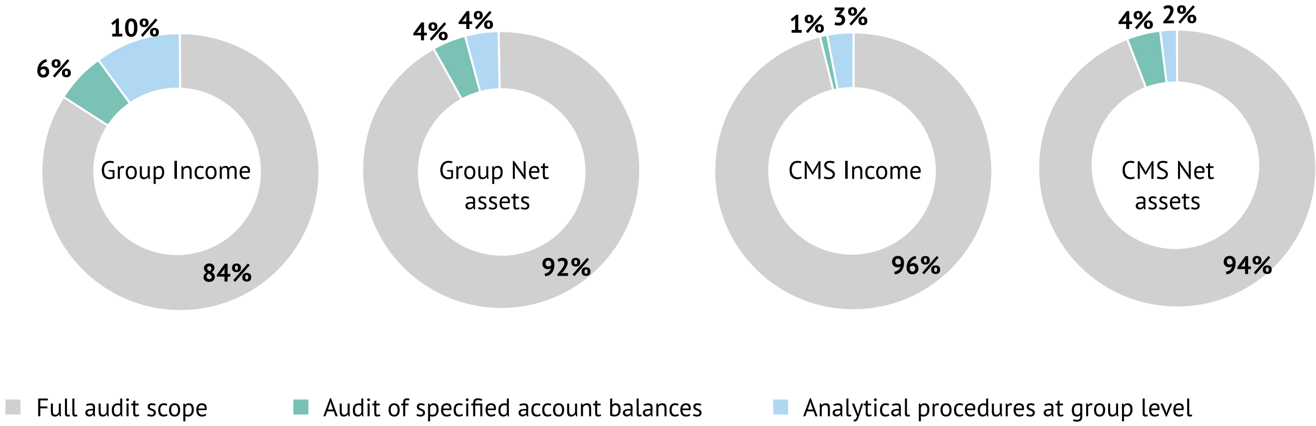
Independent Auditor's Report – continued

The scope of our audit is summarised in the table below. The full scope audits are in line with those included in the previous year. Additionally, we performed audits of specific account balances, classes of transactions and disclosures for the Delegates Property Reserve Fund (part of the OUP departmental entity), and for transactions related to Astra Zeneca within Oxford University Innovation Ltd, owing to the risks assessed for these account balances and classes of transactions.

All audit work relevant to the group audit was performed in the UK. The group audit partner attended key meetings with the component audit team and component management. Additionally, the group engagement team issued the component team with appropriate instructions, were involved in their risk assessment, and reviewed key audit documentation.

At the group level, we tested the consolidation process and for components not subject to detailed audit work, we performed analytical procedures to confirm our conclusion that there were no significant risks of material misstatements in the aggregated financial information.

Component	Component Materiality	Scope
The "Academic University"	£20.91m	Full scope audit performed by group audit team
OUP UK operations	£16.08m	Full scope audit performed by component audit team
OUP US operations	£13.94m	Full scope audit performed by component audit team
OUP DRPF	£13.94m	Audit of specified account balances, classes of transactions and disclosures – focussed on cash and fixed assets, performed by component audit team.
Oxford University Innovations Ltd	£13.94m	Audit of specified account balances, classes of transactions and disclosures – focussed on the transactions with Astra Zeneca, being the royalty streams and milestone payments, performed by group audit team.
All other group entities	n/a (2021: n/a)	Analytical procedures at group level.



Independent Auditor's Report – continued

8. Other information

The other information comprises the information included in the financial statements, including the Introduction, Operational review, Financial review, Governance report, Stakeholder engagement report, Understanding our Risks report and Statement of Internal Control, other than the financial statements and our auditor's report thereon. The governing body is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of the governing body

As explained more fully in the governing body's responsibilities statement, the governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governing body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body is responsible for assessing the group's and the 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 the governing body either intends to liquidate the group or the university or to cease operations, or has no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report – continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for governing body remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit and scrutiny committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including real estate, pensions and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. Our discussions included input from a forensic specialist as to potential common fraud schemes to be aware of.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in capitalisation of expenditure, the valuation of the investment in the Oxford Funds, the valuation of directly held spinout investments, the valuation of directly held investment properties and the accounting for new donations and endowments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Office for Students "Regulatory Advice 9: Accounts Direction", the relevant provisions of the code of financial regulations relating to the supplemental schedule and the Higher Education Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's conditions of registration with the Office for Students.

11.2. Audit response to risks identified

As a result of performing the above, we identified capital expenditure, the valuation of certain underlying investments in the oxford funds, the valuation of spin-outs and investment properties, and new donations and endowment income as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains these matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit and scrutiny committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any

Independent Auditor's Report – continued

unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Office for Students; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds from whatever source administered by the university for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

13. Matters on which we are required to report by exception

13.1. Matters required under the OfS Accounts Direction

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in the note 1 to the accounts, has been materially misstated; or
- the provider's expenditure on access and participation activities for the financial year, as disclosed in note 38 to the accounts, has been materially misstated.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the audit and scrutiny committee, we were appointed by Council on 2 December 2019 to audit the financial statements for the year ending 31 July 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year, covering the year ending 31 July 2022.

14.2. Consistency of the audit report with the additional report to the audit and scrutiny committee

Our audit opinion is consistent with the additional report to the audit and scrutiny committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the governing body in accordance with the charter and statutes of the university and the Accounts Direction issued by the Office for Students dated 25 October 2019. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it 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 board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

Zahir Bokhari, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

16 December 2022

FINANCIAL STATEMENTS

Consolidated and University Statement of Comprehensive Income

For the year ended 31 July 2022

	Note	Consolidated 2021/22 £'m	Consolidated Restated 2020/21 £'m	University 2021/22 £'m	University Restated 2020/21 £'m
Income					
Tuition fees and education contracts	2	466.9	427.6	448.3	418.5
Funding body grants	3	206.1	208.6	206.1	208.6
Research grants and contracts	4	711.4	665.3	711.9	659.8
Publishing services	5	743.1	694.3	640.1	585.3
Other income	6	411.1	238.1	335.2	197.7
Investment income	7	130.1	111.6	126.6	107.4
Total income before donations		**2,668.7**	**2,345.5**	**2,468.2**	**2,177.3**
Donations and endowments	8	103.8	94.2	105.0	94.7
Donation of assets	8,16	2.9	9.8	2.9	9.8
Total Income		**2,775.4**	**2,449.5**	**2,576.1**	**2,281.8**
Expenditure					
Staff costs – excluding movement in pension deficit funding provisions	9	1,167.4	1,102.7	1,094.3	1,033.3
Staff costs – movement in pensions provision	9,28	368.6	(13.9)	364.7	(14.1)
Total staff costs		1,536.0	1,088.8	1,459.0	1,019.2
Operating expenditure	11	1,198.8	1,085.5	1,093.3	995.9
Depreciation/amortisation	11,14,15	124.7	120.7	119.9	117.5
Interest and other finance costs	10	37.5	37.2	37.5	36.8
Total Expenditure		**2,897.0**	**2,332.2**	**2,709.7**	**2,169.4**
(Deficit)/surplus before other gains		**(121.6)**	**117.3**	**(133.6)**	**112.4**
Gains on disposal of fixed assets		17.0	-	17.0	-
(Losses)/gains on investments	7	(4.6)	727.3	(5.2)	713.4
Share of (deficit)/surplus on joint ventures	18	(4.1)	2.4	(4.6)	0.2
(Deficit)/surplus before tax		**(113.3)**	**847.0**	**(126.4)**	**826.0**
Taxation	12	(3.3)	(8.5)	1.2	(1.6)
Minority interest		(0.5)	(0.1)	(0.5)	-
(Deficit)/surplus after tax		**(117.1)**	**838.4**	**(125.7)**	**824.4**
Changes in defined benefit pension scheme liability	28	150.3	(26.5)	150.3	(26.5)
Currency translation differences on foreign currency net investments		3.9	(3.8)	3.3	(2.3)
Effective portion of changes in fair value of cash flow hedges	27	(5.4)	4.3	(5.4)	4.3
Total Comprehensive Income		**31.7**	**812.4**	**22.5**	**799.9**
Represented by:					
Unrestricted comprehensive income for the year		(54.2)	458.0	(62.7)	455.9
Endowment comprehensive income for the year	30	82.6	328.1	84.3	316.0
Restricted comprehensive income for the year	31	3.8	27.4	1.4	28.0
Non-controlled interest for the year		(0.5)	(1.1)	(0.5)	-
		31.7	**812.4**	**22.5**	**799.9**

The Financial Statements for 2020/21 have been restated, details of the restatement are provided at note 39.

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2022

Consolidated	Endowment Reserves		Income and Expenditure Reserves		Total excl Non-Controlling Interest	Non-Controlling Interest	Total Group
			Restated	Restated			Restated
	Permanent	Expendable	Restricted	Unrestricted			
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Balance at 1 August 2020	976.4	314.6	**121.2**	**2,994.0**	**4,406.2**	**2.1**	**4,408.3**
Surplus / (Deficit) after Tax	**256.7**	**68.6**	**27.4**	**486.8**	**839.5**	**(1.1)**	**838.4**
Other comprehensive income				(26.0)	(26.0)		(26.0)
Reserves transfer	(2.2)	5.0	-	(2.8)	-	-	-
Balance at 31 July 2021	**1,230.9**	**388.2**	**148.6**	**3,452.0**	**5,219.7**	**1.0**	**5,220.7**
Surplus / (Deficit) after Tax	**27.2**	**51.4**	**3.8**	**(199.0)**	**(116.6)**	**(0.5)**	**(117.1)**
Other comprehensive income				148.8	148.8		148.8
Reserves transfer	1.0	3.0	-	(4.0)	-	-	-
Balance at 31 July 2022	**1,259.1**	**442.6**	**152.4**	**3,397.8**	**5,251.9**	**0.5**	**5,252.4**
University							
Balance at 1 August 2020	**906.6**	**314.6**	**139.9**	**2,946.9**	**4,308.0**	**-**	**4,308.0**
Surplus / (Deficit) after Tax	**244.6**	**68.6**	**28.0**	**483.2**	**824.4**	**-**	**824.4**
Other comprehensive income			-	(24.5)	(24.5)		(24.5)
Reserves transfer	(2.2)	5.0	-	(2.8)	-	-	-
Balance at 31 July 2021	**1,149.0**	**388.2**	**167.9**	**3,402.8**	**5,107.9**	**-**	**5,107.9**
Surplus / (Deficit) after Tax	**28.9**	**51.4**	**1.4**	**(206.9)**	**(125.2)**		**(125.2)**
Other comprehensive income				148.2	148.2		148.2
Reserves transfer	1.0	3.0		(4.0)	-		-
Revaluation					-		-
Balance at 31 July 2022	**1,178.9**	**442.6**	**169.3**	**3,340.1**	**5,130.9**	**-**	**5,130.9**

The Financial Statements for 2020/21 have been restated,details of the restatement are provided at Note 39. We have represented the Statement of Reserves as part of the restatement to show the surplus/deficit for the year, rather than the surplus/deficit before other gains and losses, as had historically been presented.

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Financial Position

As at 31 July 2022

	Note	Consolidated 2022 £'m	Consolidated Restated 2021 £'m	University 2022 £'m	University Restated 2021 £'m
Non-current assets					
Intangible assets and goodwill	14	97.1	86.9	96.5	86.3
Property, plant and equipment	15	1,458.1	1,479.4	1,446.5	1,465.2
Heritage assets	16	107.9	104.7	107.9	104.7
Investments	17	5,071.1	4,690.6	5,073.5	4,693.6
		6,734.2	**6,361.6**	**6,724.4**	**6,349.8**
Current assets					
Intangible assets – pre-publication	19	19.5	15.0	17.5	13.6
Inventories and work-in-progress	19	67.2	59.1	51.4	44.9
Trade and other receivables					
– due within one year	20	609.4	564.4	543.6	501.1
– due after one year	21	48.1	63.2	48.1	66.1
Investments	22	140.9	254.6	87.2	205.0
Cash and cash equivalents	23	809.1	706.3	744.4	661.0
		1,694.2	**1,662.6**	**1,492.2**	**1,491.7**
Creditors: amounts falling due within one year	25	(1,211.2)	(1,028.7)	(1,125.1)	(953.5)
Net current assets		**483.0**	**633.9**	**367.1**	**538.2**
Total assets less current liabilities		**7,217.2**	**6,995.5**	**7,091.5**	**6,888.0**
Creditors: amounts falling due after more than one year	26	(1,288.5)	(1,282.8)	(1,308.2)	(1,305.0)
Provisions for liabilities					
Pension provisions - deficit recovery plans	28	(617.1)	(246.5)	(610.2)	(243.4)
Pension provisions - defined benefit schemes	28	(35.1)	(226.8)	(35.1)	(226.8)
Other provisions	29	(24.1)	(18.7)	(7.1)	(4.9)
Total net assets		**5,252.4**	**5,220.7**	**5,130.9**	**5,107.9**
Reserves					
Endowment Reserves					
– Permanent	30	1,259.1	1,230.9	1,178.9	1,149.0
– Expendable	30	442.6	388.2	442.6	388.2
		1,701.7	**1,619.1**	**1,621.5**	**1,537.2**
Restricted reserves					
– Income and expenditure reserve	31	152.4	148.6	169.3	167.9
Unrestricted reserves					
– Income and expenditure reserve	32	3,397.8	3,452.0	3,340.1	3,402.8
		3,550.2	**3,600.6**	**3,509.4**	**3,570.7**
Minority Interests		0.5	1.0	-	-
Total reserves		**5,252.4**	**5,220.7**	**5,130.9**	**5,107.9**

The Financial Statements for 2020/21 have been restated, details of the restatement are provided at note 39.
The Financial Statements were approved by Council on 28 November 2022 and signed on its behalf by:

Prof L Richardson
Vice-Chancellor

Prof A Trefethen
Pro-Vice-Chancellor

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 July 2022

Consolidated	Note	2021/22 £'m	Restated 2020/21 £'m
Cash flows from operating activities			
(Loss)/surplus for the year before taxation		**(113.3)**	**847.0**
Adjustment for non-cash items:			
Depreciation	11, 15	101.5	95.8
Amortisation of intangibles	14	23.2	24.9
Loss/(gain) on investments		4.6	(727.3)
(Increase)/decrease in pre-publication cost	19	(4.5)	1.3
(Increase)/decrease in inventories	19	(8.1)	11.0
(Increase) in receivables	20, 21	(57.4)	(20.1)
Increase in payables	25, 26	164.9	54.3
Increase/(decrease) in pension provisions	28	323.2	(12.2)
Increase in other provisions	29	5.4	0.6
Donation of assets	16	(2.9)	(9.2)
Decrease in non-controlling interest		0.6	1.1
Share of operating surplus/(deficit) in joint ventures		4.1	(2.4)
Unrealised exchange rate (loss)/gain		(5.5)	6.0
Adjustment for investing or financing activities:			
Investment income	7	(130.1)	(111.6)
Interest payable	10	37.4	37.2
New endowments	8	(53.9)	(43.3)
Capital grant income	3,4,6	(71.1)	(62.7)
(Gain) on disposal of property, plant and equipment	15	(17.0)	-
		201.1	**90.4**
Cash flows from operating activities			
Taxation	12	(9.6)	(8.6)
Net cash flows from operating activities		**191.5**	**81.8**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	15	27.4	0.6
Capital grants receipts		79.7	73.9
Proceeds from sale of intangible fixed assets	14	1.8	0.3
Payments to acquire heritage assets	16	(0.4)	(0.6)
Payments to acquire property, plant and equipment	15	(119.7)	(89.5)
Payments to acquire intangible assets	14	(34.7)	(31.2)
Disinvestment/(investment) in current investments	22	113.7	(30.9)
(Investment) in non-current investments	17	(346.5)	(208.2)
Investment income	7	127.0	108.5
Net cash flows from investing activities		**(151.7)**	**(177.1)**
Cash flows from financing activities			
Interest paid on borrowings and finance leases	10	(31.6)	(32.1)
Endowment cash received		81.5	31.8
Repayment of borrowings	26	(6.9)	(5.7)
New borrowings	26	19.0	1.0
Net cash flows from financing activities		**62.0**	**(5.0)**
Net increase/(decrease)in cash and cash equivalents		**101.8**	**(100.3)**
Cash and cash equivalents at beginning of year		706.3	810.7
Effect of foreign exchange rate changes		1.0	(4.1)
Cash and cash equivalents at end of year		**809.1**	**706.3**

The Financial Statements for 2020/21 have been restated, details of the restatement are provided at note 39.
The University has taken the allowed exemption under FRS 102 to not produce a University only cash-flow.

Statement of Accounting Policies

1. Basis of Accounting

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

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

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

The Financial Statements for 2020/21 have been restated. Details of the restatement are shown at note 39.

2. Scope of the Financial Statements

Basis of consolidation

The Financial Statements (apart from the University's own statement of financial position, comprehensive income statement and related notes) consolidate the accounts of the University and of its subsidiary undertakings for the financial year to 31 July 2022.

The Financial Statements include the activities of Oxford University Press (the Press) and its subsidiaries. For the purposes of the tables in these financial statements, 'University' consists of the academic divisions, libraries, museums, administrative support and the Press; 'Consolidated' includes the subsidiaries and associates of both the academic University and the Press. A full list of the subsidiaries and associates can be found in note 18.

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

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

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

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

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

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

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

Statement of Accounting Policies – continued

Going concern

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

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

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

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

3. Foreign Currencies

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

The results of overseas operations are translated at the average rates of exchange during the period and their Statement of Financial Position at the rates prevailing at the date of the Statement of Financial Position. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

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

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

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

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

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

Statement of Accounting Policies – continued

4. Income

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

Tuition fees and educational contracts

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

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

Performance model

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

Performance conditions are defined as follows:

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

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

Government grants

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

Research income

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

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

Publishing services

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

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

Statement of Accounting Policies – continued

Capital grants

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

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

Investment income

Refer to policy 12 for investment income recognition policy.

5. Endowments

Donations and endowments

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

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

Donations with no substantial restrictions are included in unrestricted reserves.

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

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

These fund are classified under three headings:

- **Permanent unrestricted**
  Where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the University, the fund is classified as an unrestricted permanent endowment.
- **Permanent restricted**
  Where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.
- **Expendable restricted**
  Where the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, and that the University must or may convert the donated sum into income, the fund is classified as a restricted expendable endowment.

Statement of Accounting Policies – continued

Total Return

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

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

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

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

Indexation of permanent endowment capital

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

6. Employee Benefits

Short-term employee benefits

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

Post-employment benefits (pensions)

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the OUP Group Pension Scheme ('OUP Group') and the University of Oxford Staff Pension Scheme (OSPS). The University also contributes on behalf of its employees to a number of other pension schemes including; Superannuation Arrangements of the University of London (SAUL), Medical Research Council Pension Scheme (MRCPS), overseas schemes and NHS Pension Scheme.

The principal schemes are all defined benefit schemes, which are externally funded and until April 2016 were contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries. The defined benefit portion of the OSPS scheme is no longer available to new members.

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

The OUP Group Scheme is not a multi-employer scheme and is therefore accounted for as a defined benefit scheme under FRS 102 Section 28.

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

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

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

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

Statement of Accounting Policies – continued

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

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

7. Leases and Service Concession Arrangements

Finance leases

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

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

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

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Future commitments under operating leases are disclosed in note 35. Any lease premiums or incentives are recognised as a reduction in expense spread evenly over the minimum lease term. The difference between expenditure recognised and cash flow benefits received is recognised as a liability released to the Statement of Comprehensive Income over the lease term.

8. Intangible assets and goodwill

Goodwill

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

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

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

Acquired licences

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

Software licences

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

Datasets

Datasets are research-related intellectual property costs. In accordance with FRS 102 where these costs are measurable and have been incurred by a third party and are donated or sold to the University, they are capitalised and written down over their useful life of up to 10 years.

Statement of Accounting Policies – continued

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

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

Other internally generated intangibles

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

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

9. Property, Plant and Equipment

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

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

Freehold buildings 30–50 years

Building plant and equipment 20 years

Buildings on National Health Service sites 50 years

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

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

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

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

Fixed Assets, both Intangible and Tangible are assessed for indicators of impairment at each date of the Statement of Financial Position (FRS 102 Section 27). If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a Fixed Asset is the higher of its fair value less costs to sell and its value in use.

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

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

10. Heritage Assets

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

Heritage assets are not depreciated as they have indefinite useful lives. The carrying amount of heritage assets is reviewed where there is evidence of impairment.

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 donations is included in the Statement of Comprehensive Income in the year they are received.

Statement of Accounting Policies – continued

12. Investments Basis of Valuation

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

Listed investments and properties held as fixed asset investments and endowment asset investments are stated at market value at the balance sheet date. Investments in unquoted companies are valued in accordance with the International Private Equity and Venture Capital Guidelines (the 'IPEVC Guidelines') endorsed by the British & European Venture Capital Associations. Specifically, 'where the investment being valued has been subject to a recent trade, its cost may provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business'. In other cases where management conclude there is no reliable measurement of fair value, unlisted equity investments are held at cost less impairment. In the circumstance where a reliable fair value had been previously available but can no longer be determined, the previous value is deemed to be the cost for the purpose of measuring the cost and then reviewed for impairment. Where there has been no funding round, then spinouts are held at the original cost of the share subscription.

Investment properties are measured at fair value, based on the valuation undertaken by an independent Chartered Surveyor and updated annually for market movement. A selection of properties are visited and revalued each year, with every property revalued every three years and other properties valued by a desk-based review by the independent Chartered Surveyor. This valuation has been undertaken by a team of RICS registered valuers, acting as External Valuers for and on behalf of Carter Jonas LLP. The Press Investment properties are valued by Savills LLP. The valuations are prepared in accordance with the appropriate sections of the current RICS Professional Standards (PS) and RICS Global Valuation Technical and Performance Standards (VPS) contained in the RICS Valuation – Professional Standards 2020 incorporating the IVSC International Valuation Standards (the 'Red Book') specifically VPGA 1 'Valuation for inclusion in financial statements".

Investments in subsidiaries and associated undertakings are accounted for under the Cost Model and recognised at transaction cost less accumulated impairment losses. Virtually all Associates are part of the investment in the Spinout portfolio and are valued on the same basis as the Spinout investments.

Following the formation of a Charitable Unauthorised Unit Trust (CUUT) to hold The Oxford Funds in June 2018 the dividend received from The Oxford Funds has been recognised in investment income. This accounting policy is based on the CUUT being held as part of an investment portfolio and meets the criteria in FRS 102 Section 9.9(b) to be held at fair value: 'an interest is held as part of an investment portfolio if its value to the investor is through fair value as part of a directly or indirectly held basket of investments rather than the media through which the investor carries out business'. For note 17, the University Statement of Financial Position will show the fair values of the University's portion of the CUUT. The University Cash Flow Statements will show any cash movements relating to investing activities in the CUUT such as redemptions or purchases, in 'Cash flows from investing activities'. Any cash flows from the underlying investments to the CUUT are not visible nor is dividend or interest income directly from the investments in the CUUT included in the University accounts.

Revaluation

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

External entities

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

Statement of Accounting Policies – continued

13. Inventories and Work in Progress

Stock and Work in Progress are valued at the lower of cost and selling price less costs to sell. Cost includes all direct expenditure except that, in the case of finished books and work in progress, editorial salaries and the related overheads are not included. Development costs associated with the compilation of major new reference works, the revenues from which are long deferred, are written off as they are incurred. Development costs associated with electronic publications are also written off as they are incurred.

Selling price less costs to sell is the amount for which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition.

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

14. Taxation Status

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

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

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

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

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

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

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

15. Cash and Cash Equivalents

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

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

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

16. Financial Instruments

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

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

The University has debt instruments through long-

Statement of Accounting Policies – continued

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

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

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

17. Intra-Group Transactions

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

18. Public Benefit Concessionary Loans

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

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

19. Segmental Information

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

20. Accounting for Jointly Controlled Entities, Assets and Operations

Jointly controlled entities

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

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

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

Jointly controlled assets and operations

The University accounts for jointly controlled assets and operations based upon its share of costs incurred, and recognises its share of liabilities incurred pro-rata. Income and expenditure is recognised based upon the University's share.

21. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when;

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

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

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

Accounting Judgements and Estimates

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.

Registered Office

University of Oxford
University Offices
Wellington Square
Oxford
OX1 2JD

The University prepares its consolidated financial statements in accordance with FRS 102 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 FRS 102, 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.

Estimates

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 65–74. Management has discussed its critical accounting estimates and associated disclosures with the external auditors, its Finance Committee and its Audit and Scrutiny Committee. In the case of the Press any estimates and disclosures have been discussed with relevant Press and University committees.

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

For the OUP Group Pension Scheme key assumptions (note 37) have been provided, and costs estimated using actuarial information.

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

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

A general 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.

Judgements

Judgments are made for investment valuations, and this is explained in the statement of Accounting Policies.

For spinout valuations management assess whether individual spinout valuations can be valued at a recent trade valuation. Management consider whether the University or other investors have participated in that trade, and then assess whether there is any observable data as to whether that trade is at a fair value to provide a basis for valuation. Where the previous trade is not recent, then management assess whether the previous trade can be used as a deemed cost and assess whether there has been any deterioration in the financial, technical, or commercial performance of the underlying business. Management will also look at other indicative financial data, where available, such as net asset value or discounted cashflows to see whether that affects the spinout valuation.

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

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

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

A specific provision for bad and doubtful debts is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.

Valuation of investment properties include judgements for sites with planning permission as to delivery risk and change in planning permission risk. These judgements are based on discussions and expertise from the University's Investment Properties valuers.

Donations and research income contracts and gift agreements are reviewed as to whether they have performance conditions but the contracts can be vague or uncertain.

Total Return Accounting is the method used to determine the rate at which expenditure can be made from permanent endowments. A judgement has to be made to ensure that benefit can be derived both now and in the future. A consistent judgement is made as to the rate to be used in calculations. Further information is contained in note 30.

JUDGEMENTS	NOTE
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Notes to the Financial Statements

1. Tuition fees and grant Income

	Consolidated		University	
	2021/22 £'m	Restated 2020/21 £'m	2021/22 £'m	Restated 2020/21 £'m
Grant income from the OfS	14.8	14.6	14.8	14.6
Grant income from other bodies	191.3	194.0	191.3	194.0
Fee income for taught awards	277.7	261.3	277.7	261.3
Fee income for research awards	80.7	72.6	80.7	72.6
Fee income from non-qualifying courses	108.5	93.7	89.9	84.6
	673.0	**636.2**	**654.4**	**627.1**

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

2. Tuition fees and education contracts

	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	2020/21 £'m
Full-time students				
Home	121.1	115.0	121.1	115.0
EU	13.4	28.2	13.4	28.2
Overseas and other fees	189.5	159.5	189.5	159.5
Part-time students				
Home	11.8	10.2	11.8	10.2
EU	1.8	3.1	1.8	3.1
Overseas and other fees	20.8	17.9	20.8	17.9
Other fees and education contracts				
Professional and non-matriculated courses	53.9	40.7	35.3	31.6
Examination and other fees	1.0	0.8	1.0	0.8
Research training support grants	53.6	52.2	53.6	52.2
	466.9	**427.6**	**448.3**	**418.5**

Students from the EU starting their courses in 2021/22 are charged fees at overseas rates and are shown as such above.

Notes to Financial Statements – continued

3. Funding body grants

	Consolidated 2021/22 £'m	Consolidated Restated 2020/21 £'m	University 2021/22 £'m	University Restated 2020/21 £'m
Recurrent grants				
OfS	13.9	13.3	13.9	13.3
Research England	154.3	156.1	154.3	156.1
Specific grants				
Museums, Galleries and Collections Fund	3.9	3.6	3.9	3.6
Higher Education Innovation Fund	5.7	9.7	5.7	9.7
OfS capital grants	0.9	1.3	0.9	1.3
Research England capital grants	19.1	19.6	19.1	19.6
Other	8.3	5.0	8.3	5.0
	206.1	**208.6**	**206.1**	**208.6**

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

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

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

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

Notes to Financial Statements – continued

4. Research grants and contracts

	Consolidated		University	
	2021/22 £'m	Restated 2020/21 £'m	2021/22 £'m	Restated 2020/21 £'m
UK funders				
Research Councils	148.8	163.5	148.6	163.4
UK government and health authorities	141.4	101.6	141.4	101.6
UK charities	165.5	156.0	165.5	156.0
UK industry and commerce	34.2	35.2	34.2	35.2
UK other sources	3.6	-	4.9	-
EU funders				
European Commission and other EU government bodies	57.9	57.8	57.9	57.8
EU based charities	1.6	1.2	1.6	1.2
EU based industry and commerce	33.3	31.5	33.3	31.5
EU other sources	3.9	3.4	3.9	3.4
Other overseas funders				
Other overseas charities	30.0	25.0	30.0	25.0
Other overseas industry and commerce	49.8	40.1	49.8	40.1
Other overseas sources	41.4	50.0	40.8	44.6
	711.4	**665.3**	**711.9**	**659.8**

Research grants and contract income includes £16.4m (2021: £25.0m) in respect of capital funding. Research grants and contracts exclude funding body Quality Research income.

Non-UK charity income only includes income from grants which were competitively awarded and externally peer-reviewed.

5. Publishing services

	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	2020/21 £'m
Publishing Services – UK	126.5	116.4	127.2	116.8
Publishing Services – Asia Pacific	198.3	193.0	198.5	171.3
Publishing Services – North America	174.0	171.6	175.0	172.2
Publishing Services – Europe	155.2	141.3	102.1	95.3
Publishing Services – Latin America	32.5	23.0	11.0	8.0
Publishing Services – Central Asia, Middle East, North Africa	27.3	22.6	21.9	18.2
Publishing Services – Sub-Saharan Africa	29.3	26.4	4.4	3.5
	743.1	**694.3**	**640.1**	**585.3**

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

Notes to Financial Statements – continued

6. Other income

	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	Restated 2020/21 £'m
Residences, catering and conferences	3.4	0.5	3.6	0.4
Other services rendered	52.4	54.4	1.6	4.6
Vaccine development and initial production support	-	12.8	-	12.8
National Health Service	16.1	14.9	16.2	14.9
Foreign exchange gain	7.6	-	7.2	-
Royalty income	216.7	64.8	161.5	47.8
Receipts from educational activities	12.5	10.5	12.5	10.5
Rental income from operating leases	19.2	16.9	19.0	16.7
Other income*	57.0	46.4	87.4	73.4
Capital grants	26.2	16.9	26.2	16.6
	411.1	**238.1**	**335.2**	**197.7**

Capital Grant income is external funding other than research grants or from OfS/Research England for assets capitalised in year.

The UK Government provided support for development of the COVID-19 vaccine to allow large-scale production in 2020/21.

Royalty income includes £143.1m (2021: £nil) of royalty and related milestone income relating to the AstraZeneca COVID-19 vaccine.

*The majority of other income is non research grants to fund departmental activity within the University. In addition the category includes miscellaneous income across many departments.

Total rentals receivable under operating leases

	Land and Buildings			
	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	2020/21 £'m
Receivable during the year	19.2	16.4	19.0	16.7
Future minimum lease receivables due:				
Not later than 1 year	13.7	7.0	14.0	7.5
Later than 1 year and not later than 5 years	8.1	11.6	8.7	13.1
Later than 5 years	5.2	6.1	5.2	6.1
Total future lease receivables due	**27.0**	**24.7**	**27.9**	**26.7**

Notes to Financial Statements – continued

7. Investment income

	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	2020/21 £'m
Profit on disposal of spinout company investments	3.1	4.6	2.6	3.4
Dividend from The Oxford Funds	116.5	100.0	113.5	97.2
Other income and interest from investments	10.5	7.0	10.5	6.8
	130.1	**111.6**	**126.6**	**107.4**

Profit on disposal of spinouts includes:

- £0.8m (2021: £0.8m) release of deferred income from Technikos LLP for the right to purchase a percentage share of share capital in spinout companies formed by the Institute of Biomedical Engineering (see note 26).
- £2.3m (2021: £2.3m) release of deferred income from Oxford Sciences Enterprise plc for the right to purchase a percentage share of share capital in spinout companies formed by the University (see note 36).
- In 2021/22, the Consolidated University realised profit was £0.2m across several disposals.

Following the formation of a Charitable Unauthorised Unit Trust (CUUT) to hold The Oxford Funds in June 2018, the dividend received from The Oxford Funds has been recognised in investment income at £116.5m (2021: £100m). The CUUT is held as part of an investment portfolio and meets the criteria in FRS 102.9.9(b) to be held at fair value. Since the University invests in the CUUT primarily for fair value gains and the CUUT is not the method through which the University carries out its business (teaching and research), this is therefore held as part of an investment portfolio.

£82.7m (2021: £74.5m) of the spinout investments did not have a reliable fair value available, and were held at cost less impairment. Any changes in value of these investments 2022: -£17.9m, (2021: £6.7m) have been included within the movement in spinout valuations below.

Investment gains/(losses)

	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	2020/21 £'m
Analysis of gains/(losses) on investments				
Investments held in The Oxford Funds	(39.5)	465.4	(38.5)	452.7
Capital Account	(42.9)	64.2	(42.9)	64.2
Spinouts	3.1	50.6	0.7	50.6
Investment properties held directly	34.1	39.8	34.2	39.8
Sequoia	38.0	95.5	38.0	95.5
Other investments	2.6	11.8	3.3	10.6
	(4.6)	**727.3**	**(5.2)**	**713.4**

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

Also included in investment gains/(losses) is the movement in spinouts which did not have a reliable fair value available, and were held at cost less impairment. This applies to £82.7m (2021: £74.5m) of the spinout investments as disclosed in note 17. The decrease in value of these investments (the impairment in the year) of £17.9m (2021: £6.7m) has been included within the movement in spinout valuations above.

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

The Investment held with Sequoia is an endowment gift for the funding of scholarships for undergraduate students from lower-income households. The fund is known as the Crankstart Scholarship fund.

Notes to Financial Statements – continued

8. Donations and endowments

	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	Restated 2020/21 £'m
Donations				
Donations with restrictions	28.5	38.1	29.7	38.7
Donations without restrictions	21.4	12.8	21.4	12.7
Endowments				
New endowments and transfers	53.9	43.3	53.9	43.3
Total Donations and Endowments	**103.8**	**94.2**	**105.0**	**94.7**
Donations of assets	2.9	9.8	2.9	9.8
	106.7	**104.0**	**107.9**	**104.5**

Donations totalling £1.0m (2021: £2.1m) have been received but not recognised as income during the year due to as yet unfulfilled conditions contained in the gift agreements. These donations include gifts to support academic posts, scholarships and outreach and other academic activities.

Notes to Financial Statements – continued

9. Staff costs

	Note	Consolidated 2021/22 £'m	Consolidated 2020/21 £'m	University 2021/22 £'m	University 2020/21 £'m
Staff costs:					
Wages and salaries		942.1	887.6	880.9	825.2
Social security costs		86.0	79.1	81.5	75.2
Pension costs as paid	37	139.3	136.0	131.9	132.9
		1,167.4	**1,102.7**	**1,094.3**	**1,033.3**
Pension provisions	28	368.6	(13.9)	364.7	(14.1)
Total staff costs		**1,536.0**	**1,088.8**	**1,459.0**	**1,019.2**

	2021/22 FTE	2020/21 FTE
Average staff numbers by major category:		
Academic	1,897	1,880
Research	4,437	4,493
Teaching and Research Support	925	871
Departmental Support Services	3,557	3,498
Library and Museum Services	852	843
Publishing	5,015	5,018
Central Support Services	1,716	1,715
	18,399	**18,318**
Subsidiaries – Academic	244	139
Average number of full-time equivalent staff	**18,643**	**18,457**

	2021/22 £'000	2020/21 £'000
The emoluments of the Vice-Chancellor who served during the year were:		
Basic salary	411	374
Benefits – taxable		
Membership of private healthcare scheme	5	5
Accommodation	46	9
Payments in lieu of pension contributions	49	45
Pension contributions	23	8
Non-taxable benefits	8	18
Total remuneration	**542**	**459**

Notes to Financial Statements – continued

9. Staff costs continued

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

- The CRSSUO reviews remuneration on appointment and biennially thereafter to ensure it remains appropriate. The Vice Chancellor's remuneration was reviewed in 2019, taking into account as required such factors as changes in the context in which the University operates, the remit and responsibilities of the role and the market rate in UK universities for jobs of comparable scale. The Committee took external advice on these factors and concluded that the basic salary of the Vice Chancellor should be increased. This was the first such increase since 2009, other than the annual increase for all Higher Education staff based on the national pay award.
- The salary increase was awarded with effect from August 2020, but, as a result of the Covid pandemic and the measures introduced by the University to address its financial impact, the Vice Chancellor elected not to accept the salary increase until August 2021.
- With effect from 1 October 2021, the Universities Superannuation Scheme increased the employers pension contribution, which is reflected in the pension contributions in the Vice-Chancellor's remuneration. This change applied to all members of this scheme.
- The role of Vice-Chancellor is required to reside in a specified property whilst in post to enable the post holder to fulfil a number of duties. In accordance with changes in HMRC rules the living accommodation provided to the Vice-Chancellor gives rise to chargeable benefits from April 2021 onwards. Prior to this it has been disclosed under non-taxable benefits. There has been no change in the benefit provided to the Vice-Chancellor.
- There is no performance-related salary paid to the Vice Chancellor nor to key management personnel of the Academic University. The current Vice Chancellor does not receive income from any external board appointments.
- The Vice-Chancellor's basic salary and total remuneration expressed as a multiple of median basic salary (and total remuneration including both taxable and non-taxable benefits) is as follows:
- Academic staff: 6.3 times median basic salary (6.6 times median total remuneration - for all other than the Vice Chancellor this excludes college allowances or benefits such as housing and private medical insurance).
- Academic University and subsidiary staff: 10.3 times median basic salary (10.9 times total remuneration)
- All staff: 10.7 times basic salary (11.2 times total remuneration). "All staff" comprises "Academic University and subsidiary staff" listed above plus staff employed in educational publishing activities in the UK plus staff employed on temporary contracts through the University's Temporary Staffing Services (TSS) or on contracts with no fixed hours.

Comparative figures for 2020/21 were as follows:

- Academic staff: 5.8 times median basic salary (5.7 times median total remuneration)
- Academic University and subsidiary staff: 9.5 times median basic salary (9.5 times total remuneration)
- All staff: 10.1 times basic salary (10.0 times total remuneration). "All staff" comprises "Academic University and subsidiary staff" listed above plus 2,032 staff employed in educational publishing activities in the UK plus 1,946 staff employed on temporary contracts through the University's Temporary Staffing Services (TSS) or on contracts with no fixed hours.

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2021: £nil). The total expenses paid to or on behalf of trustees was £1,165 (2021: £nil). This represents travel and other expenses incurred in attending Council and related meetings.

Notes to Financial Statements – continued

9. Staff costs continued

Salary banding

Below are the numbers of members of staff throughout the University whose basic pay exceeded £100k. Following the guidance issued by the OfS, amounts reimbursed by another body (such as the National Health Service, or the research councils), bonus payments, employer pension contributions, compensation for loss of office and payments under early retirement schemes are not included in these figures. A clinical staff member is a member of University who has a substantive academic contract of employment with the University, and is required, as a condition of their employment, to hold GMC or GDC registration and, where relevant, a licence to practise.

Salary banding	2021/22 Number of employees			2020/21 Number of employees		
	Non Clinical	Clinical	Total	Non Clinical	Clinical	Total
£100,000 to £104,999	33	8	41	27	8	35
£105,000 to £109,999	19	6	25	20	8	28
£110,000 to £114,999	19	42	61	11	32	43
£115,000 to £119,999	10	-	10	19	-	19
£120,000 to £124,999	22	-	22	16	-	16
£125,000 to £129,999	11	-	11	12	-	12
£130,000 to £134,999	20	-	20	7	-	7
£135,000 to £139,999	6	-	6	5	-	5
£140,000 to £144,999	12	-	12	8	-	8
£145,000 to £149,999	5	-	5	6	-	6
£150,000 to £154,999	14	-	14	10	-	10
£155,000 to £159,999	5	-	5	5	-	5
£160,000 to £164,999	9	-	9	12	-	12
£165,000 to £169,999	8	-	8	3	-	3
£170,000 to £174,999	4	-	4	4	-	4
£175,000 to £179,999	1	-	1	2	-	2
£180,000 to £184,999	4	-	4	3	-	3
£185,000 to £189,999	3	-	3	2	-	2
£190,000 to £194,999	2	-	2	1	-	1
£195,000 to £199,999	1	-	1	1	-	1
£200,000 to £204,999	1	-	1	1	-	1
£205,000 to £209,999	-	-	-	3	-	3
£210,000 to £214,999	3	-	3	-	-	-
£215,000 to £219,999	-	-	-	1	-	1
£220,000 to £224,999	1	-	1	-	-	-
£230,000 to £234,999	-	-	-	1	-	1
£240,000 to £244,999	-	-	-	1	-	1
£245,000 to £249,999	3	-	3	-	-	-
£275,000 to £279,999	-	-	-	1	-	1
£280,000 to £284,999	1	-	1	-	-	-
£300,000 to £304,999	-	-	-	1	-	1
£325,000 to £329,999	1	-	1	-	-	-
£330,000 to £334,999	-	-	-	1	-	1
£350,000 to £354,999	-	-	-	2	-	2
£365,000 to £369,999	2	-	2	-	-	-
£370,000 to £374,999	1	-	1	1	-	1
£385,000 to £389,999	-	-	-	1	-	1
£400,000 to £404,999	1	-	1	-	-	-
£555,000 to £559,999	-	-	-	1	-	1
£580,000 to £584,000	1	-	1	-	-	-
	223	**56**	**279**	**189**	**48**	**237**

Notes to Financial Statements – continued

9. Staff costs continued

Compensation for loss of office

During the year the University paid £4,291k in compensation for loss of office to 488 employees (2021: £7,390k to 654 employees). Of the 488 employees, 97 related to publishing.

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

Key management personnel

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

	2021/22 £'000	2020/21 £'000
Key management personnel – total remuneration	**3,473**	**3,245**
Number of staff FTE	12.4	12.2
Key management personnel – average remuneration	**280**	**266**

Trade Union (Facility Time Publication Requirements) Regulations 2017

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

The number of University employees who were Trade Union officials during the period from 1 April 2021 to 31 March 2022 was 36 (28 FTE). The percentage of time spent by them on facility time was between 0% and 50%. The cost of this activity amounts to £87,590 representing 0.01% of the total pay bill in the relevant period. Of the total paid facility time, the proportion of hours spent on paid Trade Union activities (i.e. activities other than the duties for which there is a statutory entitlement to reasonable paid time off) was 55.1%.

Notes to Financial Statements – continued

10. Interest and other finance costs

	Consolidated		University	
	2021/22 £'m	2020/21 £'m	2021/22 £'m	2020/21 £'m
Interest on loans	6.1	5.5	6.1	5.1
Net charge on pension schemes	6.1	6.4	6.1	6.4
Interest on bond	25.3	25.3	25.3	25.3
	37.5	**37.2**	**37.5**	**36.8**

In this note the interest charge in the Press pension scheme (see note 37) has now been combined with the charge relating to other schemes (see note 28).

11. Operating expenditure

	2021/22		2021/22	2020/21
	Staff £'m	Non-Staff £'m	Total £'m	Restated Total £'m
Academic departments	367.2	151.0	518.2	494.1
Research grants and contracts	331.9	258.1	590.0	531.1
Academic services	42.1	17.4	59.5	59.2
Publishing	197.3	393.0	590.3	574.7
Residence, catering and conferences	0.6	1.2	1.8	1.2
Bursaries and scholarships	0.2	83.4	83.6	80.3
Premises	22.5	87.2	109.7	97.9
Administration	104.4	76.3	180.7	159.4
Payments to colleges	-	106.0	106.0	105.4
Other expenses	8.8	9.9	18.7	17.8
AstraZeneca third party costs	14.7	18.6	33.3	-
Capital project expenditure	4.7	11.1	15.8	25.5
	1,094.4	**1,213.2**	**2,307.6**	**2,146.6**
Subsidiary companies – HE	27.6	3.4	31.0	49.1
Subsidiary companies – publishing	43.0	67.5	110.5	109.0
Subsidiary companies – research activity	2.4	5.2	7.6	4.2
Subsidiary companies – AstraZeneca third party costs	-	34.2	34.2	-
Movement in pensions provision	368.6	-	368.6	(13.9)
Interest and other finance costs	-	37.5	37.5	37.2
	1,536.0	**1,361.0**	**2,897.0**	**2,332.2**

Depreciation and amortisation of £124.7m (2021: £120.7m), Operating expenditure of £1,198.8m (2021: £1,085.5m) and interest and other finance costs of £37.5m (2021: £37.2m) are combined in the non-staff figures of £1,361.0m (2021: £1,243.4m)

Notes to Financial Statements – continued

11. Operating expenditure continued

Other operating expenses include:

	Consolidated	
	2021/22 £'000	**2020/21 £'000**
Remuneration paid to auditors during the year was in respect of the following services:		
Audit services (Academic University audit)	446	280
Audit of the Academic University subsidiaries' annual financial statements	143	113
Audit services (inclusion of Press)	195	258
Audit services (Press for the year ended 31 March)	1,100	865
The Oxford Fund audit and associated services	101	140
Audit services (Oxford University Endowment Management Limited and associated entities for the year ended 31 December)	75	44
Total audit fees	**2,060**	**1,700**
US student loan audits of University and colleges	-	20
DfE teacher training grant audits	4	4
Total paid to Group Auditors	**2,064**	**1,724**
Small subsidiary audits by other audit providers	22	7
US student loan audits of University and colleges	22	-
Total fees to auditors	**2,108**	**1,731**

Following a change in external auditor, the Total paid to Group Auditors represents fees paid to Deloitte for 2021/22 and to KPMG for 2020/21 respectively.

12. Taxation

	Consolidated		University	
	2021/22 £'m	**2020/21 £'m**	**2021/22 £'m**	**2020/21 £'m**
Current Tax				
UK Corporation Tax	1.2	0.8	0.2	-
Non-UK Corporation Tax	2.5	7.2	(1.4)	1.6
Deferred Tax	(0.4)	0.5	-	-
Taxation charge for the year	**3.3**	**8.5**	**(1.2)**	**1.6**

Within taxation, amounts are included in respect of the following matter: The Indian Tax Authority has assessed the Indian branch as "resident" since 1993, whereas in the view of management it should be assessed as non-resident. Following a recent tax audit , The Press has re-filed at the non-resident rate from 2015 onwards. Provisions are held reflecting the potential impact of differing interpretations of Oxford University Press India's tax status.

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

Notes to Financial Statements – continued

12. Taxation continued

Factors affecting the tax charge	Consolidated 2021/22 £'m	Consolidated Restated 2020/21 £'m	University 2021/22 £'m	University Restated 2020/21 £'m
(Deficit)/surplus before taxation	(113.3)	847.0	(126.4)	826.0
(Deficit)/surplus on ordinary activities multiplied by the standard rate of corporation tax of 19% (2021: 19%)	(21.5)	160.9	(24.0)	156.9
Less tax due on surplus falling within charitable exemption	27.4	(154.7)	27.8	(156.0)
Effect of overseas tax rates	4.6	1.8	1.6	0.9
Permanent differences	(3.8)	(3.7)	(0.9)	0.2
Other differences	(3.4)	4.2	(5.7)	(0.4)
Taxation charge for the year	**3.3**	**8.5**	**(1.2)**	**1.6**

13. Segmental information

The reportable segments for the combined Group are:

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

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

Year to 31 July 2022 Consolidated	University – Academic £'m	University – Press £'m	Eliminations and adjustments £'m	Total £'m
INCOME				
External	**1,956.3**	**819.1**	**-**	**2,775.4**
Transfers between segments	140.0	-	(140.0)	**-**
Total Income	2,096.3	819.1	(140.0)	**2,775.4**
Total Comprehensive Income for the year	(118.4)	290.1	(140.0)	31.7
Included in surplus for the year:				
Investment income	120.4	9.7	-	130.1
Depreciation and amortisation	93.4	31.3	-	124.7
Interest payable	33.5	4.0	-	37.5
Gains / (losses) on investments	(31.5)	26.9	-	4.6
(Increases) in pension deficit scheme provisions	(368.6)	-	-	(368.6)
(Loss) on assoicates and joint ventures	(4.1)	(0.5)		(4.6)
Taxation charge	0.9	2.4		3.3
Included in other comprehensive income for the year:				
Decreases in defined benefit scheme provisions	-	150.3	-	**150.3**
Assets	**7,482.7**	**945.7**	**-**	**8,428.4**
Liabilities	**(2,825.1)**	**(350.9)**	**-**	**(3,176.0)**
Net Assets	**4,657.6**	**594.8**	**-**	**5,252.4**

13. Segmental Information continued

Year to 31 July 2021 Consolidated Restated	**University – Academic £'m**	**University – Press £'m**	**Eliminations and adjustments £'m**	**Total £'m**
INCOME				
External	**1,692.0**	**757.5**	**-**	**2,449.5**
Transfers between segments	41.5	-	(41.5)	**-**
Total Income	1,733.5	757.5	(41.5)	**2,449.5**
Total Comprehensive Income for the year	813.9	40.0	(41.5)	**812.4**
Included in surplus for the year:				
Investment income	106.0	5.6	-	**111.6**
Depreciation and amortisation	91.5	29.2	-	**120.7**
Interest payable	31.0	6.2	-	**37.2**
Gain on investments	721.1	6.2	-	**727.3**
Decreases in pension deficit scheme provisions	13.9		-	**13.9**
Profit/(Loss) on associates and joint ventures	3.2	(0.8)		**2.4**
Taxation charge	1.4	7.1		**8.5**
Included in other comprehensive income for the year:				
(Increases) in defined benefit scheme provisions	-	(26.5)	-	**(26.5)**
Assets	**7,066.9**	**957.3**	**-**	**8,024.2**
Liabilities	**(2,292.1)**	**(511.4)**	**-**	**(2,803.5)**
Net Assets	**4,774.8**	**445.9**	**-**	**5,220.7**

Eliminations and adjustments

The following eliminations and adjustments reconcile the total of segment amounts to the consolidated amounts in these financial statements.

The Press makes an annual transfer to the academic University. In 2022 it was £40.0m (2021: £41.5m). In 2022 there was an additional special transfer of £100.0m.

Notes to Financial Statements – continued

14. Intangible assets and goodwill

Consolidated	Goodwill £'m	Medical datasets £'m	Software licences £'m	Acquired lists £'m	Total £'m
Cost					
As at 1 August 2021	**111.3**	**2.0**	**161.6**	**145.8**	**420.7**
Exchange adjustments	-	-	1.8	10.0	**11.8**
Additions	-	-	30.5	4.0	**34.5**
Disposals	-	-	(6.2)	-	**(6.2)**
As at 31 July 2022	**111.3**	**2.0**	**187.7**	**159.8**	**460.8**
Amortisation					
As at 1 August 2021	**111.3**	**0.2**	**102.4**	**119.9**	**333.8**
Exchange adjustments	-	-	1.7	9.5	**11.2**
Charge for the year	-	0.2	17.4	5.6	**23.2**
Disposals	-	-	(4.5)	-	**(4.5)**
As at 31 July 2022	**111.3**	**0.4**	**117.0**	**135.0**	**363.7**
Carrying Amount					
As at 31 July 2022	**-**	**1.6**	**70.7**	**24.8**	**97.1**
As at 1 August 2021	**-**	**1.8**	**59.2**	**25.9**	**86.9**

University	Goodwill £'m	Medical datasets £'m	Software licences £'m	Acquired lists £'m	Total £'m
Cost					
As at 1 August 2021	**99.0**	**2.0**	**151.8**	**143.9**	**396.7**
Exchange adjustments	-	-	1.6	9.9	**11.5**
Additions	-	-	31.0	3.9	**34.9**
Disposals	-	-	(5.3)	-	**(5.3)**
As at 31 July 2022	**99.0**	**2.0**	**179.1**	**157.7**	**437.8**
Amortisation					
As at 1 August 2021	**99.0**	**0.2**	**93.3**	**117.9**	**310.4**
Exchange adjustments	-	-	1.6	9.4	**11.0**
Charge for the year	-	0.2	17.5	5.7	**23.4**
Disposals	-	-	(3.5)	-	**(3.5)**
As at 31 July 2022	**99.0**	**0.4**	**108.9**	**133.0**	**341.3**
Carrying Amount					
As at 31 July 2022	**-**	**1.6**	**70.2**	**24.7**	**96.5**
As at 1 August 2021	**-**	**1.8**	**58.5**	**26.0**	**86.3**

Notes to Financial Statements – continued

15. Property, Plant and Equipment

Consolidated	Land and Buildings Freehold £'m	Leasehold £'m	Equipment & machinery £'m	Assets under construction £'m	Total £'m
Cost					
As at 1 August 2021	**2,036.0**	**36.0**	**208.9**	**61.3**	**2,342.2**
Exchange adjustments	4.5	0.7	2.0	-	**7.2**
Additions	0.4	1.3	29.6	89.2	**120.5**
Transfers on completion	74.7	-	16.7	(91.4)	**-**
Disposals	(15.5)	(1.8)	(23.5)	-	**(40.8)**
Transfer to investment property	(28.1)	-	-	-	**(28.1)**
As at 31 July 2022	**2,072.0**	**36.2**	**233.7**	**59.1**	**2,401.0**
Depreciation					
As at 1 August 2021	**740.8**	**17.0**	**105.0**	**-**	**862.8**
Exchange adjustments	3.0	0.3	1.6	-	**4.9**
Charge for the year	62.0	4.3	35.2	-	**101.5**
Disposals	(2.7)	(1.6)	(22.0)	-	**(26.3)**
As at 31 July 2022	**803.1**	**20.0**	**119.8**	**-**	**942.9**
Net book value					
As at 31 July 2022	**1,268.9**	**16.2**	**113.9**	**59.1**	**1,458.1**
As at 1 August 2021	**1,295.2**	**19.0**	**103.9**	**61.3**	**1,479.4**
Leased assets included above:					
Net book value					
As at 31 July 2022	**-**	**16.2**	**-**	**-**	**16.2**
As at 1 August 2021	**-**	**19.0**	**-**	**-**	**19.0**

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

Land and buildings (Consolidated and University) includes £97.9m (2021: £97.9m) of freehold land on which no depreciation is charged.

Land and buildings (Consolidated and University) include properties financed and occupied by the University on NHS sites with a net book value of £44.6m (2021: £45.8m).

Equipment additions include £5.1m (2021: £1.2m) of labour capitalisation relating to internal IT resource, which has been applied to major IT projects. The largest spend on a single project was the Tutorial Management project.

Notes to Financial Statements – continued

15. Property, Plant and Equipment continued

University	Land and Buildings Freehold £'m	Land and Buildings Leasehold £'m	Equipment & machinery £'m	Assets under construction £'m	Total £'m
Cost					
As at 1 August 2021	**2,032.0**	**24.0**	**191.3**	**61.0**	**2,308.3**
Exchange adjustments	4.5	(0.2)	1.0	-	**5.3**
Additions	0.5	0.4	26.5	89.2	**116.6**
Transfers on completion	74.7	-	16.6	(91.3)	**-**
Disposals	(13.5)	(1.3)	(20.9)	-	**(35.7)**
Transfer to investment property	(28.1)	-	-	-	**(28.1)**
As at 31 July 2022	**2,070.1**	**22.9**	**214.5**	**58.9**	**2,366.4**
Depreciation					
As at 1 August 2021	**737.8**	**12.6**	**92.7**	**-**	**843.1**
Exchange adjustments	2.9	(0.1)	1.1	-	**3.9**
Charge for the year	62.0	1.0	33.5	-	**96.5**
Disposals	(2.7)	(1.2)	(19.7)	-	**(23.6)**
As at 31 July 2022	**800.0**	**12.3**	**107.6**	**-**	**919.9**
Net book value					
As at 31 July 2022	**1,270.1**	**10.6**	**106.9**	**58.9**	**1,446.5**
As at 1 August 2021	**1,294.2**	**11.4**	**98.6**	**61.0**	**1,465.2**
Leased assets included above:					
Net book value					
As at 31 July 2022	**-**	**10.6**	**-**	**-**	**10.6**
As at 1 August 2021	**-**	**11.4**	**-**	**-**	**11.4**

Notes to Financial Statements – continued

16. Heritage assets

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

The cost of new heritage asset acquisitions in 2021/22 was £0.4m (2021: £0.6m). The single largest acquisition was the Victor Ehikhamenor artwork, Still Standing, for a total of £0.2m, paid for by private donations. Disposals are unlikely as most donations have conditions preventing disposal. The costs of donated assets are based on valuations by experts in the relevant field.

Consolidated and University Heritage assets	**2017/18 £'m**	**2018/19 £'m**	**2019/20 £'m**	**2020/21 £'m**	**2021/22 £'m**
Brought forward	**85.3**	**86.8**	**93.1**	**94.9**	**104.7**
Acquisitions purchased with specific donations	0.3	0.1	0.7	0.6	0.1
Acquisitions purchased with University funds	-	-	-	-	0.3
Total cost of acquisitions purchased	**0.3**	**0.1**	**0.7**	**0.6**	**0.4**
Value of acquisitions by donation	**1.2**	**6.2**	**1.1**	**9.2**	**2.8**
Carried forward	**86.8**	**93.1**	**94.9**	**104.7**	**107.9**

Heritage assets of £2.8m were donated in the year (2021: £9.2m). The largest donation was £0.1m for Robert Craft Igor Stravinsky Collection. These donations are shown as a separate item in the Statement of Comprehensive Income.

Expenditure required to preserve heritage assets is recognised in the Statement of Comprehensive Income when incurred.

Notes to Financial Statements – continued

17. Non-current investments

	Note	Consolidated 2022 £'m	Consolidated Restated 2021 £'m	University 2022 £'m	University Restated 2021 £'m
Investments stated at market value:					
Spinout companies		107.9	122.8	104.0	117.3
Investment property		335.8	275.2	335.8	275.0
The Oxford Funds		3,641.6	3,123.8	3,561.6	3,042.8
Global and Private equities		176.4	246.3	176.1	245.9
Oxford Sciences Enterprises		60.3	43.9	60.3	43.9
Other assets		2.5	2.5	2.5	2.5
Third-party managed		262.3	228.1	262.3	228.1
Bonds		389.1	558.7	389.0	558.6
Investments stated at at cost less impairment					
Spinout companies at cost less impairment		82.7	74.5	77.9	73.6
Subsidiary and associated undertakings		11.5	14.8	104.0	105.9
Total at end of year		**5,071.1**	**4,690.6**	**5,073.5**	**4,693.6**
Investment assets held are split between reserves as follows:					
Income and expenditure reserves		3,501.2	3,216.1	3,583.6	3,300.1
Endowment reserves	30	1,569.9	1,474.5	1,489.9	1,393.5
		5,071.1	**4,690.6**	**5,073.5**	**4,693.6**

The value of the investment in Oxford Sciences Enterprises is disclosed separately both for the current and prior year due to its increased materiality. As explained in the Statement of Accounting Policies only the University's interest in The Oxford Funds is shown in investments stated at market value.

The investment market value gain is shown in note 7.

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

Investment properties	Consolidated £'m	University £'m
Fair value at 1 August 2021	**275.2**	**275.0**
Capital expenditure	0.2	0.2
Exchange adjustments	0.1	0.1
Transfer in	28.1	28.1
Transfer out	(1.2)	(1.2)
Disposal	(0.7)	(0.6)
Additions	-	-
Gain on fair value adjustments	34.1	34.2
Fair value at 31 July 2022	**335.8**	**335.8**

Notes to Financial Statements – continued

17. Non current investments continued

The investment in The Oxford Funds is split into the following investment types:	2022	2021
Investments stated at market value:		
Investment property	5%	6%
Global and Private equities	39%	35%
Credit and opportunities	13%	8%
Public equity	34%	47%
Directly held securities	10%	4%

18. Investment in subsidiaries and associates

Subsidiaries

As at 31 July 2022 the University exercised control of the following subsidiary undertakings (excluding dormant undertakings):

	Country of incorporation	Nature of activity	% Interest
Ecosystem Capital Ltd[5]	England	Buying and selling of own real estate	100
Endowment Estates Ltd[5]	England	Investment management services	100
Instruct Academic Services Ltd	England	Scientific facilities-sharing infrastructure services	100
James Martin 21st Century (UK) Trust [4]	England	Endowment management	100
OUC Investments Ltd	England	Head office activities	100
Oxford Ltd	England	Retail and other trading activities	100
Oxford Advanced Research Centres Ltd	England	Head office activities	100
Oxford in Berlin gGmbH	Germany	Head office activities	100
Oxford Mutual Ltd[1]	England	Provision of discretionary cover	100
Oxford Research South Africa Ltd[3]	England	Social policy research	100
Oxford Saïd Business School Ltd	England	Executive education	100
Oxford University (Beijing) Science & Technology Co. Ltd (in liquidation)	China	No activity	100
Oxford University Clinical Research Unit Nepal	Nepal	Clinical research	100
Oxford University Development (North America), Inc.	United States of America	Office administration	100
Oxford University Endowment Management Ltd	England	Investment management services	100
Oxford University Fixed Assets Ltd	England	Building management and utilities	100
Oxford University Innovation Ltd	England	Commercial exploitation of intellectual property	100
Oxford University Innovation (Hong Kong) Ltd[2 5]	Hong Kong	Commercial exploitation of intellectual property	100
Oxford University (Suzhou) Science & Technology Co. Ltd[5]	China	Mathematical, Physical and Life Sciences research	100
Oxford University Trading Ltd	England	General trading activities	100
TOF Corporate Trustee Ltd[5]	England	Fund management activities	100
University of Oxford China Office Ltd	Hong Kong	Fundraising and alumni relations	100

Notes to Financial Statements – continued

OUP Subsidiaries

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

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

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

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

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

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

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

[3] Registered as an external company in South Africa.

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

[5] Owned by a subsidiary undertaking.

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

University holdings in subsidiaries	£'m
Cost	
As at 1 August 2021	105.9
Write downs	(1.9)
As at 31 July 2022	**104.0**

Joint ventures

University joint ventures	Proportion of nominal value	Country of incorporation	Value as at 1 August 2021	Investment	Share of surplus/ (deficit) for year	Value as at 31 July 2022
	%		£'m	£'m	£'m	£'m
ITEXT Limited	50	England	0.5	-	-	0.5
Oxford International AQA Examinations Ltd	50	England	-	-	-	-
African Research Collaboration for Health Ltd	50	Kenya	5.8	-	0.5	6.3
Jenner Vaccine Foundation	50	England	0.5	-	-	0.5
Oxford University Clinic LLP and its subsidiaries	50	England	-	-	0.1	0.1
Oxford University Property Development Ltd and its subsidiaries Oxford University Development Ltd and OUPM Ltd	50	England	0.9	2.3	(4.5)	(1.3)
Warneford Park LLP	50	England	-	0.2	(0.2)	-
Total			**7.7**	**2.5**	**(4.1)**	**6.1**

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

Associates

As at 31 July 2022, the University exerted significant influence but not control or joint control over the following associated undertakings (excluding any dormant undertakings).

	Country of incorporation	Nature of activity	% Interest
Designer Carbon Materials Ltd	England	Commercial exploitation of intellectual property	46.9
Oxford University Innovation Technology Transfer (Changzhou) Co. Ltd[1]	China	Technology transfer	40.0
PalaeoPi Ltd	England	Information technology consultancy activities	33.3
Vaccine Manufacturing and Innovation Centre UK Ltd (limited by guarantee) (in liquidation)	England	Manufacture of basic pharmaceutical products	33.3
Oxford Ancestors Ltd	England	Commercial exploitation of intellectual property	31.6
Oxford University Innovation Technology Transfer (Suzhou) Co. Ltd[2]	China	Technology transfer	30.0
ReOx Ltd	England	Therapeutics	28.1
Oxford Electromagnetic Solutions Ltd	England	Commercial exploitation of intellectual property	26.3
Shenzhen Zhongjin International Technology Transfer Center Ltd[3]	China	Technology transfer	25.0
Oxed and Assessment Ltd	England	Educational Support Services	25.0
TDeltaS Ltd	England	Commercial exploitation of intellectual property	22.0
Kepler Energy Ltd	England	Commercial exploitation of intellectual property	21.9
Oxford MultiSpectral Ltd	England	Commercial exploitation of intellectual property	21.8
InkPath Ltd	England	Commercial exploitation of intellectual property	21.7
Minervation Ltd	England	Commercial exploitation of intellectual property	21.1
OxVax Ltd	England	Therapeutics	20.9
Lithits Ltd	England	Software and Internet	20.3
Aurox Ltd	England	Commercial exploitation of intellectual property	20.0
Augmented Intelligence Labs Ltd	England	Software and Internet	20.0
Rogue Interrobang Ltd	England	Other technology	20.0

The associated undertakings prepare accounts to various year-ends.

[1] Oxford University Innovation (Hong Kong) Ltd has entered into a joint venture with the Changzhou government in China.

[2] Oxford University Innovation (Hong Kong) Ltd 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.

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

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

Associate valuation	Consolidated £'m
Share of net assets of associate undertakings as at 1 August 2021	**0.3**
Share of surplus/(deficit) of associate undertakings for the year	-
Share of net assets of associate undertakings as at 31 July 2022	**0.3**

19. Inventories and work-in-progress

	Consolidated		University	
	2022 £'m	**2021 £'m**	**2022 £'m**	**2021 £'m**
Raw materials for publishing	1.0	0.5	0.4	0.4
Work in progress and printed sheets	4.8	5.1	3.7	4.0
Bound books	58.5	50.4	45.1	38.3
Other goods for resale	2.9	3.1	2.2	2.2
	67.2	**59.1**	**51.4**	**44.9**
Intangible assets pre-publication costs	**19.5**	**15.0**	**17.5**	**13.6**

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

20. Trade and other receivables falling due within one year

	Consolidated		University	
	2022 £'m	**2021 £'m**	**2022 £'m**	**Restated 2021 £'m**
Research grants receivable	172.6	150.4	172.6	150.4
Prepayments and accrued income	90.8	64.5	70.0	52.0
Derivative financial assets	2.7	5.0	2.7	5.0
Endowment/trust pledges	13.7	27.8	13.7	27.8
Other trade receivables	260.9	231.1	195.2	169.0
Other receivables	68.7	85.6	31.9	54.8
Amounts due from subsidiaries*	-	-	57.5	42.1
	609.4	**564.4**	**543.6**	**501.1**

21. Receivables amounts falling due after more than one year

	Consolidated		University	
	2022 £'m	**2021 £'m**	**2022 £'m**	**2021 £'m**
Derivative financial assets	0.2	1.0	0.2	1.0
Endowment/trust pledges	45.3	58.8	45.3	58.8
Amounts due from subsidiaries*	-	-	2.9	2.9
Other receivables	2.6	3.4	(0.3)	3.4
	48.1	**63.2**	**48.1**	**66.1**

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

*Amounts due from subsidiaries falling due within one year include a loan of £3m from OUFAL which is interest bearing and is repayable on demand. All other balances represent trading balances and are non interest bearing and repayable on demand.

Notes to Financial Statements – continued

22. Current investments

	Consolidated		University	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
As at 1 August	254.6	223.7	205.0	222.7
(Disposals)/additions	(113.7)	30.9	(117.8)	(17.7)
At 31 July	**140.9**	**254.6**	**87.2**	**205.0**

23. Cash and cash equivalents

Consolidated	At 1 August 2021 £'m	Cash flows £'m	31 July 2022 £'m
Cash and cash equivalents	704.4	104.1	808.5
Investment assets cash	1.9	(1.3)	0.6
	706.3	**102.8**	**809.1**

University	At 1 August 2021 £'m	Cash flows £'m	31 July 2022 £'m
Cash and cash equivalents	659.1	84.7	743.8
Investment assets cash	1.9	(1.3)	0.6
	661.0	**83.4**	**744.4**

24. Consolidated reconciliation of net debt

	£'m
Net debt as at 1 August 2021	(527.5)
Movement in cash and cash equivalents	102.8
Net debt acquired	(16.0)
Other non-cash changes	0.2
Net debt as at 31 July 2022	**(440.5)**

Analysis of net debt	2022 £'m	2021 £'m
Cash and cash equivalents	809.1	706.3
Borrowings: amounts falling due within one year		
Unsecured loans	(8.1)	(6.9)
Bank overdraft	(32.2)	(15.1)
Derivatives	(4.7)	(0.9)
Borrowings: amounts falling due after more than one year		
Derivatives	-	(0.2)
Unsecured loans	(204.6)	(210.7)
Bonds	(1,000.0)	(1,000.0)
Net debt	**(440.5)**	**(527.5)**

The University has taken the allowed exemption under FRS 102 to not produce a University only version of the reconciliation of net debt.

Notes to Financial Statements – continued

25. Creditors: amounts falling due within one year

	Note	Consolidated 2022 £'m	Consolidated Restated 2021 £'m	University 2022 £'m	University Restated 2021 £'m
Research grants creditors		448.5	381.5	437.2	371.6
Accruals and deferred income		379.7	340.0	358.9	313.1
Capital grants with performance conditions		57.1	48.5	57.1	48.5
Unsecured bank loans	26	8.0	6.9	7.1	5.9
Bank overdrafts		32.2	15.1	12.0	-
Derivative financial liabilities		4.7	0.9	4.7	0.9
Corporation tax due		9.2	15.5	7.6	12.0
Social security and other taxation payable		46.4	23.8	51.5	23.3
Trade payables		225.4	196.5	172.3	171.2
Amounts due to subsidiaries*		-	-	16.7	7.0
		1,211.2	**1,028.7**	**1,125.1**	**953.5**

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

	Consolidated 2022 £'m	Consolidated 2021 £'m	University 2022 £'m	University 2021 £'m
Deferred income – Oxford Sciences Enterprises plc	27.6	18.3	27.6	18.3
Bank loans	204.6	210.7	204.6	210.7
100-year bonds issued	1,000.0	1,000.0	1,000.0	1,000.0
Bond premium account	46.3	46.3	46.3	46.3
Other creditors	7.0	4.3	2.6	2.5
Derivative financial liabilities	-	0.2	-	0.2
Amounts due to subsidiaries*	-	-	24.1	24.0
Loan to Blavatnik School of Government	3.0	3.0	3.0	3.0
	1,288.5	**1,282.8**	**1,308.2**	**1,305.0**

	Consolidated 2022 £'m	Consolidated 2021 £'m	University 2022 £'m	University 2021 £'m
Analysis of unsecured bank loans:				
Due between one and two years	6.2	6.0	6.2	6.0
Due between two and five years	19.5	19.0	19.5	19.0
Due in five years or more	178.9	185.7	178.9	185.7
	204.6	**210.7**	**204.6**	**210.7**

*Amounts due to subsidiaries represent trading balances that are non interest bearing and repayable on demand.

Notes to Financial Statements – continued

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

	Loan 1 £'m	Loan 2 £'m	Loan 3 £'m	Loan 4 £'m	Total £'m
Bank Loans					
Amount borrowed	25.0	200.0	1.2	0.8	**227.0**
Amount outstanding at 31 July 2022	25.0	185.7	1.2	0.7	**212.6**
Interest rate	5.07%	2.55%	2.74%	TIIE +3.25%	**-**
Final repayment date	June 2047	June 2045	-	-	**-**
Amount due within one year	-	6.0	1.2	0.7	**7.9**
Amount due between one and two years	-	6.2	-	-	**6.2**
Amount due between two and five years	-	19.5	-	-	**19.5**
Amount due after five years	25.0	154.0	-	-	**179.0**
	25.0	**185.7**	**1.2**	**0.7**	**212.6**

During 2007, the University entered into an agreement with Technikos LLP to fund the Institute of Biomedical Engineering over a 15-year period following completion of a new building. The building was completed on 1 October 2007. Cash of £12.0m had been received from Technikos by July 2010. The total balance that had not been set against costs at 31 July 2022 was £nil in Creditors: after more than one year, £0.1m in Creditors: within one year.

The University entered into an agreement with Oxford Sciences Enterprises plc (formally Oxford Sciences Innovation plc) (OSE) in 2015/16. In return for 50% of its stake in each company spun out from the Medical Science and Mathematical, Physical and Life Sciences Divisions over a period of 15 years, the University received a 5% non-dilutable stake in OSE. This stake was initially valued at £17.5m but additional fundraising has taken place since totalling £28.1m. The fair value of the shares transferred is treated as deferred income and is released to the Statement of Comprehensive Income over the 15 year period of the agreement. The amount due to be released in 2022/23 is included in Creditors: within one year, with the remaining balance included in Creditors: after more than one year.

Bond

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

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

Notes to Financial Statements – continued

27. Financial instruments

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

Financial assets	Note	Consolidated 2022 £'m	Consolidated Restated 2021 £'m
Measured at fair value through profit or loss			
Spinout companies held at fair value	17	107.9	122.8
The Oxford Funds	17	3,641.6	3,123.8
Global & private equities, public equity	17	236.7	290.2
Other assets	17	2.5	2.5
Third-party managed	17	262.3	228.1
Bonds	17	389.1	558.7
Derivative financial assets maturing within 12 months		2.7	5.0
Derivative financial assets maturing after more than 12 months		0.2	1.0
Measured at undiscounted amount receivable			
Trade and other receivables	20	609.4	564.4
Measured at cost less impairment			
Spinout companies at cost less impairment	17	82.7	74.5
Current asset unlisted investments	22	140.9	254.6
		5,476.0	**5,225.6**

Financial liabilities	Note	Consolidated 2022 £'m	Consolidated 2021 £'m
Measured at fair value through profit or loss			
Derivative financial liabilities maturing within 12 months		4.7	1.0
Derivative financial liabilities maturing after more than 12 months		-	0.2
Measured at amortised cost			
Bond	26	1,000.0	1,000.0
Loans payable	25,26	212.6	217.6
Measured at undiscounted amount payable			
Liabilities due after more than one year		83.9	72.1
Trade and other payables	25	225.4	232.4
		1,526.6	**1,523.3**

Derivative financial instruments

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

Nature and extent of risks arising from financial instruments

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

Credit risk

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

Notes to Financial Statements – continued

27. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties raising cash to meet its obligations when they fall due. Obligations are associated with financial liabilities and capital commitments. The University manages its exposure to liquidity risk by regularly monitoring its liabilities and commitments and holding appropriate levels of liquid assets. The academic University targets a minimum cash balance of £50m which provides same day liquidity, and holds other cash resources which provide access to liquidity at short notice. The academic University has debt obligations which are all repayable on fixed terms and not subject to repayment on demand. Short-term cash and liquidity forecasts are updated daily and longer-term forecasts monthly. These forecasts are reviewed by the Head of Treasury on a daily basis and are regularly presented to the Finance Committee of the University.

As at 31 July 2022	Under one year	Between 1 and 5 years	More than 5 years	Total
Bond liabilities	-	-	1,000.0	1,000.0
Bank loans	8.0	25.7	179.0	212.7
Bank overdrafts	32.2	-	-	32.2
Total	**40.2**	**25.7**	**1,179.0**	**1,244.9**

As at 31 July 2021 Restated	Under one year	Between 1 and 5 years	More than 5 years	Total
Bond liabilities	-	-	1,000.0	1,000.0
Bank loans	6.9	25.0	185.7	217.6
Bank overdrafts	15.1	-	-	15.1
Total	**22.0**	**25.0**	**1,185.7**	**1,232.7**

Market and price risk

Market risk is that financial instruments will change in value due to changes in market value.

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

The main investment vehicles for the University are The Oxford Funds managed byOxford University Endowment Management (OUem). As the investments in The Oxford Funds are held at fair value, the changes in price directly affect the University's net assets.

This is a key risk to the University because of the significance of the endowments and funds invested and the dependence of plans on maintaining the value of the endowment in real terms.

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

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

Notes to Financial Statements – continued

27. Financial instruments continued

Foreign currency risk

Foreign currency risk is the risk that the sterling value of financial instruments will change due to exchange rate movements. The University manages foreign currency transactional exposure in relation to forecast foreign currency sales and purchases and research contracts. In order to manage the foreign currency risk, the University enters into foreign currency forward contracts and/or foreign exchange swaps, with approved counterparties, to hedge the volatility in cash flows due to fluctuations in exchange rates. The prospective effectiveness of hedging instruments is assessed on an economic basis. To the extent that there exists either over-hedging in terms of quantum, or timing, the differences between the hedging instrument and the forecast exposure hedged item, an ineffective portion is calculated.

Consolidated and University	Current		Non-current	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Forward foreign currency contracts for publishing – assets	2.7	5.0	0.2	1.0
Forward foreign currency contracts for publishing – liabilities	(4.7)	(0.9)	(0.6)	(0.2)
Forward foreign currency contracts for research	6.6	13.5	-	-
	4.6	**17.6**	**(0.4)**	**0.8**

These are in the following currencies:

	2022 £'m	2021 £'m
US Dollars	(1.9)	6.2
Euros	6.1	12.0
Hong Kong Dollars	0.1	(0.3)
Other	(0.1)	0.7
Total	**4.2**	**18.6**

The impact on total recognised gains for the year 2021/22 of additional 10% variations in the principal exchange rates would have been:

	2022 £'m	2021 £'m
10% US Dollar appreciation	(0.2)	0.6
10% Euro appreciation	0.6	1.2
10% HK Dollar appreciation	-	-

Notes to Financial Statements – continued

27. Financial instruments continued

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

The nominal value of current research hedging contracts in place at 31 July 2022 was £6.6m and the contracts, when marked to market, showed an unrealised gain of £0.2m. In 2021 the value was £13.5m and the contracts, when marked to market, showed an unrealised gain of nil.

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

Interest rate risk

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

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

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

Fair values

Debtors and current liabilities are stated at book value which are not materially different from fair values.

Bond liabilities are measured at amortised cost of £1,000m (2021: £1,000m).

The fair value of the bond at 31 July 2022 was £834.0m based on the trading price (2021: £1,412m).

Fair value measurements

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

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

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

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

Notes to Financial Statements – continued

27. Financial instruments continued

Valuation at 31 July 2022	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Spinout companies	31.1	-	76.8	107.9
Investment properties	-	-	335.8	335.8
The Oxford Funds*	-	3,641.6	-	3,641.6
Global and private equities	176.4	-	-	176.4
Oxford Sciences Enterprises	-	-	60.3	60.3
Third-party managed	-	-	262.3	262.3
Bonds	389.1	-	-	389.1
Other assets	-	-	2.5	2.5
Total	**596.6**	**3,641.6**	**737.7**	**4,975.9**

Valuation at 31 July 2021 (Restated)	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Spinout companies	24.0	-	98.8	122.8
Investment properties	-	-	275.2	275.2
The Oxford Funds*	-	3,123.8	-	3,123.8
Global and private equities	246.3	-	-	246.3
Oxford Sciences Enterprises	-	-	43.9	43.9
Third-party managed	-	-	228.1	228.1
Bonds	558.7	-	-	558.7
Other Assets	-	-	2.5	2.5
Total	**829.0**	**3,123.8**	**648.5**	**4,601.3**

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

The value of the investment in Oxford Sciences Enterprises is disclosed separately both for the current and prior year due to its increased materiality.

The University has taken the allowed exemption under FRS 102 to not produce a University only version of the Financial instruments note.

28. Pension scheme provisions

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

Consolidated	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2021	**217.1**	**28.3**	**1.1**	**246.5**
Utilised in year	-	-	-	**-**
(Release)/additions in year	367.7	1.3	(0.6)	**368.4**
Interest release	1.9	0.3	-	**2.2**
At 31 July 2022	**586.7**	**29.9**	**0.5**	**617.1**

University	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2021	**214.0**	**28.6**	**0.8**	**243.4**
Utilised in year	-	-	(0.1)	**(0.1)**
(Release)/additions in year	364.7	-	-	**364.7**
Interest release	1.9	0.3	-	**2.2**
At 31 July 2022	**580.6**	**28.9**	**0.7**	**610.2**

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 numbers will increase at an average of between 1% and 2% for future years for both the USS and the OSPS Schemes pay and grade inflation rates will increase by between 3.7% and 5.2% per annum for all staff and the liability is discounted at an appropriate corporate bond rate of 3.34% (2021: 0.89%) for USS and at 3.14% (2021: 0.89%) for OSPS. A sensitivity analysis to changes in salary and discount rate changes is shown in note 37 for both schemes.

The University (including the Press) has also recognised a provision in respect of pension provisions for retired staff members of Federated Superannuation System for Universities and Employees Pension Scheme who receive pension supplements and other unfunded commitments (see note 37).

Notes to Financial Statements – continued

28. Pension scheme provisions continued

Defined Benefit Pension Scheme Provisions as defined benefits – Press

	Consolidated £'m	University £'m
At 1 August 2021	226.8	226.8
Net interest on net defined benefit liability	3.9	3.9
Remeasurement of liability recognised in comprehensive income	(150.3)	(150.3)
Employer transfer to scheme to reduce liability	(45.3)	(45.3)
At 31 July 2022	**35.1**	**35.1**

Press pensions

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

The decrease in the actuarial loss in the year was due to the changes in gilt yields and inflation rates. Fuller details are shown in note 37.

29. Other provisions

Consolidated	**Total £'m**
At 1 August 2021	**18.7**
Transfer from income and expenditure account	**16.2**
Utilised in year	**(10.8)**
At 31 July 2022	**24.1**

University	**Total £'m**
At 1 August 2021	**4.9**
Transfer from income and expenditure account	**2.9**
Utilised in year	**(0.7)**
At 31 July 2022	**7.1**

The provision relates to provisions for tax, potential repayments to a sponsor and permanent health insurance provided by the Press and staff costs in a subsidiary company.

Notes to Financial Statements – continued

30. Endowment Reserves

There are no endowments within the Press.

Permanent endowments

Consolidated	Unrestricted Capital £'m	Unrestricted Unapplied return £'m	Unrestricted Total £'m	Restricted Capital £'m	Restricted Unapplied return £'m	Restricted Total £'m	Total £'m
Capital – Original gift	80.3	-	**80.3**	348.3	-	**348.3**	**428.6**
Capital – Indexation reserve	32.7	-	**32.7**	81.8	-	**81.8**	**114.5**
Unapplied return	-	224.2	**224.2**	-	463.6	**463.6**	**687.8**
31 July 2021	113.0	224.2	**337.2**	**430.1**	**463.6**	**893.7**	**1,230.9**
Investment income	-	-	**-**	-	23.7	**23.7**	**23.7**
New endowments	-	-	**-**	1.5	-	**1.5**	**1.5**
Reinvestment of Revenue to Capital	-	-	**-**	0.2	(0.2)	**-**	**-**
Reclassification to expendable	-	-	**-**	-	(0.1)	**(0.1)**	**(0.1)**
Transfer and other	-	-	-	-	1.1	**1.1**	**1.1**
Indexation	9.7	(9.7)	-	38.2	(38.2)	**-**	**-**
Market value gains	-	11.9	11.9	-	27.6	**27.6**	**39.5**
Released to unrestricted reserves	-	(13.5)	(13.5)	-	(24.0)	**(24.0)**	**(37.5)**
Balance as at 31 July 2022	**122.7**	**212.9**	**335.6**	**470.0**	**453.5**	**923.5**	**1,259.1**
Represented by:							
Capital – Original gift	80.3	-	**80.3**	350.0	-	**350.0**	**430.3**
Capital – Indexation reserve	42.4	-	**42.4**	120.0	-	**120.0**	**162.4**
Unapplied return	-	212.9	**212.9**	-	453.5	**453.5**	**666.4**
	122.7	**212.9**	**335.6**	**470.0**	**453.5**	**923.5**	**1,259.1**

Notes to Financial Statements – continued

30. Endowment reserves continued

University	Unrestricted Capital £'m	Unrestricted Unapplied return £'m	Unrestricted Total £'m	Restricted Capital £'m	Restricted Unapplied return £'m	Restricted Total £'m	Total £'m
Capital – Original gift	29.7	-	**29.7**	348.3	-	**348.3**	**378.0**
Capital – Indexation reserve	17.3	-	**17.3**	81.8	-	**81.8**	**99.1**
Unapplied return	-	208.3	**208.3**	-	463.6	**463.6**	**671.9**
31 July 2021	**47.0**	**208.3**	**255.3**	**430.1**	**463.6**	**893.7**	**1,149.0**
Investment income less expenses	-	-	**-**	-	23.7	**23.7**	**23.7**
New endowments	-	-	**-**	1.5	-	**1.5**	**1.5**
Reinvestment of Revenue to Capital	-	-	**-**	0.2	(0.2)	**-**	**-**
Reclassification to expendable	-	-	**-**	-	(0.1)	**(0.1)**	**(0.1)**
Transfer and Other	-	-	**-**	-	1.1	**1.1**	**1.1**
Indexation	3.1	(3.1)	**-**	38.2	(38.2)	**-**	**-**
Market value gains	-	10.3	**10.3**	-	27.6	**27.6**	**37.9**
Released to unrestricted reserves	-	(10.2)	**(10.2)**	-	(24.0)	**(24.0)**	**(34.2)**
Balance as at 31 July 2022	**50.1**	**205.3**	**255.4**	**470.0**	**453.5**	**923.5**	**1,178.9**
Represented by:							
Capital – Original gift	29.7	-	**29.7**	350.0	-	**350.0**	**379.7**
Capital – Indexation reserve	20.4	-	**20.4**	120.0	-	**120.0**	**140.4**
Unapplied return	-	205.3	**205.3**	-	453.5	**453.5**	**658.8**
	50.1	**205.3**	**255.4**	**470.0**	**453.5**	**923.5**	**1,178.9**

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

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

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

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

Notes to Financial Statements – continued

30. Endowment reserves continued

Restricted Expendable Endowments

Restricted expendable endowments	Capital £'m	Consolidated Accumulated Income £'m	Total £'m	Capital £'m	University Accumulated Income £'m	Total £'m
31 July 2021	**281.5**	**106.7**	**388.2**	**281.5**	**106.7**	**388.2**
New endowments	52.5	-	**52.5**	52.5	-	**52.5**
Transfer and Other	2.7	0.2	**2.9**	2.7	0.2	**2.9**
Investment net income	-	13.7	**13.7**	-	13.7	**13.7**
Market value gains	-	(1.4)	**(1.4)**		(1.4)	**(1.4)**
Reclassification from permanent	-	0.1	**0.1**	-	0.1	**0.1**
Expenditure	(2.5)	(10.9)	**(13.4)**	(2.5)	(10.9)	**(13.4)**
Balance as at 31 July 2022	**334.2**	**108.4**	**442.6**	**334.2**	**108.4**	**442.6**

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

Endowment assets

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

Investments	Note	Consolidated 2022 £'m	Consolidated 2021 £'m	University 2022 £'m	University 2021 £'m
The Oxford Funds		1,258.6	1,199.2	1,178.6	1,118.2
Global equities		1.1	1.3	1.1	1.3
Investment property		46.2	43.6	46.2	43.6
Third-party managed		259.2	225.1	259.2	225.1
Short-term bonds		2.5	3.1	2.5	3.1
Other assets		2.3	2.2	2.3	2.2
	17	**1,569.9**	**1,474.5**	**1,489.9**	**1,393.5**
Endowment pledges falling due within one year		13.2	27.3	13.2	27.3
Endowment pledges falling due after more than one year		45.0	58.2	45.0	58.2
Cash and cash equivalents		73.6	59.1	73.4	58.2
Balances as at 31 July 2022		**1,701.7**	**1,619.1**	**1,621.5**	**1,537.2**

Notes to Financial Statements – continued

30. Endowment reserves continued

Endowment purposes

Endowments, both permanent and expendable, fall into the following categories for the year to 31 July 2022.

	Balance at 1 August 2021 £'m	Investment gains/ (losses) £'m	Investment income £'m	New endowments £'m	Expenditure and transfer £'m	Balance at 31 July 2022 £'m
General academic	**411.8**	4.7	7.3	15.0	(13.4)	**425.4**
Academic posts	**639.8**	(2.9)	20.2	27.4	(17.7)	**666.8**
Scholarship funds	**452.6**	36.2	7.2	10.1	(12.0)	**494.1**
Support for libraries and museums	**86.5**	-	2.1	1.4	(3.0)	**87.0**
Societies	**10.3**	0.3	-	0.1	(0.4)	**10.3**
Prize funds	**18.1**	(0.2)	0.6	-	(0.4)	**18.1**
Total	**1,619.1**	**38.1**	**37.4**	**54.0**	**(46.9)**	**1,701.7**

Material endowments

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

	Reuben College £'m	Nuffield Benefaction £'m	James Martin 21st Century Foundation £'m	Crankstart Scholarship Fund £'m
31 July 2021				
Capital – Original gift	71.0	2.8	50.6	74.6
Capital – Indexation reserve	-	1.0	15.4	6.8
Unapplied return	4.3	120.6	15.9	145.7
	75.3	**124.4**	**81.9**	**227.1**
Investment gains and income	0.9	3.1	1.6	38.0
Expenditure	-	(2.2)	(3.3)	(4.6)
Balance as at 31 July 2022	**76.2**	**125.3**	**80.2**	**260.5**
Represented by:				
Capital – Original gift	71.0	2.8	50.6	74.6
Capital – Indexation reserve	-	1.3	22.0	15.0
Unapplied return	5.2	121.2	7.6	170.9
	76.2	**125.3**	**80.2**	**260.5**

The Reuben Foundation have generously donated £80m to the University for the benefit of Reuben College and student scholarships. Of the £80m gift, £9m will endow the existing undergraduate Reuben Scholarship Programme within the University, and £71m will go to the core endowment of Reuben College with £15m ring-fenced for scholarships for graduate students. £41.4m of the College portion has been received to date and the rest is held as accrued income within endowment reserves.

Notes to Financial Statements – continued

30. Endowment reserves continued

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

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 (2021: none).

31. Restricted Reserves

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

All reserves generated by the Press are for unrestricted purposes.

Consolidated	Restated As at 31 July 2021	New donations & grants	Restricted expenditure	As at 31 July 2022
	£'m	£'m	£'m	£'m
General academic	**54.8**	13.7	(15.0)	**53.5**
Academic posts	**4.2**	3.6	(2.6)	**5.2**
Scholarship funds	**10.9**	8.7	(9.3)	**10.3**
Support for libraries	**2.1**	2.2	(1.2)	**3.1**
Support for museums	**2.1**	2.5	(1.7)	**2.9**
Donated heritage assets	**72.0**	2.9	-	**74.9**
Mixed use buildings	**2.5**	-	-	**2.5**
	148.6	**33.6**	**(29.8)**	**152.4**

University	Restated As at 31 July 2021	New donations & grants	Restricted expenditure	As at 31 July 2022
	£'m	£'m	£'m	£'m
General academic	**74.1**	11.3	(15.0)	**70.4**
Academic posts	**4.2**	3.6	(2.6)	**5.2**
Scholarship funds	**10.9**	8.7	(9.3)	**10.3**
Support for libraries	**2.1**	2.2	(1.2)	**3.1**
Support for museums	**2.1**	2.5	(1.7)	**2.9**
Donated heritage assets	**72.0**	2.9	-	**74.9**
Mixed use buildings	**2.5**	-	-	**2.5**
	167.9	**31.2**	**(29.8)**	**169.3**

Notes to Financial Statements – continued

32. Unrestricted Income and Expenditure Reserves

	Consolidated £'m	University £'m
Balance as at 31 July 2021 Restated	3,452.0	3,402.8
Reserve transfers	(4.0)	(4.0)
Unrestricted comprehensive income for the year	(50.2)	(58.7)
Balance as at 31 July 2022	**3,397.8**	**3,340.1**

The Unrestricted Income and Expenditure reserves include £2,407.8m (2021: £1,933.5m) of funds that are held in the University of Oxford Development Trust Fund and certain special purpose trusts of the University. These funds are accounted for as income and for accounting purposes are treated as unrestricted.

33. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2022.

	Consolidated		University	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
At the end of the year the University had major capital commitments for building projects as follows:				
Contracted for:	**145.4**	**69.7**	**145.4**	**69.7**

34. Contingent liabilities

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

On 29 June 2007, the University entered into an agreement with the Trustees of the Oxford University Press Group Pension Scheme to eliminate the scheme deficit over a period of years. As security for the payment by the University of its agreed contributions to the Oxford University Press Group Pension Scheme, the University has granted a floating charge of up to £50m over certain assets held by the Press. The charge was increased from £50m to £75m on 15 April 2019 as part of the Recovery Plan following the Technical Provision valuation of the Scheme at 31 March 2018.

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

Notes to Financial Statements – continued

35. Lease obligations

Total rentals payable under operating leases:

	Consolidated					
	2021/22			2020/21		
	Land and Buildings £'m	Other Equipment £'m	Total £'m	Land and Buildings £'m	Other Equipment £'m	Total £'m
Payable during the year	**13.3**	**1.6**	**14.9**	**11.4**	**4.3**	**15.7**
Future minimum lease payments due:						
Not later than 1 year	10.0	1.1	11.1	9.5	1.3	10.8
Later than 1 year and not later than 5 years	24.3	0.6	24.9	19.5	1.5	21.0
Later than 5 years	16.9	-	16.9	21.2	-	21.2
Total lease payments due	**51.2**	**1.7**	**52.9**	**50.2**	**2.8**	**53.0**

	University					
	2021/22			2020/21		
	Land and Buildings £'m	Other Equipment £'m	Total £'m	Land and Buildings £'m	Other Equipment £'m	Total £'m
Payable during the year	**8.1**	**0.7**	**8.8**	**6.4**	**3.3**	**9.7**
Future minimum lease payments due:						
Not later than 1 year	5.6	0.7	6.3	6.2	0.7	6.9
Later than 1 year and not later than 5 years	12.4	0.5	12.9	16.2	0.5	16.7
Later than 5 years	13.0	-	13.0	14.4	-	14.4
Total lease payments due	**31.0**	**1.2**	**32.2**	**36.8**	**1.2**	**38.0**

Notes to Financial Statements – continued

36. Related parties

During the year ended 31 July 2022 the University had transactions with entities and individuals which fell within the definition of Related Parties under Section 33 of FRS 102. Transactions are disclosed where key management personnel, including all members of Council and other senior members of staff, disclose an interest in a body with which the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party. Due to the nature of the University's operations and the composition of Council (being drawn from colleges and other private and public sector organisations), it is inevitable that transactions in the normal course of business will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the University's financial regulations and normal procurement procedures.

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

Related party	Nature of relationship	Income £'000		Expenditure / transfers £'000		Balance due to/(from) the University £'000	
		2022	2021	2022	2021	2022	2021
Alan Turing Institute	Pro Vice Chancellor is a Board Member & Senior Officer of OUP is a Director or Trustee	1,581	-	292	-	586	-
British Academy	Member of Council is a Member of the Publications and Conference Committee & Senior Officer of OUP is a Director or Trustee	5,046	6,018	68	273	(179)	(23)
CACI UK Ltd	Member of Council is an Advisor	-	-	27	-	(15)	-
Cambridge University Press, Journal of Plasma Physics	Member of Council is Joint Editor in Chief	-	-	194	-	-	-
Carnegie Corporation of New York	Vice Chancellor is a Trustee	200	-	-	-	-	-
Constellium CRV	Pro Vice Chancellor is a Consultant	20	-	-	-	-	-
Department for Business, Energy & Industrial Strategy	Pro Vice Chancellor is a Member of an Innovation Expert Group	182	-	-	-	20	-
Faraday Institution	Pro Vice Chancellor is a Member of an Expert Panel on Energy Storage	5,736	-	8	-	25	-
GlaxoSmithKline	Head of Division and Member of Council is a Consultant on a Vaccine Scientific Advisory board	15,138	2,341	-	-	(116)	799
J. P. Morgan	Member of Council is Vice-Chairman for J P Morgan Cazenove	206	361	-	-	138	120

Notes to Financial Statements – continued

36 Related parties continued

Related party	Nature of relationship	Income £'000		Expenditure / transfers £'000		Balance due to/(from) the University £'000	
		2022	2021	2022	2021	2022	2021
Northwestern University, Chicago	Member of Council is an Adjunct Professor & Senior Officer of OUP is a Director or Trustee	64	15	(1)	-	7	8
Nucleome Therapeutics Ltd	Pro Vice Chancellor is a Consultant	204	-	-	-	18	-
OMASS Therapeutics	Pro Vice Chancellor is a Consultant	44	-	-	-	-	-
Oxford Nanopore Technologies	Member of Council is an Independent Director	446	-	410	-	(94)	-
Oxford Playhouse	Member of Council is a Trustee	-	-	255	250	-	(1)
Oxford Science Enterprises	Chief Financial Officer is a Director	187	-	-	-	(38)	-
Oxford University Hospitals FT	Head of Division and Member of Council is a Non-Executive Director & Senior Officer of OUP is a Director or Trustee	25,651	-	19,332	-	3,878	-
Oxfordshire Local Economic Partnership (OXLEP)	Pro Vice Chancellor is a Director	180	-	-	-	-	-
Peters Fraser & Dunlop	Member of Council is Non-Executive Chairman & Senior Officer of OUP is a Director or Trustee	-	-	(5)	208	-	-
Radboud Universiteit Nijmegen	Member of Council is a Visiting Scholar at the Faculty of Arts	252	80	20	7	-	35
Radioactive Waste Management	Pro Vice Chancellor is a Non-Executive Director	-	192	-	-	-	180
Rolls-Royce plc	Pro Vice Chancellor is a Consultant	3,408	-	-	-	173	-
Rosalind Franklin Institute	Pro Vice Chancellor is a Member	682	894	-	-	60	68
Russell Group of Universities	Pro Vice Chancellor is a Member of the PVC Research Group	-	-	83	80	-	-
Tsinghua University, Beijing	Member of Council is a Member of an International Advisory Board	-	-	11	-	-	-
UK Atomic Energy Authority (UKAEA)	Pro Vice Chancellor is Board Chair	303	212	179	84	148	50

Notes to Financial Statements – continued

36. Related parties continued

Related party	Nature of relationship	Income £'000 2022	Income £'000 2021	Expenditure / transfers £'000 2022	Expenditure / transfers £'000 2021	Balance due to/(from) the University £'000 2022	Balance due to/(from) the University £'000 2021
UK Biobank	Member of Council is CEO	1,007	1,643	429	369	78	41
UK Statistics Authority Board	Pro Vice Chancellor is Chair	112	-	-	-	-	-
UN Development Program (UNDP)	Member of Council is a Consultant	230	168	16	-	-	37
World Bank	Member of Council is a Consultant & Senior Officer of OUP is a Director or Trustee	478	302	28	87	(2)	1
Related party – joint ventures	**Nature of relationship**	**Income £'000 2022**	**Income £'000 2021**	**Expenditure / transfers £'000 2022**	**Expenditure / transfers £'000 2021**	**Balance due to/(from) the University £'000 2022**	**Balance due to/(from) the University £'000 2021**
Jenner Vaccine Foundation	Joint venture	12	8	-	-	12	2
Oxford University Clinic LLP	Joint venture	13	3	-	-	-	2

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.

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 £106m to the colleges via its Joint Resource Allocation Method (JRAM) (see note 11) out of OfS/Research England funding and fee income £106.0m (2021: £105.4m).

Other areas of interaction with the colleges are as follows:

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

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

Notes to Financial Statements – continued

36. Related parties continued

Other related parties

The University of Oxford, in the form of 'The Chancellor Masters and Scholars of the University of Oxford', is the ultimate controlling entity of the group consolidated into these Financial Statements. It has a number of wholly owned subsidiaries, as set out in note 18, which as per Section 33.1A of FRS 102 do not need to be disclosed in the related parties note.

During the year, the University made grants and other payments totalling £720.0k (2021: £805.0k) to the Oxford SU (formerly OUSU) and its wholly-owned subsidiary.

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

Oxford Sciences Enterprises plc (OSE): The University has signed a 15 year agreement with OSE for the funding and development of spinout companies based on research from the Mathematical, Physical and Life Sciences and Medical Sciences Divisions. The University has a 5% equity non-dilutable stake in OSE and a further indirect holding of 1.58% through The Oxford Feeder.

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

The University provides support to spinout companies in which it has invested via Oxford University Enterprises plc.

37. Pension schemes

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

In the event of the withdrawal of any of the participating employers in USS or OSPS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

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

The University also has a small number of staff in other pension schemes, including the National Health Service Pension Scheme (NHSPS), the Superannuation Arrangements of the University of London (SAUL) and the Medical Research Council Pension Scheme (MRCPS). The University's participation in NHSPS is in respect of employees who meet certain eligibility criteria, including being an active member of the scheme prior to joining the University. The University's participation in SAUL is in respect of employees of the Gray Laboratory Cancer Research Trust which was acquired by the University on 30 June 2006. The

Notes to Financial Statements – continued

37. Pension schemes continued

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

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

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

Actuarial valuations

The last full actuarial valuation of the NHSPS was performed as at 31 March 2016. The 2016 valuation reported scheme liabilities of £297.5 billion. There are no underlying assets, and therefore no surplus or deficit was reported except on a purely notional basis. An accounting valuation of the scheme liability is carried out annually by the scheme actuary, whose report forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. The actuary agreed that the employer contributions rate would increase from 14.3% from 1 April 2015 to 20.6% from 1 April 2019. The increase in costs is split between foreseen costs of a 2.5 percentage point increase in employer contributions, with the remaining 3.8 percentage points constituting the unforeseen costs. Employers, such as the University, have continued to pay 14.3% since 1 April 2019 with the Department of Health and Social Care (DHSC) paying the balance. However, the 2.5% foreseen cost will be recouped by a corresponding reduction to the funding the University will receive. The DHSC is currently considering the optimum way of recouping the costs for those organisations which do not directly receive funding from the DHSC. The University will receive funding support for the unforeseen costs. 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 2020. The 2020 valuation reported a deficit on a technical provisions basis of £217.0m and was 94% funded. The employers have increased the level of contributions from 16% to 19% from 1 April 2022 and 21% from 1 January 2023. From 2023 new members will join a DC scheme for 3 years before being transferred to the main scheme, with all members now building up benefits on a Career Average Revalued Earnings basis at an accrual rate of 1/75ths. In SAUL the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

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

Notes to Financial Statements – continued

37. Pension schemes continued

	USS	OSPS
Date of valuation:	31/03/2020	31/03/2019
Date valuation results published:	30/09/2021	19/06/2020
Value of liabilities:	£80.6bn	£848m
Value of assets:	£66.5bn	£735m
Funding surplus / (deficit):	(£14.1bn)[a]	(£113m)[d]
Principal assumptions:		
• Rate of interest (periods up to retirement)	Gilts' +2.75%	Gilts' +2.25%
• Rate of interest (periods after retirement)	Gilts' +1.0%	Gilts' +0.5%
• Rate of increase in salaries	n/a	RPI +pa
• Rate of increase in pensions	CPI + 0.05% pa[b]	Average RPI/CPI pa
Mortality assumptions:		
• Assumed life expectancy at age 65 (males)	23.9 yrs	21.7 yrs
• Assumed life expectancy at age 65 (females)	25.5 yrs	24.4 yrs
Funding ratios:		
• Technical provisions basis	83%	87%
• 'Buy-out' basis	51%	60%
Recommended employer's contribution rate (as % of pensionable salaries):	21.4% increased to 21.6% from 01/04/22 and reducing to 21.4% from 01/04/24	19%
Effective date of next valuation:	31/03/2023[c]	31/03/2022

a. USS's actuarial valuation as at 31 March 2019 takes into account the revised benefit structure effective 1 April 2022. Key changes agreed include: all members accrue a pension of 1/85th and a cash lump sum of 3/78ths of salary each year of service in respect of salary up to a salary threshold, initially £40,000 p.a., with the threshold applying from 1 April 2022; member contributions are 9.8% 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. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. After allowing for those changes, the actuary established an employer contribution rate of 21.4% p.a. of salaries. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of 2% from 1 October 2019 to 30 September 2021, 6.2% p.a. of salaries from 1 April 2022 and 6.3% p.a. of salaries from 1 April 2024. At 31 March 2021 USS reported that the estimated funding deficit was 93.5% funded).

b. As noted above (note a) the total USS employer contribution rate of 21.4% - 21.6% of salaries include provisions for the cost of future accrual of defined benefits (DB) (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards defined contribution benefits including employer matching contributions and certain investment management costs relating to the DC section. The 2020 actuarial valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, with which to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

c. OSPS' actuarial valuation as at 31 March 2019 identified a required long-term employer contribution rate of 19.0% of total pensionable

Notes to Financial Statements – continued

37. Pension schemes continued

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

d. Increases to pensions in payment for the OSPS valuation were: RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. at each term. CPI inflation is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019). For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI ,CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time.

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

Sensitivity of actuarial valuation assumptions

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

USS		
Assumption	**Change in assumption**	**Impact on USS liabilities**
Initial pre-retirement discount rate	increase by 0.25%	decrease by £1.3bn
Initial post-retirement discount rate	decrease by 0.25%	increase by £2.8bn
CPI inflation	decrease by 0.1%	decrease by £1.5bn
Rate of mortality	more prudent assumption (reduce the adjustment to base mortality rates by 5%)	increase by £1.2bn
Rate of mortality	more prudent assumption (improve by increased rate of 0.2%)	increase by £0.6bn
OSPS		
Assumption	**Change in assumption**	**Impact on OSPS liabilities**
RPI inflation	increase by 0.25%	increase by £40m
Valuation rate of interest	decrease by 0.25%	increase by £45m

Notes to Financial Statements – continued

37. Pension schemes continued

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:

	2022		2021	
	OSPS	**USS**	**OSPS**	**USS**
Finish date for deficit recovery plan	31/01/2028	31/03/2038	31/01/2028	31/03/2028
Average staff number increase	1.00%	1.00%	1.90%	1.90%
	2.00%	2.00%		
Average staff salary increase	4.00%	4.00%	4.10%	4.10%
Average discount rate over period	3.13%	3.34%	0.89%	0.89%
	£'m	**£'m**	**£'m**	**£'m**
Effect of discount rate at 6%	(2.6)	(108.0)	N/A	N/A
Effect of a 0.5% change in discount rate	0.5	22.8	0.6	4.3
Effect of 1% growth in pay levels	0.7	45.8	1.1	8.6
Effect of 1% change in staff growth	1.3	53.1	0.4	8.4
All new OSPS members to Tier 2	-0.1	N/A	N/A	N/A
20% of DB members leave each year	1.7	N/A	N/A	N/A

A provision of £620.5m has been made at 31 July 2022 (2021: £246.5m) 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	**2021/22 £'m**	**2020/21 £'m**
Universities Superannuation Scheme	104.0	95.1
Press Group scheme - UK	10.5	15.9
Press Group – Overseas schemes	6.2	5.4
University of Oxford Staff Pension Scheme	13.6	13.1
NHS Pension Scheme	4.5	4.3
MRC	0.4	0.4
Other schemes – contributions	0.2	0.2
Total	**139.4**	**134.4**

These amounts include £15.8m (2021: £14.9m) contributions payable to defined contribution schemes at rates specified in the rules of those plans.

Included in other creditors are pension contributions payable of £16.1m (2021: £14.4m).

Notes to Financial Statements – continued

37. Pension schemes continued

Defined benefit schemes accounted for as such

Press Pensions

The Press operates a number of staff retirement schemes throughout the world. The total pension cost for the group charged to operating profit was £21.3m (2021: £21.3m), of which £5.4m (2021: £5.5m) relates to overseas schemes. Of the amount charged to operating profit, £9.3m (2021: £9.3m) represents contributions payable to defined contribution schemes at rates specified in the rules of those plans.

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

Scheme	2022 £'m	2021 £'m
Group Pension Scheme		
Present value of funded obligations	(659.1)	(998.8)
Fair value of scheme assets	629.0	778.7
	(30.1)	(220.1)
Overseas schemes		
Present value of funded obligations	-	(8.8)
Fair value of scheme assets	-	8.0
	-	(0.8)
Present value of unfunded obligations	(5.0)	(5.9)
	(35.1)	**(226.8)**
Amounts in the Statement of Financial Position		
Liabilities	(664.1)	(1,013.5)
Assets	629.0	786.7
	(35.1)	**(226.8)**
Amounts recognised in the Statement of Comprehensive Income were as follows:		
Current service cost	(16.7)	(21.3)
Net interest on net defined benefit liability	(4.0)	(4.5)
Total	**(20.7)**	**(25.8)**

Included in employee contributions in the year was £0.4m (2021: £2.4m) relating to the salary sacrifice scheme.

The actuarial net liability at 31 July 2022 was £35.1m (2021: £226.8m) and comprised a net liability relating to the Group Pension Scheme of £30.1m (2021: £220.1m), and net liabilities on other schemes of £5m (2021: £6.7m).

The major scheme ("the Group Pension Scheme") is a funded defined benefit pension scheme providing retirement benefits to UK employees based on final pensionable salary and length of service. This closed to future accruals from 30 September 2021 and was replaced on 1 October 2021 by a defined contribution scheme. No curtailment impact was recognized at 31 July 2022 as a result of the scheme closure. The assets of the defined benefit scheme are held in a separate trustee-administered fund. Following the latest triennial valuation as at 31 March 2021, the Press and trustees have agreed a Recovery Plan, comprising a £43m cash contribution in year 1 (the year to 31 March 2023) followed by seven annual contributions each of £6m. This will provide a £55m cash contribution over the first three years and £85m in total. Assuming an investment return of Gilts +2.1%, this will clear the technical provision deficit by March 2030. All

Notes to Financial Statements – continued

37. Pension schemes continued

regular contributions due on the defined benefit scheme between 1 April and 30 September 2021 were collected in full; from 1 October 2021 the defined benefit scheme is closed to new entrants and future accrual, although members remaining in employment with the Press continue to receive salary linkage on final salary pension accrued before 1 April 2016 and benefits built up after April 2016 will increase in line with CPI (up to a maximum of 5%). Valuations and commitments are subject to future uncertainty and market volatility but are based upon the conclusions of the Press's actuarial advisers which comply with Technical Actuarial Standard 100, as issued by the Board for Actuarial Standards.

The reduction in Group Pension Scheme net liabilities of £191.7m arose primarily as a result of changes in financial assumptions. The discount rate assumption increase from 1.75% p.a. at July 2021 to 3.55% p.a. at July 2022 drives a decrease in liabilities of c. £285.6m. This is partially offset by an increase in the CPI inflation assumption from 2.85% at July 2021 to 2.90% at July 2022, increasing liabilities. A decrease of c. £19.3m in liabilities arises because of changes in the mortality assumptions adopted at 31 July 2022– primarily a change in the base table, offset in part by adoption of CMI 2021 future mortality assumptions. Finally, an increase in liabilities of c. £7.1m arises as a result of scheme experience; this includes allowance for known inflation experience over the year and updated membership data, as used for the scheme's 31 March 2021 actuarial valuation.

Canada has been included in the overseas 2022 figures at a value of £nil. The actuarial report showed the scheme was in a net surplus position at 31 March 2022 and in accordance with FRS 102 paragraph 28.22 has not been recognised due to the limited extent that the surplus can be recovered in the future. The remaining obligations shown for overseas relate to the US scheme.

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

Changes in the present value of the defined benefit obligation of the Group Pension Scheme were as follows:	**2021/22 £'m**	**2020/21 £'m**
Plan liabilities at 1 August	998.8	918.0
Employer service cost	2.3	12.1
Interest cost	17.4	15.1
Plan participants' contributions	0.4	2.5
Remeasurement of the defined benefit obligation	(342.7)	66.7
Benefits paid from plan assets	(17.1)	(15.6)
Plan liabilities at 31 July	**659.1**	**998.8**

Notes to Financial Statements – continued

37. Pension schemes continued

Changes in the fair value of the Group Pension Scheme assets were as follows:	**2021/22 £'m**	**2020/21 £'m**
Market value at 1 April	778.7	729.4
Interest income	13.5	12.0
Return on scheme assets (less)/greater than discount rate	(194.6)	39.7
Benefits paid from plan assets	(17.1)	(15.6)
Employer contributions	48.1	10.7
Employee contributions	0.4	2.5
Market value at 31 March	**629.0**	**778.7**

The group expects to contribute £nil to the Group Pension Scheme in the year 2022/23 with the exception of the £43m cash recovery plan contribution mentioned above.

The major categories of the Group Pension Scheme assets as a percentage of total scheme assets were as follows:	**2022**	**2021**
Equities	7.9%	12.0%
Corporate bonds	66.9%	10.7%
Gilts	0.0%	0.3%
Property	4.6%	3.1%
Other quoted securities	15.4%	70.5%
Cash and other	5.2%	3.4%
	100.0%	**100.0%**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) in relation to the Group Pension Scheme were:	**2022**	**2021**
Discount rate	3.55%	1.75%
Price inflation (RPI)	3.25%	3.25%
Price inflation (CPI)	2.90%	2.85%
Rate of salary increase*	4.40%	4.35%
Pension increases for in-payment benefits	2.85%	2.85%
Pension increases for deferred benefits	2.90%	2.85%
Scheme participant census date	31/03/2021	31/03/2018

*Plus promotional salary scale

Expected lifetime

The expected lifetime of a participant who is age 60 and the expected lifetime (from age 60) of a participant who will be aged 60 in 15 years are shown in years below. The mortality tables used for the disclosures are the SAPS2 normal tables based on amounts, with multipliers of 106% for males and 100% for females. Allowance has been made for future improvements in line with CMI core projections (CMI 2020 from 2007 to 2021 and CMI 2021 thereafter) with a 1.25% p.a. long-term trend and an initial addition parameter of 0.50%.

	FRS 102 assumptions			
Age	**Males**		**Females**	
	2022	**2021**	**2022**	**2021**
60	26.3	27.1	29.4	29.6
60 in 15 yrs	27.4	28.2	30.5	30.7

Notes to Financial Statements – continued

37. Pension schemes continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are estimated below:		
Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by c. 1.9%
CPI inflation	Increase/decrease by 0.1%	Increase/decrease by c. 1.0%
Salary	Increase/decrease by 0.1%	Increase/decrease by c. 0.2%
Base table multipliers	Increase/decrease by 5.0%	Decrease/increase by c. 1.0%
Future mortality improvements	1.25% p.a. to 1.5% p.a. long-term trend	Increase by c. 1.0%

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

Discount Rate: The Press moved from the standard RATE:Link model to the WTW Global RATE:Link model ex-government backed for the year ending March 2021. The Press's actuaries remain comfortable in continuing to derive the discount rate at 31 July 2022 with reference to this model. At 31 July 2022 the discount rate, based upon a period of 21 years, under this model is 3.55% per annum.

RPI: On 25 November 2020 the government confirmed that, with effect from February 2030, increases in RPI will be aligned with those under Consumer Prices Index with owner occupiers' housing costs (CPIH) and there will be no compensation to holders of index-linked gilts. The high level of demand for inflation protection, particularly at long durations, may result in an increased "inflation risk premium" (IRP). An IRP is the belief that buyers of index-linked rather than fixed interest gilts are prepared to pay a premium (and hence expect to ultimately receive a lower yield) in order to obtain inflation protection. Within this context the Press adopted an IRP of 20 basis points for the year ending 31 March 2021. Benchmarking data at 31 December 2021 indicated that, where an IRP is adopted, many schemes have set an IRP of between 0.2% and 0.3%. Taking this into consideration, the Press decided to adopt a revised IRP for the year ending 31 March 2022 of 25 basis points, being in the middle of the benchmarking field. A copy of the full actuarial valuation report and other further details on the scheme are available on the relevant websites: www.uss.co.uk, www.nhsbsa.nhs.uk/Pensions, https://finance.admin.ox.ac.uk/osps/, www.saul.org.uk, www.ouppensions.com

38. Access and participation expenditure

		2022		2021
	Pay £'m	Non-pay £'m	Total £'m	Total £'m
Access investment	2.5	2.0	4.5	3.7
Financial support provided to students from under-represented and disadvantaged groups	-	8.6	8.6	8.4
Support for disabled students	0.4	-	0.4	0.4
Research and evaluation of access and participation activities	0.4	0.2	0.6	0.7
	3.3	**10.8**	**14.1**	**13.2**

Notes to Financial Statements – continued

38. Access and participation expenditure continued

Access and participation plan investment summary	**2021/22 £'m**
Total access activity investment	4.6
Access (pre-16)	0.4
Access (post-16)	4.1
Access (adults and the community)	0.1
Financial support	**7.5**
Research and evaluation	0.5
Total investment	12.6

Included in Access & Participation costs are £1.8m of college costs (2020/21 £1.7m) for activity to support University of Oxford students carried out by the Oxford Colleges. These activities are part of the declared Access & Participation plan to OfS and reflect the collegiate nature of support to students. The Access Investment is expenditure on activities and measures that support the ambitions set out in the University's Access and Participation Plan at: www.ox.ac.uk/about/oxford-access.

Notes to Financial Statements – continued

39. Restatements

Restatement of the 2020/21 figures have occurred for the following reasons

1. Agreement with a particular donor: Unspent Income was deferred in the 2020/21 accounts as it was believed the donation which was for research purposes had sufficient performance conditions to defer the unspent funds. A subsequent re-examination of the contract terms indicates that there were not sufficient performance conditions to defer the research donation. The monies received in 2020/21 are now recorded as income in 2020/21. The effect of this restatement is to increase Income: Research grants and contracts (note 4) and Unrestricted reserves (note 32) and to reduce Creditors: Research grants creditors (note 25) by £12.0m. This adjustment is made in both University and Consolidated accounts.
2. Funding received from the Higher Education Innovation Fund. Income carried forward from 2020/21 for a specific grant did not have sufficient performance conditions for deferment and so is now recorded as Income in that year. The effect of this restatement is to increase Income: Funding body grants (note 3) and Unrestricted reserves (note 32) by £4.8m and to reduce Creditors: Accruals and deferred income (note 25) by the same amount in both University and Consolidated accounts in 2020/21.
3. A re- examination of the relationship between a subsidiary company, Oxford University Trading Ltd and the University, has given rise to the inclusion of income and expenditure in the accounts for the University whilst previously that income and expenditure was only included in the Consolidated accounts. This is because the university is deemed to be acting as principal in these transactions as the agency arrangement is not disclosed. Income and expenditure are grossed up by the same value with no net effect on profit and therefore with no impact on Reserves. The effect of the restatement in the University accounts is to increase Other income: Other services rendered and Operating expenses: Administration (note 11) by £14.6m. These transactions were already included in the consolidated financial statements, and therefore no adjustment is required to the consolidated figures.
4. There has been a reallocation of creditor balances within Creditors: amounts falling due within one year as a result of an error in mapping between the ledger and the financial statements. This reduced Research grants creditors by £19.3m in both the Consolidated and the University Financial Statements, increased Accruals and deferred income by £55.2m in the Consolidated and by £59.4m in the University Financial Statements and reduced Trade creditors by the following amounts: £35.9m (Consolidated) and £40.1m (University) (note 25).
5. Cash deposits held on behalf of subsidiaries within Accruals and deferred income (note 25) and totalling £21.5m were reclassified to Amounts due to subsidiaries (note 25). An additional adjustment was made to reclassify subsidiary intercompany balances (Amounts due from/to subsidiaries within notes 20 and 25). After both adjustments, Amounts due from subsidiaries (note 20) was reduced by £14.5m, Accruals and deferred income (note 25) was reduced by £21.5m and Amounts due to subsidiaries (note 25) was increased by £7.0m.
   These adjustments affect the University balances but have no impact on the Consolidated position.
6. An amount of £18.7m was previously deferred as income, as it was believed to have performance conditions. On re-examination, it was determined not to have performance conditions and has on review been released to income in the brought forward reserves and with movements in income in 2020/21 of £0.6m. The remaining balance of £1.2m was released in 2021/22 and none of the balance is now deferred. The income has been included in restricted reserves as it is for specific workstreams for one particular department as specified by the original donor.

Notes to Financial Statements – continued

39. Restatements continued

Consolidated Reconciliations	2020/21 before restatement £'m	1 £'m	2 £'m	3 £'m	4 £'m	5 £'m	6 £'m	2020/21 after restatement £'m
Statement of Comprehensive Income								
Funding body grants	203.8	-	4.8	-	-	-	-	208.6
Research grants and contracts	653.3	12.0	-	-	-	-	-	665.3
Total Income before donations	2,328.7	12.0	4.8	-	-	-	-	2,345.5
Surplus before other gains	100.5	12.0	4.8	-	-	-	-	117.3
Total Comprehensive income	**795.6**	**12.0**	**4.8**	**-**	**-**	**-**	**-**	**812.4**
Represented by								
Unrestricted comprehensive income for the year	453.2	-	4.8	-	-	-	-	458.0
Endowment comprehensive income for the year	328.1	-	-	-	-	-	-	328.1
Restricted comprehensive income for the year	15.4	12.0	-	-	-	-	-	27.4
Non- controlled interest for the year	(1.1)	-	-	-	-	-	-	(1.1)
	795.6	**12.0**	**4.8**	**-**	**-**	**-**	**-**	**812.4**
Statement of Financial Position								
Creditors: Amounts falling due within one year	1,045.5	(12.0)	(4.8)	-	-	-	-	1,028.7
Net current assets	617.1	12.0	4.8	-	-	-	-	633.9
Total assets less current liabilities	6,978.7	12.0	4.8	-	-	-	-	6,995.5
Total net assets	**5,203.9**	**12.0**	**4.8**	**-**	**-**	**-**	**-**	**5,220.7**
Reserves								
Endowment reserves	1,619.1	-	-	-	-	-	-	1,619.1
Restricted reserves	136.6	12.0	-	-	-	-	-	148.6
Unrestricted reserves	3,447.2	-	4.8	-	-	-	-	3,452.0
Minority interests	1.0	-	-	-	-	-	-	1.0
Total reserves	**5,203.9**	**12.0**	**4.8**	**-**	**-**	**-**	**-**	**5,220.7**
Note 1. Tuition Fees and Grant Income								
Grant income from other bodies	189.2	-	4.8	-	-	-	-	194.0
Total grant and fee income	631.4	-	4.8	-	-	-	-	636.2
Note 3. Funding body grants								
Higher Education Innovation Fund	4.9	-	4.8	-	-	-	-	9.7
Total funding body grants	203.8	-	4.8	-	-	-	-	208.6

Notes to Financial Statements – continued

39. Restatements continued

Consolidated **Reconciliations**	**2020/21 before restatement £'m**	**1 £'m**	**2 £'m**	**3 £'m**	**4 £'m**	**5 £'m**	**6 £'m**	**2020/21 after restatement £'m**
Note 4. Research grants and contracts								
UK funders : UK industry and commerce	23.2	12.0	-	-	-	-	-	35.2
Total research grants and contracts	653.3	12.0	-	-	-	-	-	665.3
Note 11. Operating expenditure								
Administration	144.8	-	-	14.6	-	-	-	159.4
Subsidiary companies – HE	63.7	-	-	(14.6)	-	-	-	49.1
Total consolidated	2,332.2	-	-	-	-	-	-	2,332.2
Note 25. Creditors : amounts falling due within one year								
Research grants creditors	412.8	(12.0)	-	-	(19.3)	-	-	381.5
Accruals and deferred income	289.6	-	(4.8)	-	55.2	-	-	340.0
Trade payables	232.4	-	-	-	(35.9)	-	-	196.5
Total: Creditors: amounts falling due within one year	**1,045.5**	**(12.0)**	**(4.8)**	**-**	**-**	**-**	**-**	**1,028.7**

Notes to Financial Statements – continued

Consolidated Reconciliations	2020/21 before restatement £'m	1 £'m	2 £'m	3 £'m	4 £'m	5 £'m	6 £'m	2020/21 after restatement £'m
Note 31 Restricted Reserves								
General Academic: Balance at 31 Jul 2021	42.8	12.0	-	-	-	-	-	54.8
Total Restricted Reserves	136.6	12.0	-	-	-	-	-	148.6
Note 32. Unrestricted Income and Expenditure Reserves								
Unrestricted reserves: Balance at 31 July 2021	3,447.2	-	4.8	-	-	-	-	3,452.0

University Reconciliations	2020/21 before restatement £'m	1 £'m	2 £'m	3 £'m	4 £'m	5 £'m	6 £'m	2020/21 after restatement £'m
Statement of Comprehensive Income								
Funding body grants	203.8	-	4.8	-	-	-	-	208.6
Research grants and contracts	647.8	12.0	-	-	-	-	-	659.8
Other income	183.1	-	-	14.6	-	-	-	197.7
Total Income before donations	2,145.9	12.0	4.8	14.6	-	-	-	2,177.3
Donations and endowments	94.1	-	-	-	-	-	0.6	94.7
Total Income	**2,249.8**	**12.0**	**4.8**	**14.6**	**-**	**-**	**0.6**	**2,281.8**
Operating expenditure	981.3	-	-	14.6	-	-	-	995.9
Total Expenditure	2,154.8	-	-	14.6	-	-	-	2,169.4
Surplus/ (deficit) before other gains	95.0	12.0	4.8	-	-	-	0.6	112.4
Total Comprehensive income	**782.5**	**12.0**	**4.8**	**-**	**-**	**-**	**0.6**	**799.9**
Represented by								
Unrestricted comprehensive income for the year	451.1	-	4.8	-	-	-	-	455.9
Endowment comprehensive income for the year	316.0	-	-	-	-	-	-	316.0
Restricted comprehensive income for the year	15.4	12.0	-	-	-	-	0.6	28.0
Non- controlled interest for the year	-	-	-	-	-	-	-	-
	782.5	**12.0**	**4.8**	**-**	**-**	**-**	**0.6**	**799.9**

Notes to Financial Statements – continued

39. Restatements continued

University Reconciliations	2020/21 before restatement £'m	1 £'m	2 £'m	3 £'m	4 £'m	5 £'m	6 £'m	2020/21 after restatement £'m
Statement of Financial Position								
Current assets: Trade and other receivables due within one year	515.6	-	-	-	-	(14.5)	-	501.1
Creditors: Amounts falling due within one year	1,004.0	(12.0)	(4.8)	-	-	(14.5)	(19.3)	953.4
Net current assets	502.2	12.0	4.8	-	-	-	19.3	538.3
Total assets less current liabilities	6,852.0	12.0	4.8	-	-	-	19.3	6,888.1
Total net assets	**5,071.8**	**12.0**	**4.8**	**-**	**-**	**-**	**19.3**	**5,107.9**
Reserves								
Endowment reserves	1,537.2	-	-	-	-	-	-	1,537.2
Restricted reserves	136.6	12.0	-	-	-	-	19.3	167.9
Unrestricted reserves	3,398.0	-	4.8	-	-	-	-	3,402.8
Minority interests	-	-	-	-	-	-	-	-
Total reserves	**5,071.8**	**12.0**	**4.8**	**-**	**-**	**-**	**19.3**	**5,107.9**
Note 1. Tuition Fees and Grant Income								
Grant income from other bodies	189.2	-	4.8	-	-	-	-	194.0
Total grant and fee income	**622.3**	**-**	**4.8**	**-**	**-**	**-**	**-**	**627.1**
Note 3. Funding body grants								
Higher Education Innovation Fund	4.9	-	4.8	-	-	-	-	9.7
Total funding body grants	**203.8**	**-**	**4.8**	**-**	**-**	**-**	**-**	**208.6**
Note 4. Research grants and contracts								
UK funders: UK industry and commerce	23.2	12.0	-	-	-	-	-	35.2
Total research grants and contracts	**647.8**	**12.0**	**-**	**-**	**-**	**-**	**-**	**659.8**
Note 6. Other Income								
Other services rendered	5.9	-	-	(1.3)	-	-	-	4.6
Other income	57.8	-	-	15.9	-	-	-	73.7
Other Income	**183.1**	**-**	**-**	**14.6**	**-**	**-**	**-**	**197.7**
Note 8. Donations and endowments								
Donations with restrictions	38.1	-	-	-	-	-	0.6	38.7
Total Donations and endowments	**103.9**	**-**	**-**	**-**	**-**	**-**	**0.6**	**104.5**

Notes to Financial Statements – continued

39. Restatements continued

University **Reconciliations**	**2020/21 before restatement £'m**	**1 £'m**	**2 £'m**	**3 £'m**	**4 £'m**	**5 £'m**	**6 £'m**	**2020/21 after restatement £'m**
Note 20. Trade and other receivables due within one year								
Amounts due to subsidiaries	56.6	-	-	-	-	(14.5)	-	42.1
Total Trade and other receivables due within one year	**515.6**	**-**	**-**	**-**	**-**	**(14.5)**	**-**	**501.1**
Note 25. Creditors: amounts falling due within one year								
Research grants creditors	402.9	(12.0)	-	-	(19.3)	-	-	371.6
Accruals and deferred income	299.2	-	(4.8)	-	59.4	(21.5)	(19.3)	313.0
Trade payables	211.3	-	-	-	(40.1)	-	-	171.2
Amounts due to subsidiaries	-	-	-	-	-	7.0	-	7.0
Total Creditors: amounts falling due within one year	**1,004.0**	**(12.0)**	**(4.8)**	**-**	**-**	**(14.5)**	**(19.3)**	**953.4**
Note 31 Restricted Reserves								
General Academic: Balance at 31 Jul 2020	39.0	-	-	-	-	-	18.7	57.7
Net income and expenditure in 2020/21	3.8	-	-	-	-	-	-	3.8
Restatements	-	12.0	-	-	-	-	0.6	12.6
Restated balance at 31/7/2021	42.8	12.0	-	-	-	-	19.3	74.1
Total Restricted Reserves	**136.6**	**12.0**	**-**	**-**	**-**	**-**	**19.3**	**167.9**
Note 32. Unrestricted Income and Expenditure Reserves								
Unrestricted reserves: Balance at 31 July 2021	**3,398.0**	**-**	**4.8**	**-**	**-**	**-**	**-**	**3,402.8**

Notes to Financial Statements – continued

39. Restatements continued

Reclassification of spinout companies

Spinout company valuation are now separated into (i) Investments that are stated at market value and (ii) Investments that are stated at cost less impairment. This adjustment only affects notes 17 and 27.

Spinout companies are valued both in previous years and the current financial year in accordance with the International Private Equity and Venture Capital Guidelines (the 'IPEVC Guidelines') endorsed by the British & European Venture Capital Associations. Specifically, 'where the investment being valued has been subject to a recent trade, its cost may provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business'. However in other cases where management conclude there is no reliable measurement offair value, unlisted equity investments are held at cost less impairment. In the circumstance where a reliable fair value had been previously available but can no longer be determined, the previous value is deemed to be the cost for the purpose of measuring the cost and then reviewed for impairment. Where there has been no funding round, then Spinout companies are held at the original cost of the share subscription

17. Consolidated non-current Investments	**2020/21 before restatement £'m**	**Amendment £'m**	**2020/21 after restatement £'m**
Investments stated at market value:			
Spinout companies	197.3	(74.5)	122.8
Investments stated at cost less impairment:			
Spinout companies at cost less impairment	-	74.5	74.5

17. University non-current Investments	**2020/21 before restatement £'m**	**Amendment £'m**	**2020/21 after restatement £'m**
Investments stated at market value:			
Spinout companies	190.9	(73.6)	117.3
Investments stated at cost less impairment:			
Spinout companies at cost less impairment	-	73.6	73.6

Notes to Financial Statements – continued

40. US Loans Schedule

US Department of Education (USDE) financial responsibility supplemental schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid the University of Oxford is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- Prepared under the historical cost convention
- Prepared using United Kingdom generally accepted accounting practice in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition); and
- Presented in pounds sterling

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Source	Expendable Net Assets		2021/22 £'000		2020/21 £'000	
Balance Sheet and Note 32	Statement of Financial Position– Net assets without donor restrictions	Net assets without donor restrictions	-	3,398,300	-	3,447,200
Balance Sheet and Notes 30	Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions	-	1,854,100	-	1,755,700
Note 37	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party	4,698	-	1,424	-
Note 37	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-	4,698	-	1,424
Note 15	Statement of Financial Position – Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	1,901,800	-	1,465,200	-
Note 15, 16, 17	Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – pre-implementation	Property, plant and equipment - pre-implementation	-	1,842,700	-	1,859,400
N/A	Note of the Financial Statements - Statement of Financial Position – Property, plant and equipment – post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase	-	-	-	-

Notes to Financial Statements – continued

40 US loans continued

Lines	Expendable Net Assets		2021/22 £'000		2020/21 £'000	
Note 15, 16, 17	Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – post-implementation without outstanding debt for original purchase	Property, plant and equipment – post-implementation without outstanding debt for original purchase	-	-	-	194,000
Note 15	Note of the Financial Statements – Statement of Financial Position – Construction in progress	Construction in progress	-	59,100	-	(61,700)
N/A	Statement of Financial Position – Lease right-of-use assets, net	Lease right-of-use asset, net	-	-	-	
N/A	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-	-	-	-
N/A	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation	-	-	-	-
N/A	Statement of Financial Position – Goodwill	Intangible assets	-	-	-	-
14	Statement of Financial Position – Other intangible assets	Intangible assets	-	97,100	-	86,900
Balance sheet, Note 28	Statement of Financial Position – Post-employment and pension liabilities	Post-employment and pension liabilities	-	652,200	-	473,300
Note 25, 26	Statement of Financial Position –Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	1,258,900	-	217,600	-
Note 25, 26	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre-implementation	-	1,257,000	-	217,600
N/A	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes post-implementation	-	-	-	-

Notes to Financial Statements – continued

40. US loans continued

Lines	Expendable Net Assets		2021/22 £'000		2020/21 £'000	
N/A	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process	-	-	-	-
N/A	Statement of Financial Position – Lease right-of-use asset liability	Lease right-of-use asset liability	-	-	-	-
N/A	Statement of Financial Position – Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-	-	-	-
N/A	Statement of Financial Position – Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases	-	-	-	-
N/A	Statement of Financial Position – Annuities	Annuities with donor restrictions	-	-	-	-
N/A	Statement of Financial Position – Term endowments	Term endowments with donor restrictions	-	-	-	-
N/A	Statement of Financial Position – Life Income Funds	Life income funds with donor restrictions	-	-	-	-
Balance sheet, Note 30	Statement of Financial Position – Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity	-	1,259,100	-	1,230,900
Source	**Total Expenses and Losses**		**2021/22 £'000**		**2020/21 £'000**	
Statement of Comp Income	Statement of Activites – Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions – taken directly from Statement of Activities	-	2,528,400	-	2,332,200
Statement of comp income	Statement of Activities – Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) – (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)	-	(465,800)	-	(815,200)

Notes to Financial Statements – continued

40. US loans continued

Source	Total Expenses and Losses		2021/22 £'000		2020/21 £'000	
Statement of Comp Income	Statement of Activites – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses	-	241,400	-	(838,900)
N/A	Statement of Activities – Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	-	-	-	-
Source	**Modified Net Assets**		**2021/22 £'000**		**2020/21 £'000**	
Balance sheet, note 32	Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions	-	3,398,300	-	3,448,200
Balance sheet, note 30, 31	Statement of Financial Position – total Net assets with donor restrictions	Net assets with donor restrictions	-	1,854,100	-	1,755,700
N/A	Statement of Financial Position – Goodwill	Intangible assets	-	-	-	-
Note 37	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	4,698		1,424	
Note 37	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-	4,698	-	1,424
Source	**Modified Assets**		**2021/22 £'000**		**2020/21 £'000**	
Notes 14, 15, 16, 17, 19, 20, 21, 25, 26	Statement of Financial Position – Total Assets	Total Assets	-	8,428,400	-	8,024,200
N/A	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-	-	-	-
N/A	Statement of Financial Position – Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-	-	-	-
Note 37	Statement of Financial Position – Goodwill	Intangible assets	-	-	-	0
Note 37	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	4,698		1,424	
N/A	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-	4,698	-	1,424

Notes to Financial Statements – continued

40. US loans continued

Source	Net Income Ratio		2021/22 £'000		2020/21 £'000	
Balance sheet, note 32	Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions	-	(54,200)	-	452,100
Statement of Comp income	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenue and Gains	-	2,555,600	-	2,321,100

Photography

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