UNIVERSITY OF OXFORD

Financial Statements
2020/21

University of Oxford

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www.ox.ac.uk

Contents

AT A GLANCE
Strategic and Operational Measures

Education

Measure	% change 2019/20 to 2020/21
13,044 Postgraduate students	8.6%
12,510 Undergraduate students	4.6%
68.2% UK undergraduates admitted for 2021/22 entry are from state schools	-0.4%
20.6% of undergraduates admitted for 2021/22 entry are from the most disadvantaged areas of the UK[1].	1.8%

Research

Measure	% change 2019/20 to 2020/21
£653.3m Research income	3.1%
94.8m Research income from industry	-9.6%
1st (6th time running) in the *Times Higher Education* World University Rankings	-
7,447 Research-related agreements executed	1.9%

Educational Publishing undertaken by the Press

Measure	% change 2019/20 to 2020/21
£694.3m Educational publishing income	-8.0%
62,000 children in England benefited from the Nuffield Early Language Intervention programme	N/A
£159.4m Operating cash flow	6.4%
£40.0m Total comprehensive income	41.3%

Engagement and Partnership

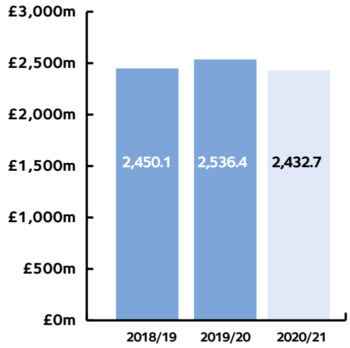
Measure	% change 2019/20 to 2020/21
More than **1,600** participants in the 18-month UNIQ 2021 programme	-
163 participants in our Opportunity Oxford bridging programme	58.3%
1,122 Students from low-income backgrounds supported by Crankstart scholarships	46.7%
169 Active spinout companies	14.2%

[1]ACORN categories 4 and 5 and POLAR4 quintile 1.

Financial Measures

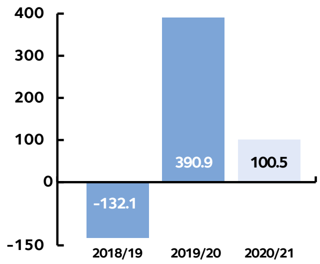
Income

£2,432.7m



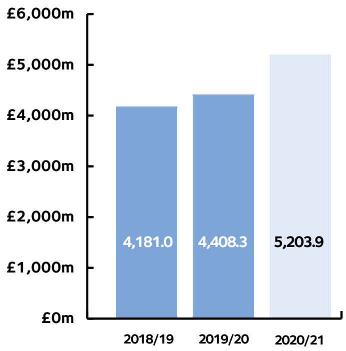
Surplus before other gains

£100.5m



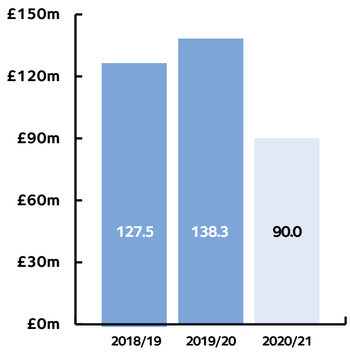
Net Assets

£5,203.9m



Capital Expenditure

£90.0m



LETTER FROM THE VICE-CHANCELLOR

"This past year, like the year that preceded it, has been dominated by the pandemic, but I am very happy to report that the University of Oxford has not only weathered this storm, we have chased it, studied it, and protected millions of people around the world from its impact. We have also learned a great deal about ourselves; about the resilience and grace of our students, the commitment and talent of our staff, the durability and flexibility of our structures. We have also demonstrated the importance of public investment in research and innovation, and the enduring value of what research universities do.

The University has received widespread recognition for the quality of our research and our role in combatting Covid-19. We were named No 1 in the world for a 6th consecutive year by the *Times Higher Education* World University Rankings. We moved from 5th to 2nd place in the QS rankings. 21 of our academics were recognized in the Queen's Honours Lists and large numbers of our colleagues were elected to fellowships of Royal and Learned societies in addition to a host of individual awards. The 18% increase in applications for graduate study in Oxford is another indicator of our global standing, as is the increase in philanthropic gifts. This year we raised £236 million, our second best year ever. This included £100 million from Sir Jim Ratcliffe and Ineos to create a new institute for research on anti-microbial resistance, one of the greatest public health threats we face.

While our research drew global recognition our tutors ensured that our commitment to teaching remained as strong as ever. We adapted rapidly from in-person to hybrid to fully online teaching, and back again, while all the time focused on the educational and pastoral needs of our students. The Bodleian Library closed its doors but kept the University reading by creatively expanding its digital services. Other aspects of our work pivoted equally nimbly to online platforms. From careers advice to students support, to alumni events: we changed the format of our engagement and discovered the advantages of digital communications, not least to bring together people in greater numbers and in different places with minimal carbon emissions. A Digital Education Review is currently taking place to consider how we can build on this progress in the future.

The financial impact of the pandemic to date has not been at all as dire as we anticipated. We expected that the cost of the pandemic would be in the region of £90 million. We budgeted for a deficit of £38 million to be funded by drawing on reserves. We were determined that we would protect existing jobs and salaries and instituted a range of measures to contain costs such as a recruitment freeze and delaying minor capital projects. We decided that we would not put any staff or student services on the line, cancel new projects, or make contingent scholars and staff bear the cost of financial uncertainty associated with the pandemic. Instead we have treated the pandemic as an opportunity for timely investment in technology, health and safety, in new research facilities and staff accommodation, in access measures, and in adopting the Oxford Living Wage for all staff. All of these investments, in both people and infrastructure will benefit the University far beyond the pandemic as part of our long-term vision. As it turned out, student numbers did not decline as we expected, and we ended the year in a strong financial position, due largely to exceptionally strong investment performance.

We have long argued that research universities are the engine room of the economy. This year we received confirmation of our economic impact in the publication of a report by London Economics which estimated the total impact of the University's activities on the UK economy in 2018/19 to be £15.7 billion, with 40% of this economic impact occurring outside the South East. This figure demonstrates that for every £1 invested in Oxford, research and innovation generates more than £10 for the British economy. We look forward with great interest to seeing the figures for 2020/21.

Our Covid vaccine development has shown that collaboration between industry, academia and government is crucial to finding solutions to global challenges. In addition to the partnerships with AstraZeneca and Ineos, we are producing ground-breaking diabetes research with Novo-Nordisk, pioneering sustainable aviation solutions with Rolls Royce, and using cutting edge research to enhance public engagement with The National Trust. We have also announced a partnership with Podium Analytics to create Oxpod, the UK's first institute for the study of youth sport medicine and technology. Working with OUI and OSE we continue to spin out new companies, 31 this year, and delighted in the very successful IPO of Nanopore, an Oxford spinout specializing in handheld and desktop DNA and RNA sequencing.

Our preoccupation with the pandemic did not preclude our making strides towards achieving our targets in a range of priority areas from access to sustainability. Our intake of Black British undergraduates has almost trebled in the past four years and the proportion of incoming British undergraduates from the most deprived backgrounds is now 20.6%. Our attention is turning to the challenge of access at postgraduate level. The introduction of the Black Academic Futures Scholarships has led to an increase of 55% in applications from black British students and the UNIQ+ programme is being expanded. We have also launched our new Sustainability Strategy committing the university to achieving net zero carbon and biodiversity net gain by 2035.

Notwithstanding this very positive picture, we are facing some serious headwinds. Widespread dissatisfaction with the USS Pension continues to threaten industrial relations and the prospect of inflation and rises in cost of living will inevitably lead to demands for increases in our wage bill. Meanwhile, while the recent government commitment to R&D expenditure in the Comprehensive Spending Review is welcome, serious concerns remain about the future of UK and EU research funding. Nevertheless, the students are back, the libraries are full, the incidence of Covid is very low. There is an indelible sense of optimism in the air. ”

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 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 sustain high levels of investment in technology in order to compete within a rapidly evolving digital environment.
	To focus on growth in emerging markets, in particular those where Oxford University Press is already well placed.
	To focus on efficiency in order to remain competitive.
People	To attract, recruit and retain the highest calibre staff.
	To work towards an increasingly diverse staffing profile.
	To support staff in personal and professional development.
Engagement and partnership	To work with partners to create a world-class regional innovation ecosystem.
	To build a stronger and more constructive relationship with our local and regional communities.
	To engage with the public and policy makers to shape our research and education and to encourage the widest possible use of our research findings and expertise.
	To maximise the global social, cultural and economic benefit derived from our research and scholarship.
Resources	To manage our financial resources to ensure the collegiate University's long-term sustainability.
	To ensure that our estate provides an environment which promotes world-class research and education whilst minimising our environmental impact, conserving our historic built environment, and improving our space utilisation.
	To continue to invest in our information technology capability to enhance the quality of our research and education and to streamline our administrative processes.
	To raise funds to support the very best students, invest in our staff and their work and provide new resources and infrastructure.

EMERGING TRENDS

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

The current Strategic Plan covers the period 2018 to 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.

COVID-19: impact and recovery

The pandemic has accelerated implementation of our digital approaches to teaching, learning and assessment. While small-group in-person teaching will continue to be one of the hallmarks of an Oxford degree, such provision will be augmented by digital approaches to learning, teaching and assessment that are particularly valued by our students. A review of the University's Digital Education Strategy is currently underway which will further inform longer-term planning, ensuring we capture the positive developments arising from the pandemic experience and make the most of opportunities to evolve and promote our educational offering.

The COVID-19 pandemic has highlighted issues of mental health and wellbeing. The University has increased support, including access to counselling for staff and students and has established a Wellbeing Programme Board to make recommendations for further improvements.

As we emerge and recover from the pandemic, the new Oxford Pandemic Sciences Centre will play a crucial part in our learning from this pandemic which has shown in many different ways how unprepared governments, societies and economies have been for such an event. A key lesson from the pandemic is the need for partnership between excellent academic institutions, industry and public health organisations. Building on the University's experience with developing a COVID-19 vaccine in record time as well as all the other Covid-related research performed by Oxford staff and their collaborators, the Centre will unite disciplines and sectors, to build agile, equitable partnerships that can tackle complex problems and respond to pandemic threats at any time.

Research and innovation

Government has in recent years announced a number of initiatives and priorities around research and innovation. For example, the R&D Roadmap and Innovation Strategy emphasise collaborative research and boosting innovation activity in the UK. Oxford is already a major centre for economic growth and innovation, with the University at its centre generating new companies and partnering with established business to translate its research outputs into economic and societal benefits. The University is working with government and partners on the development of the Oxford-Cambridge Arc which has been identified as a key economic priority to promote sustainable economic growth.

As part of wider development of the University's Innovation Districts, plans to expand Begbroke Science Park are progressing fast. Phase 1 of the expansion is part of the University's £4 billion development partnership with Legal & General plc and is being taken forward by Oxford University Development Ltd, a joint venture company set up by the two partners.

Access and diversity

The University remains ever committed to ensuring that our undergraduate admissions processes identify students with outstanding academic potential and the ability to benefit from an Oxford course whatever their background. We know that our main challenges lie in encouraging students from underrepresented groups to apply to Oxford and in helping them to make competitive applications. We have made strong progress and will further embed the approaches that have yielded this success.

We are also committed to widening access to graduate level study and continue to progress outreach initiatives as well as broader policy aimed at achieving this. A particular focus will be on how best to determine matters of disadvantage at graduate level and so ensure our outreach work is reaching relevant groups. The University has introduced the Black Academic Futures positive action scheme to fund up to thirty Black British doctoral students each year and has obtained additional philanthropic funding for a range of other positive action bursaries and scholarships.

Similarly, the University will continue to work towards greater diversity among its staff. It launched a Race Equality Task Force which will develop a strategy and programme of measurable actions to accelerate the University's race equality efforts.

Emerging trends – continued

Environmental sustainability

Council approved the Environmental Sustainability Strategy on 15 March 2021, setting a target for the University to achieve carbon net zero and biodiversity net gain by 2035. The Strategy has been adopted against the backdrop of increasing evidence of biodiversity depletion and climate change.

The strategy is supported by these four enablers:

- Governance: Sustainability is now a University priority embedded in University governance and a new Environmental Sustainability Subcommittee has been established.
- Reporting: A best practice review of carbon accounting and reporting has been undertaken. Carbon and biodiversity impacts are included in this Financial Review.
- Funding: The Oxford Sustainability Fund is being set up this year. Three new income streams of recovering savings from carbon reduction measures, a levy on flights, and hypothecating a portion of the unregulated student fee income are being established in addition to existing sustainability funding. These will fund implementation of the strategy.
- Offsetting: Reducing carbon emissions is being prioritised over offsetting at this stage to reduce impact as far as possible before offsetting. Biodiversity offsetting will be required at an earlier stage, while still prioritising avoidance and reduction of impacts.

The Strategy identifies these ten areas in which to act:

- Research: Increase research and engagement in environmental sustainability.
- Curriculum: Offer all students the opportunity to study environmental sustainability, either within or outside the examined curriculum.
- Carbon emissions from University buildings: Reduce carbon emissions related to our energy consumption to a minimal level.
- Biodiversity: Identify and address the University's principal biodiversity impacts from its operations and supply chain, and enhance biodiversity on the University's estate.
- Sustainable food: Reduce the carbon emissions and biodiversity impact of our food.
- Sustainable resource use: Reduce the environmental impacts of our consumption and supply chain.
- International travel: Reduce aviation emissions from University staff and student travel, and offset the balance of emissions.
- Local travel: Limit transport emissions by reducing the need to travel, encouraging walking, cycling and the use of public transport, and managing the demand to travel by car.
- Investments: Ensure that the University, as an investor, is part of the solution to climate change and biodiversity loss.
- Learning from the pandemic: Build on the experience of the pandemic and the potential shift to more environmentally sustainable working practices.

Progress made this year

Work has already begun on increasing energy efficiency, retrofitting buildings, and developing a decarbonisation strategy across the University estate.

A survey of the entire estate will start this year to establish a biodiversity baseline.

A new travel policy including a flight levy and a flight reduction target is being developed for consultation.

Subgroups are being set up to identify priorities in curriculum and research.

Further information about environmental sustainability across the University can be found at https://sustainability.admin.ox.ac.uk/annual-reports.

Cybercrime

An increasing number of universities have recently suffered from ransomware infections and there is a notable increase in this type of cyber activity compared with previous years. 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.

The successful implementation of Multi-Factor Authentication at the University has added a much needed mitigation to the risks of compromised account credentials. The University's incident response capabilities have been enhanced with more scanning for vulnerabilities and expanded monitoring. The University continued to experience significant attempts during 2020/21 to compromise its information and data security. These attempts pose a risk to our data, cause operational disruption, increase costs and may damage the University's global standing. Information security remains among our highest-rated risks on the University Risk Register and work is ongoing to proactively prevent incidents by reducing risk exposure and reinforcing defences as well as to respond professionally to them should they still happen.

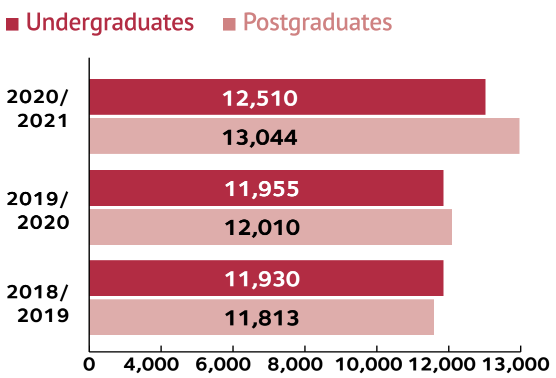
OPERATIONAL REVIEW
Education

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.

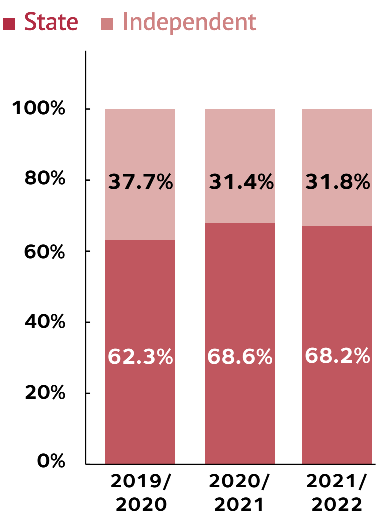
Our strategic commitments

- 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 and learning during COVID-19

The COVID-19 pandemic necessitated a transformation of teaching and learning at Oxford to accommodate those students unable to return for the start of the academic year, and the required move to online learning for most students for the majority of Hilary and Trinity terms. Deployment of an institution-wide virtual learning environment has, in addition, supported the implementation of more inclusive models of teaching and pedagogic practice, addressing student needs during the pandemic as well as strengthening accessibility more generally. The deployment of an online platform for examinations and coursework submissions has enabled exploration of more diverse approaches to assessment, such as remote open book examinations.

Undergraduate admissions and outreach

Overall applications for undergraduate study rose by 3.9% to 24,338 in the 2021 UCAS cycle though the number of admitted students fell 11.3% to 3,279. This intake is in line with the usual pre-pandemic levels, after the exceptionally high intake in 2020.

The Undergraduate Admissions Office has worked closely with colleagues across the collegiate University to share research on the impact of the pandemic in terms of educational disruption and learning loss. In particular, research has shown the differential impact on students from disadvantaged backgrounds and those at schools that are more deprived and have lower attainment. Disadvantaged students have been identified during the admissions process through extra contextual admissions information.

Further developments to undergraduate outreach have also continued, with the flagship UNIQ programme developed for its second year of online delivery in 2021, and University open days held online again. The digital outreach resource Oxplore has expanded its range of Big Question topics to 60, started an online book club for KS3 students to promote recreational reading, and introduced essay competitions for key hotspots such as Wales and the South West. Termly Oxplore LIVE events continue to bring the research of the University into schools.

Education – continued

Graduate admissions, recruitment and access

Applications for graduate study rose by 18% to circa 40,000 in the 2020/21 admissions cycle. Applications from the UK increased by 10.5%, EU by 13.3% and non-EU countries by 18.4%. 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 2021, the UNIQ+ graduate access research internship programme expanded and ran remote internships for over 70 students; a UNIQ+ digital programme was also developed which gave the opportunity to over 150 students to attend workshops and lectures, as well as access supporting materials and academic and peer mentoring. The application fee waiver scheme for low-income countries was also expanded to include waivers from UK students from disadvantaged backgrounds. For the first time, a ground-breaking pilot involving a limited number of courses was developed to use contextual flags and other measures aimed at reducing unconscious bias (e.g. anonymisation of applications) in the assessment of applications and funding awards.

Graduate funding

The University continues to face a substantial scholarship funding gap for graduate students, in particular for Masters' courses, and fundraising for such scholarships remains a strategic priority. Recent successful initiatives have included the creation of new endowed scholarships through the Graduate Endowment Matched Scholarships scheme, and the launch of the Black Academic Futures scholarship programme, addressing underrepresentation in the graduate student community.

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

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 15,000 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 2020/21 was £14.2m, down on previous years due to the cancellation of courses because of the pandemic.

Supporting student success

University Student Welfare services at Oxford continue to see a sustained increase in demand and work has continued to ensure that as many students as possible receive timely access to high-quality services. Wellbeing (for staff and students) is of critical importance to the University and in the course of the past academic year crucial work has been done by the Mental Health Taskforce around additional support for student wellbeing in the short and medium term. The University allocated extra resources to student support services to respond effectively to rising demand as a result of the ongoing pandemic, and our online provision has operated successfully throughout the year and has been highly valued by our students.

Education – continued

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 300 financially supported research and professional internships in more than 40 countries; over 1,600 Micro-internships; and over 120 dedicated Crankstart internships
- over 5,000 1:1 sessions with a Careers Adviser
- more than 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 business; and
- experiential programmes organised by The Oxford Strategy Challenge, The Student Consultancy, Researcher Strategy Consultancy and The Agency providing almost 1,000 students and researchers with opportunities to work on over 100 voluntary consultancy projects for business, social enterprise, charity, and local government clients.

Analysis of the 2017/18 Oxford leavers' data (the most recent available) shows that there is no statistically significant association between their employment outcome and their social background (on many measures, including ACORN, POLAR3, school type, ethnicity, gender and household income). This does not match the national picture and shows that Oxford really does level the employment playing field.

2020/21 HIGHLIGHTS

25,820 students at Oxford, including

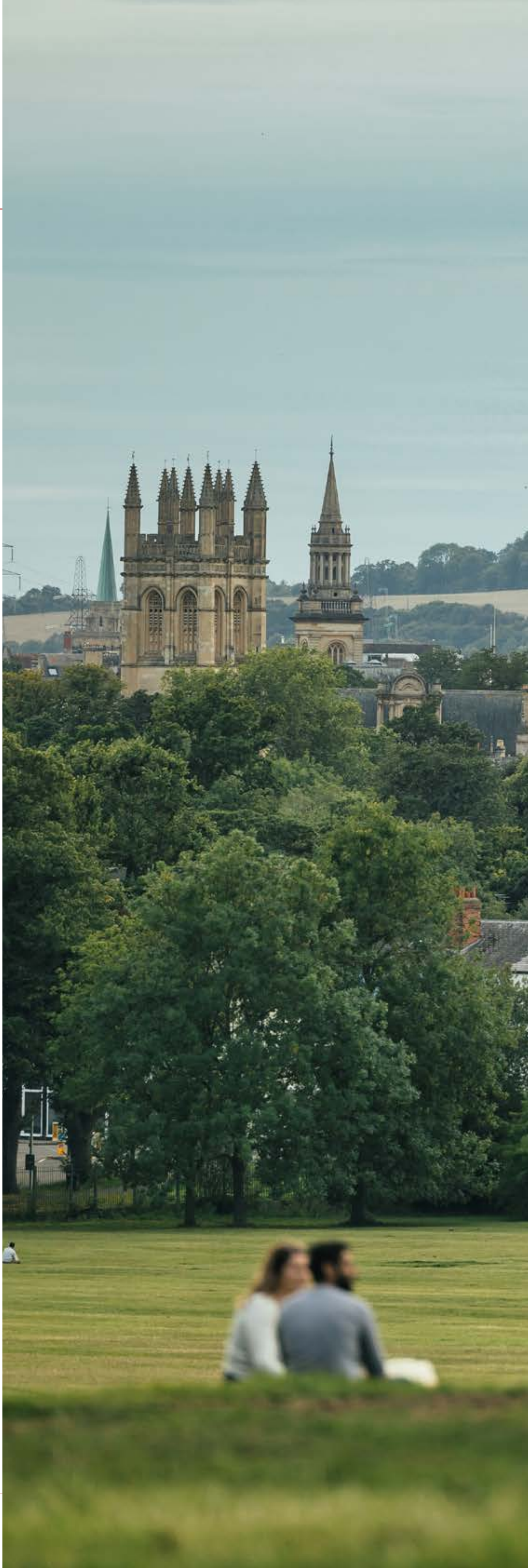
12,510 undergraduates and

13,044 postgraduates

24,338 applications for

3,695 undergraduate places for 2021/22 entry

68.2% of UK undergraduate admissions from state schools



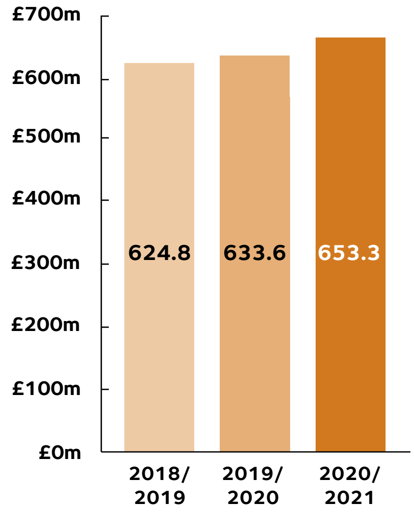
Research

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.

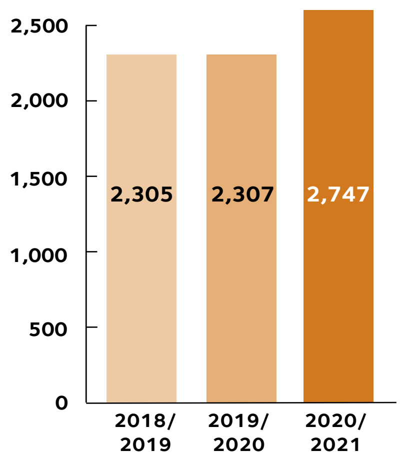
Our strategic commitments

- 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 1,800 academics, almost 4,500 research staff and over 6,400 postgraduate research students. The University collaborates with other universities and research organisations, healthcare providers, businesses, community groups, charities and government agencies, nationally and internationally. According to the most recent Research Excellence Framework (the official UK-wide assessment of all university research), the University has the largest volume of world-leading research in the UK. The public benefits from this research include better public policy, improved health outcomes, economic prosperity, social cohesion, international development, community identity, the arts, culture and quality of life.

Research grant contracts awarded

Much of the University's research activity is funded by competitively won research grants 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 2020/21 over 2,740 new research awards were received, with a cumulative value of £1,029m 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 £155m.

Research income in 2020/21

Annual research income rose in 2020/21 to £653.3m, an increase of 3.1% compared to 2019/20. This growth was particularly noteworthy given the continued level of disruption to research experienced across the University due to the ongoing pandemic. Whilst research facilities remained open, with Covid-secure working arrangements in place, throughout 2020/21, capacity in buildings and facilities was affected. Additional caring responsibilities during lockdown also curtailed the capacity of many researchers and research support staff. Research involving fieldwork and international travel and collaboration continued to experience very significant disruption.

Nevertheless, despite the challenging research funding landscape more generally, the University's leading position in so many facets of the national and international COVID-19 research response has driven the research income growth experienced during 2020/21. For example, income from UK public sources (including the Department of Health & Social Care) grew significantly from £95.9m in 2019/20 to £101.6m in 2020/21. This included major COVID-19 research programmes such as the clinical trials of Oxford's COVID-19 vaccine and the RECOVERY trial – the world's biggest randomised clinical trial - identifying life-saving treatments for COVID-19.

Selected research funding highlights in the past year include:

- £100m donation from INEOS to create new institute to fight antimicrobial resistance. The INEOS Oxford Institute for Antimicrobial Research will be established in the new state of the art Life & Mind Building.
- Over £60m in further funding from the Department of Health & Social Care to support the University's leadership of the COVID-19 national prevalence study on behalf of the Office for National Statistics (ONS).
- £30m from the UK Government's largest-ever research programme to understand and scale up greenhouse gas removal (GGR), for the Oxford-led CO2RE consortium.
- £1.4m from the Leverhulme Trust to support 15 doctoral scholarships in multi-disciplinary research areas investigating the impact of poverty and social inequalities in early childhood.
- Continued success in attracting prestigious European Research Council (ERC) fellowships across each of the academic divisions, placing Oxford first amongst European universities for receipt of ERC awards.

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

2020/21 HIGHLIGHTS

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

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

Highest overall research income of any UK university including highest for UK public sector, industry and the European Commission

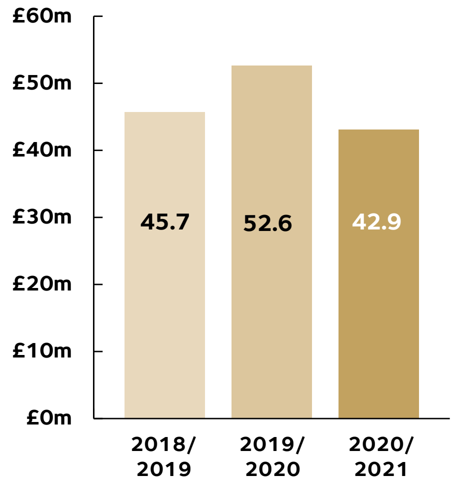
Educational Publishing

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.

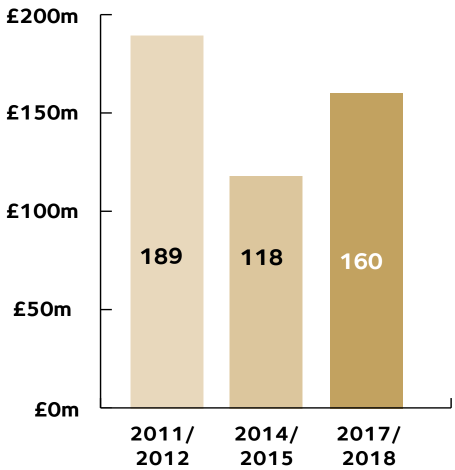
Our strategic commitments

- To demonstrate evidence of positive educational and research impact from the use of the Press's materials and services.
- To sustain high levels of investment in technology in order to compete within a rapidly evolving digital environment.
- To focus on growth in emerging markets, in particular those where the Press is already well placed.
- To focus on efficiency in order to remain competitive.

Value of annual transfer from educational publishing



Value of special transfers from educational publishing



Mission

Oxford University Press 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 that advances knowledge and learning to inspire progress.

Response to Coronavirus

The way that people learn and access information changed because of the impact of the pandemic. The Press worked quickly to adapt to customers' evolving needs, by maintaining its digital-first approach and commitment to its mission, to meet the increased demand for high-quality digital products and services.

Once again the Press ran the English Language Teaching Online Conference (ELTOC), providing English language teachers worldwide with an opportunity for professional development. 53,000 individuals from all over the world signed up to attend the event, highlighting the importance and value of innovation during times of disruption.

To support education in the UK, flagship education platforms *MyMaths*, *Kerboodle*, and *Oxford Owl* were updated. When UK schools were operating remotely, daily usage of *Oxford Owl* and *MyMaths* increased by 970% and 245% respectively. In Australia, digital access was provided to one million secondary school students, as part of the *Learning Anywhere* campaign, and in Kenya online teacher training events expanded into workshops for parents to assist with home schooling.

Amidst concerns about the mental health of young people during the pandemic, the Press published a free e-picture book, *Everybody Worries* by Jon Burgerman, to provide guidance to parents and carers in helping young children understand and come to terms with the uncertainty around them. It was subsequently translated into IsiXhosa, IsiZulu and Sesotho, and 50,000 physical copies were distributed for free across South Africa.

In Research, the Press continued to offer free access to valuable research to researchers, medical professionals, policymakers, and others working to address the pandemic through its dedicated research hub. The hub received 22 million views between January 2020 and March 2021. In the UK, NHS staff were also granted free access to *Oxford Medicine Online*, which hosts over 1,000 medical books.

Educational Publishing – continued

Market and sector strategies

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

The Press's Research publishing continued its transition from print to digital provision of scholarly content and higher education materials. Digital and eBook revenues increased by 14% and 101% respectively. Journal usage also increased by 12%.

The Press continued to grow its Open Access publishing activities; 12 new titles were launched, and 18 Read & Publish deals were agreed.

The Press also contributed to the SHAPE (Social Sciences, Humanities, and the Arts for People and the Economy) initiative, which highlights the role these disciplines play in our everyday lives. The Press is committed to helping SHAPE thrive in the new age of digital publishing.

The Press made significant updates to *The Oxford Dictionary of National Biography* to acknowledge connections to the slave trade and British colonial history. In dictionaries, licensing activities saw renewals from Big Tech partners including Apple, Amazon, Google, and Microsoft, including non-English datasets. Other successes included the launch of a new edition of an English-Hindi dictionary, and the 25th anniversary of the *Very Short Introductions* series.

The Press's academic book publishing won several significant awards, including:

- A trio of prestigious prizes for its history publishing: the Pulitzer Prize for *Sweet Taste of Liberty: A True Story of Slavery and Restitution in America* by Caleb McDaniel; the Wolfson History Prize for *The Boundless Sea: A Human History of the Oceans* by David Abulafia; and the Cundill Prize for *Fifth Sun: A New History of the Aztecs* by Camilla Townsend.
- Composer Cecelia McDowall was awarded the Ivor Novello Award for *Outstanding Works Collection*.
- ISA IPE Best Book Award for *The Rise of Investor-State Arbitration* by Taylor St John.
- Lakatos Award for *Explaining Cancer* by Anya Plutynski.

In Education, the Press expanded its digital presence across several markets. In Kenya, the team developed eBooks for multiple platforms, leading to a 160% increase in the number of users. A similar initiative in Pakistan saw the number of eBook users grow by 3,000%. The Press also acquired and launched *Oxford Reading Safari*, offering a personalized and interactive reading programme in South Africa. In mainland China, the Press launched its first-ever store on the online marketplace, Tmall, which now hosts more than 700 products.

As part of its ongoing commitment to supporting children's language, the Press worked with the Education Endowment Foundation to expand access to its programme to help four- and five-year-olds whose early language and literacy development was affected by the pandemic. 62,000 reception-age children in 6,672 schools received the Nuffield Early Language Intervention in the 2020/21 school year.

In Higher Education, there was increased demand for digital materials as lecturers adapted to online and hybrid learning. Digital resource downloads and site visits increased by 230%.

It was a challenging year in the Learning of English, as the pandemic heavily impacted private language schools and emerging markets. However, the Press adapted rapidly to hybrid teaching, by standardizing and streamlining the digital components in its backlist and enhancing its platforms for a better user experience. Since the start of the pandemic, 1,000 digital course components have been created. In English Language assessment, the *Oxford Test of English* secured 330 recognitions from ministries, universities, and employers in 28 countries. 12,000 licences were issued to test centres to deliver the programme across 14 countries.

2020/21 HIGHLIGHTS

- Won a trio of prestigious history prizes for books—the Pulitzer Prize, the Wolfson History Prize, and the Cundill Prize.
- **2,504** academic titles were published across print and digital.
- **62,000** children in England benefited from the Nuffield Early Language Intervention programme.
- Launch of a free eBook, *Everybody Worries*, to help young people understand and cope with the disruption caused by the pandemic.
- NHS staff were granted free access to *Oxford Medicine Online*, which hosts **over 1,000** medical books.
- **£42.9m** cash transferred by the Press to the wider University.

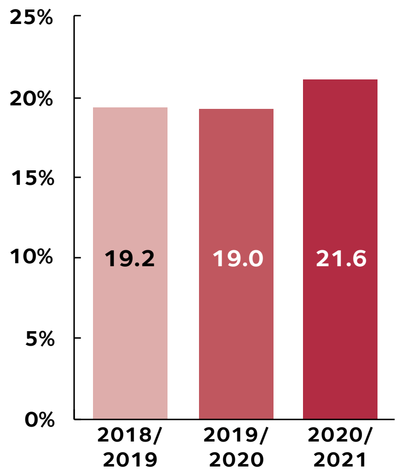
People

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.

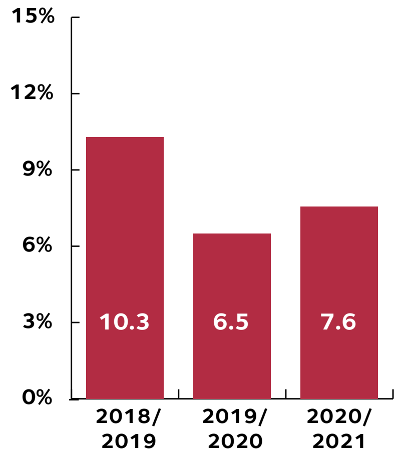
Our strategic commitments

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

Women as % of statutory professors



Voluntary staff turnover



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.

The staff engagement survey

The staff survey conducted in spring 2021 demonstrated some positive feedback from staff against Russell Group norms:

- Staff engagement + 5%
- 'Being managed' + 10%
- Wellbeing & workload + 11%

Responding to COVID-19

We took a number of actions to further mitigate the impact of the ongoing COVID-19 crisis on our staff, such as:

- We used the furlough scheme effectively to support University finances while enabling staff to prioritise their caring responsibilities without loss of income.
- All University employees were given three additional days of annual leave as a gesture of appreciation for their commitment and hard work during the pandemic.
- The annual £240,000 Returning Carers' Fund (RCF) took a more flexible approach in 2020/21, allowing awardees additional time to repurpose their funds where necessary and extending timelines, as conferences or other plans were delayed.

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. 37 departments hold Athena SWAN awards for promoting gender equality, 18 at Silver and 19 at Bronze, and we are awaiting the outcomes of three further applications. In 2020, we improved our position from 93 to 76 in the top 100 employers in the Stonewall Workplace Equality Index. The University's Race Equality Task Force, launched in December 2020, will develop a comprehensive strategy to accelerate race equality at Oxford.

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. The Hub was officially launched by the Vice-Chancellor in April 2021.

Priorities for 2021/22

A priority for 2021/22 will be to coordinate and strengthen our provision for staff wellbeing under the aegis of the Wellbeing Programme Board and to minimise incidences of bullying and harassment across the University.

We will seek to improve ethnic diversity in senior leadership and governance roles; and develop a strategy for inclusive recruitment to underpin new targets for ethnic and gender diversity. Preparation for the renewal of our institutional Athena SWAN Race Equality Charter awards will enable us to reflect on progress and revise our equality strategies for the next five years. Two new externally funded projects will strengthen our capacity to share good practice across departments and understand the effectiveness of different interventions.

2020/21 HIGHLIGHTS

- Introduction of a new Apprenticeship Strategy to increase the number of apprentices (both new entrants and existing staff undertaking apprenticeship training) to 2.5% of the Professional Services workforce by 2023-24.
- Signature of the Research Concordat, showing our commitment to improving our support for our research staff.
- Providing financial support via the Staff Hardship Fund and the COVID Rebuilding Research Momentum Fund.
- The Oxford Living Wage: Almost 2,000 employees moved onto the Oxford Living Wage and received a pay rise from 1 August 2020.
- The Women Making History campaign to mark the centenary of women being admitted as full members of the University and raise the profile of women's scholarship and contributions to University life.

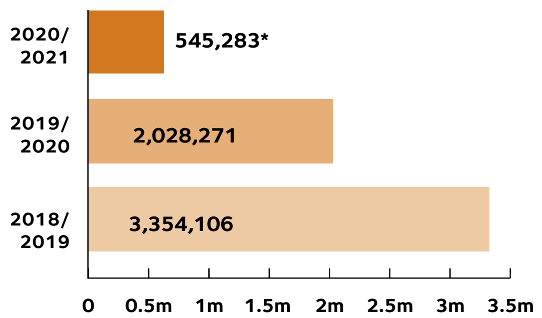
Engagement and Partnership

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.

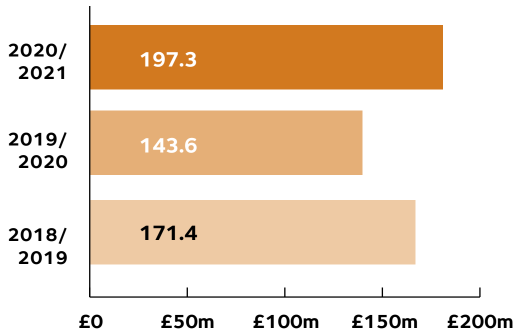
Social contribution

Social ventures have bloomed under lockdown, with six created in 2020/21 and a total of 11 since the programme launched three years ago. The social venture programme is still in its nascent stages, yet the University's social ventures are already targeting five of the 14 UN Social Development Goals. These companies have both the agility of business entities and the purpose of state-owned organisations at their core, and clearly are a key resource to develop.

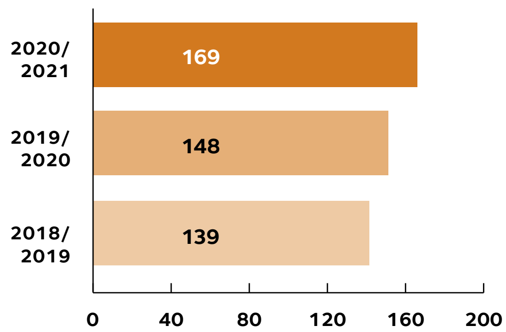
The University continues to provide annual grant awards to community groups and events through its Small Community Grants Scheme. The grant scheme is based around four criteria: promoting education; celebrating culture and heritage; benefiting communities; and building ties between the University and city. The Scheme awarded £50,000 to 52 separate projects in 2020/21, with many of these focused on restarting activities safely in the city following the coronavirus pandemic. The scheme will open for 2021/22 in Michaelmas term.

The Mathematical, Physical and Life Sciences Division has established the Science Together: Oxford Researchers and Communities project, a pilot scheme bringing together researchers and public engagement staff to share their skills in support of our local communities. Science Together will enable researchers to connect with community groups to identify and develop funded, collaborative projects that help these communities to overcome a challenge or seize an opportunity.

Value of University's share of spinout companies



Number of spinout companies



Economic contribution

In 2020/21 the University created 31 companies (spinouts, startups and social ventures), with support from OUI. Since OUI was formed in 1988 it has launched approximately 270 companies. These companies have raised over £4.5bn of investment, with £1.1bn raised in 2020/21.

Many of Oxford's latest life sciences spinouts have been nurtured in the Medical Sciences Division's BioEscalator building which opened in 2019, providing lab and office space for 13 companies and around 100 industrial researchers in the Novo Nordisk Research Centre, a significant inward investment by a leading European therapeutic company.

The University has further supported the creation and growth of new ventures from its student community through the Oxford Foundry. The Foundry has over 3,000 members and 19 student-led ventures have raised £8m of investment into enterprises now valued more than £40m.

Cultural contribution

The impact of COVID-19 continued to be felt across the gardens, libraries and museums in 2020/21. While our museums and indoor spaces closed several times throughout the year in line with government guidance, the Botanic Garden and Harcourt Arboretum were able to remain open for most of the year, providing a safe space for the public to enjoy the outdoors. The Arboretum proved particularly popular, receiving more than double the number of visitors from the previous year. In total, we welcomed 545,283 visitors across our sites in 2020/21.

Over this period, we continued to care for our collections, and to support and engage with local communities and international audiences through digital and community engagement initiatives. Highlights of this work include:

- The Bodleian Libraries enhanced their digital resources and services over the year, with their Scan and Deliver service providing over 1.4m scanned pages, and Click and Collect service delivering more than 60,000 items to readers. The Libraries were able to bring readers back to their reading rooms from early 2021.
- During the pandemic the GLAM institutions focused efforts on digital access and engagement, holding over 150 digital events attended by more than 60,000 people from over 120 countries, expanding their international reach.
- A new Collections Online site was launched for the History of Science Museum and a new Collections Management system was launched for the Ashmolean and Pitt Rivers Museums. Over 750,000 of the digital collection records across GLAM were updated, completed or cleaned to provide better discovery and access.
- GLAM launched its Community Connectors programme to support inclusive community engagement by connecting with local and emerging communities and networks.
- The History of Science Museum together with the Bodleian Libraries launched an initiative to collect the artefacts from the University's COVID-19 research to tell the incredible story of Oxford's response to the pandemic. This two-year project is supported by a dedicated Collecting Covid curator and an archivist.
- The Botanic Garden celebrated its 400th Anniversary with a visit by its patron, HRH the Prince of Wales, and with an exhibition held at the Weston Library, 'Roots to Seeds: 400 years of Oxford Botany'.

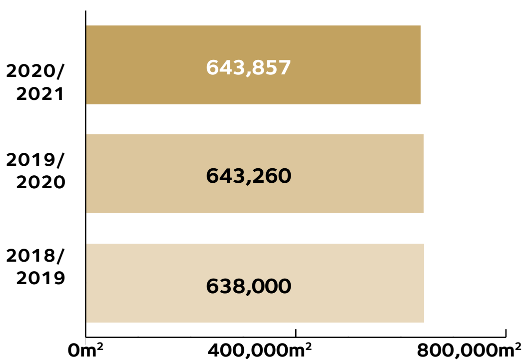
Resources

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.

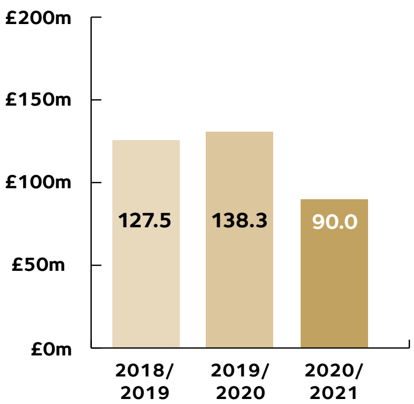
Our strategic commitments

- 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.

Gross Internal Area (GIA) m^2 thousands



Capital additions



Financial resources

The University's financial position continues to strengthen due to strong investment returns which will allow enhanced investment in the University's education and research activities and student support priorities.

In 2019, the University signed a long-term partnership with Legal & General plc, who will provide up to £4 billion to fund the construction of graduate student accommodation, staff housing and research and innovation districts. The first proposals are being developed and taken through the governance and planning procedures. 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

Despite the predominant mode being remote working for IT professionals across the University, the normal programme of IT developments, implementations, refreshes and support has continued successfully throughout 2020/21. Specific extra initiatives in support of the Covid-response have included continued support and evolution of remote and hybrid working across all staff, deployment of additional security provisions, and development/launch of some Covid-specific administrative applications. For Michaelmas Term, there is a strong focus on facilitating the return to normal teaching and research modes, plus the additional enablement of hybrid modes of teaching and work - with their associated supporting IT services and capabilities.

Development

In 2020/21, the University raised £236m in new cash gifts and pledges, overtaking 2019/20 to become the second most successful year for philanthropy for the University. This was a major achievement in increasing donations through a period of such uncertainty due to the pandemic. Donations were up on the previous year across all the academic divisions reflecting both the breadth of interest that philanthropists have in Oxford's work and people, and the effort put in by academics and staff across the University. One of the most notable donations in this year was a £100m gift

from Ineos to establish a new research centre focused on anti-microbial resistance. This is the second largest gift the University has ever received, following the £150m gift from Stephen Schwarzman in 2019.

Research at the University was also boosted by a significant benefaction from the Peter Bennett Foundation for the Bennett Institute for Applied Data Science in the Medical Sciences Division. A $10m gift from the Kavli Foundation established the Kavli Institute for NanoScience Discovery, supporting interdisciplinary research in this field across the MPLS and Medical Science Divisions. Oxford's work in tackling COVID-19 continued to receive support from donors in this year – most notably from the Oak Foundation and the Red Avenue Foundation.

Despite the global economic uncertainty during the period, generous donations have continued to be secured to fund programmes and endow scholarships and academic posts, including the Schwarz-Taylor Chair of the German Language and Literature by the Dieter Schwarz Foundation.

Estates

Estates Services supported colleagues across the University during the COVID-19 pandemic, enabling many staff to perform essential duties on site throughout. Key projects also continued to move forward. The Biochemistry Building Completion project was handed over to users in early 2021, and, following the transfer in 2020 of delivery to the joint venture partnership with Legal & General plc, construction began on the Life and Mind Building (LaMB), which will provide new facilities for biological and psychological science.

The University is working with Legal & General plc on developing major building programmes including new innovation centres at Begbroke and Osney and staff and student housing at Begbroke. These developments will be on long-term leases to the University reducing the University's capital expenditure.

A planning application for the expansion of the Court Place Gardens graduate accommodation, another joint venture project, was submitted in May 2021. A reserved matters planning application has also been submitted for the first phase of Begbroke Science Park's expansion. This involves constructing two new buildings, one for University occupation and another to be leased to the private sector; once complete, this will nearly double Begbroke's available floor space. Work at both sites is programmed to start in 2022 and complete in 2024.

Most recently, an international competition was launched to appoint masterplan designers for the wider Begbroke Innovation District development. This is a more ambitious joint venture project to create a new community including up to 2,000 high-quality homes, community facilities, a nature reserve and improved sustainable transport links with Oxford. The first phase of housing is expected to complete around 2026.

Other planned joint venture projects, including another innovation district at Osney Mead, are at an earlier stage but are also moving forward steadily.

Environmental Sustainability

Council approved the University's new Environmental Sustainability Strategy in March 2021, committing the University to achieving net zero carbon emissions and a net gain in biodiversity by 2035. Implementation of the strategy is overseen by a new Environmental Sustainability Subcommittee.

Calculating Oxfords Carbon Footprint

The University releases carbon emissions directly from our activities and indirectly through our supply chain. Following a detailed review of best practice, the University's accounting practices will be updated. This will pilot the World Resources Institute Greenhouse Gas (GHG) Protocol's Corporate Standard (Scope 1 and 2 emissions) and the Corporate Value Chain Standard (Scope 3 emissions). The approach provides a robust standard against which to measure University emissions, accounting for the gross emissions and recoveries separately from offset emissions through our value chain. The University reports both gross (total) emissions and net emissions, including offsets such as renewable electricity arrangements.The table opposite offers a summary of emissions from the University. These have been calculated by the Environmental Sustainability team, based primarily on invoices and consumption of relevant goods and services.

In coming years, the University will continue to consolidate carbon accounting practices. This will include re-baselining historic emissions to align with the pilot described above.

CATEGORY	Gross tCO_2e	Net tCO_2e
Total Scope 1, 2 & 3[1]	**281,678**	**258,795**
Scope 1	**13,563**	**13,563**
1.1: Operations Fuel Consumption	17,781	17,781
1.2: Fleet Fuel Consumption	316	316
1.3: Change in Land Use	-4,534	-4,534
Scope 2	**22,883**	**0**
2.1: Electricity	22,883	0
Scope 3	**245,232**	**245,232**
3.1 & 2: Goods and Services	168,443	168,443
3.3: Upstream Energy	8,991	8,991
3.4: Upstream Transportation	528	528
3.5: Waste	644	644
3.6: Business Travel	19,888	19,888
3.7: Employee Commuting	5,885	5,885
3.16.1: Student Term-Time Commuting	1,089	1,089
3.16.2: Student Interterm Commuting	39,764	39,764

[1] Please note these include emissions associated with the 2019/20 financial year.

Assessing Oxford's impacts on Biodiversity

Oxford University has set the strategic ambition to achieve a net gain in biodiversity by 2035. The biodiversity impact for the financial year 2019/20 is shown in the chart. Factors contributing to biodiversity impacts are categorised in five areas: Air Pollution, GHG, Land Use, Water Use, and Water Pollution. This data includes the full University supply chain and mirrors the scope of the carbon accounts.

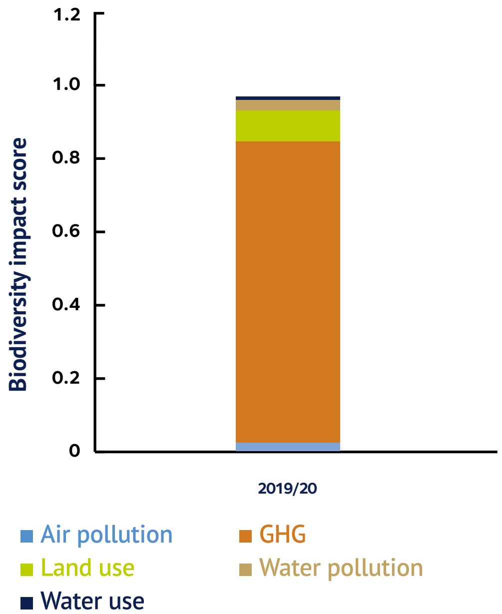
The analysis represented in this chart shows that the majority of the impact on biodiversity associated with University activities is caused by greenhouse gas emissions (GHG). This finding indicates that throughout the supply chain, greenhouse gas emissions associated with that supply chain have the greatest impact on global biodiversity.

The University can reduce the impact it has on biodiversity by working with suppliers to reduce supply chain environmental impacts. Many suppliers are already supporting the University to introduce less resource-intensive products, for instance laboratory pipettes with reduced plastic content.

By calculating the approximate relative impact on biodiversity associated with different impacts of the University's activities, it is possible to prioritise actions for mitigation. Annually calculating these impacts allows trends to be monitored. In coming years, the University will continue to work with the academic community to further develop the quantification and reporting of biodiversity impacts.

The delivery of the Environmental Sustainability Strategy will bring new requirements into capital projects which may increase the cost of schemes in future.

Biodiversity impact according to pollution source



FINANCIAL REVIEW 2020/21

Financial results

The University's financial situation in 2020/21 was impacted on many fronts by the pandemic, but despite this the University achieved a financial performance that was stronger than expected, largely through the efforts and achievements of all our staff and the continued support of our funders and donors.

At the start of the financial year there were major uncertainties around student numbers, funding for research, donations, the levels of activity that could be achieved, and investment performance. Staff worked tirelessly to attract students, to progress their research and to sustain all the operations of the University through the changing pandemic restrictions. Higher student numbers increased the expected income but also led to an increased workload for staff. Efforts to continue and develop new areas of research were successful. In particular the vaccine was developed in partnership with AstraZeneca, and many contributions were made to the study of COVID-19, its impacts and its treatment. Despite the additional activity, the University also made progress in implementing its strategic priorities, with increased expenditure on scholarships and progressing the innovative partnership with Legal & General plc to address the scarcity both of affordable housing for staff and graduate students in Oxford and of science parks for the translation of research.

The Operating surplus before other gains was £100.5m. This was down on the 2019/20 figure of £390.9m but 2019/20 included significant one-off items: an £80m donation to set up Reuben College and a pension deficit provision reduction of £216.5m resulting from the 2018 USS scheme valuation. The Operating surplus before other gains was up £5.6m compared with 2019/20 when these one-off impacts in that year are removed.

Investment returns were higher than forecast, with the value of investments recovering from a reduction in 2019/20 and showing strong gains in the year. This offset a reduction in the net income from the activities of the Press, which was impacted by the closure of schools and universities around the world due to the pandemic but also focused investment on digital products and platforms to sustain income streams and develop new capacity.

In 2020/21, the financial performance of the University was not impacted by the movement in valuations of the Universities Superannuation Scheme (USS). The March 2020 USS valuation was not complete at the year end date with consultation on benefit changes still underway. Draft figures show that the recovery plan for the higher USS deficit, which has increased from £3.6 billion to £15 billion, will bring an expected non-cash pension deficit recovery charge in the University's 2021/22 accounts of £495m.

Consolidated Comprehensive Income of £795.6m includes a £727.3m gain on investments. These gains are unrealised and prices may fluctuate in future years due to changes in the investment markets. The Oxford Endowment Fund ("The Oxford Funds"), managed by OUem and comprised primarily of private equity and public equity investments, achieved a return of £465m (20%) in the 12 months to 31 July 2021 – £563m up on the £98m unrealised loss posted in the prior year which reflected the impact of COVID-19 on the valuations of private equity investments. The Capital Account (previously known as Strategic Capital Account), also managed by OUem and comprised primarily of bonds and public equities, returned a gain of £64m (9%) over the same period – £48m up on the £16m gain posted in the prior year. Spinouts recovered their investment value increasing by £51m (37%), following the COVID-19 impact on private equity resulting in a loss for 2019/20 of £30m. The dividend paid to the University from The Oxford Funds in 2020/21, calculated at 4.25% of the average net asset value (NAV) over the last twenty quarters, amounted to £100m (2019/20 £89m). This dividend is attributed to restricted funds which support specific purposes as well as unrestricted funds which support the general operations of the University.

Costs were constrained during the pandemic period with salary increases not being granted, a recruitment freeze and discretionary expenditure reduced wherever possible. The cost of sales for the Press was reduced in line with lower income. Expenditure reduced by £13.6m from 2019/20 when the impact of pension provision adjustments is removed. Expenditure in 2019/20 included a pension credit of £216.5m for the reduction in the March 2018 USS recovery scheme as opposed to a credit of £13.9m in 2020/21 for various pension assumption changes.

Educational publishing

The £60.5m year on year reduction in publishing income from £754.8m to £694.3m was due to the impact of COVID-19 on the Press's global publishing sales with many schools, universities, print plants and warehouses around the world having been closed at points in the year. Savings of £41.1m in

Financial Review – continued

total expenditure which was reduced from £730.9m in 2019/20 to £689.8m in 2020/21, as office staff successfully transitioned to remote working and measures were put in place to manage discretionary spend. This helped to mitigate the impact of the revenue shortfall on surplus for Press after tax which fell by £18.5m. Overall the Press made an Operating surplus of £66.0m (2019/20 £84.5m) and after changes in the defined pension scheme liability had total comprehensive income of £40.0m (2019/20 £28.3m).

Capital expenditure

The University invested £90.0m in capital expenditure during the year, with key additions being the completion of the Biochemistry II building, which is now in full academic use. A refurbishment of the newly acquired Farndon Court student accommodation was completed for Reuben College, which welcomed its first students in 2021/22. The Institute of Developmental and Regenerative Medicine (IDRM) building is nearing completion and is expected to be ready for occupation early in the new financial year.

Demolition work on the Tinbergen site was completed and the Joint Venture with Legal & General plc to construct the new Life and Mind Building in its place commenced construction in November 2021. Other construction projects will also commence in 2021/22 through the partnership with Legal & General plc, starting with new student housing at Court Place Gardens and the development of two new mixed use buildings at the Begbroke Science Park. The delivery of capital projects through the Legal & General partnership in future years is expected to reduce reported capital expenditure going forward.

Investments in The Oxford Funds and Spinouts

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 2021, the Fund has an annualised net return of 10.0% nominal (8.2% real). For the financial year to 31 July, the Fund returned 23.1% driven by strong performances in Public and Private Equity, with drivers including investments focused on innovation, which benefited from the acceleration of certain technologies and changing consumer habits enforced by global lockdowns. The distribution for the year was £1.52 per unit (2019: £1.45). Further information on the Oxford Endowment Fund is found at www.ouem.co.uk

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, the Capital Account returned 8.6%, and it has returned 5.8% annualised over three years.

Over recent years the University has supported the incorporation of 169 companies based on research and intellectual property developed at the University. The value of the University's equity share in these spinout companies increased to £197.3m (2019/20: £143.6m) reflecting recovery from COVID-19 impairment applied in 2019/20 which reduced the value of spinouts by £29.6m.

Pension schemes

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

As part of the March 2020 valuation of USS, the USS Trustee determined that the cost of continuing to offer the benefits currently provided, while also repairing an estimated deficit of at least £15 billion, had increased and would require a combined contribution rate of up to 57% of salary. Negotiations between the USS Trustee, Universities UK, and the University and College Union have resulted in a package of changes involving an up-front commitment from employers to provide a substantial support package provided by employers (a long-term commitment to the scheme and additional protection as a creditor) and proposals on benefit changes for consultation with USS-eligible employees. USS has also introduced Debt monitoring for the University sector.

This 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 £217.1m in the balance sheet for its share of the £3.6bn deficit from the 2018 valuation of the USS pension scheme. The 2020 valuation put the deficit at £15bn and this will need to be reflected in

Financial Review – continued

an increase of £495m in the University's provision. This would offset the University's strong investment gains if the adjustment were to be made in this 2020/21 financial year but, because the valuation cannot be finalised until consultation has been undertaken on proposed benefit changes, the increase will be charged in the next financial year. If the consultation were to result in any change to the proposals, or a failure to reach agreement on the changes, then the estimated deficit would increase and a larger charge would be made in next year's financial statements.

The potential liability for a higher deficit recovery plan is shown in note 40 of the financial statements as a non adjusting post balance sheet event. Details of the University's provision are included in note 38 to the financial statements.

Environmental Sustainability

Council approved the Environmental Sustainability Strategy on 15 March 2021, setting a target for the University to achieve carbon net zero and biodiversity net gain by 2035. The Strategy has been adopted against the backdrop of increasing evidence of biodiversity depletion and climate change. The University is establishing the Oxford Sustainability Fund, making £50m available for sustainability initiatives over the next 15 years, to finance the programme of action required to reach net zero carbon and biodiversity net gain by 2035. Implementation of the Strategy is expected to bring specific requirements into capital projects undertaken by the University with potential increases in the cost of schemes.

Financial outlook

The scale of the pandemic's impact on the 2020/21 results was mitigated due to the actions taken across the University to control costs and maintain income. Whilst the financial results shown here demonstrate the resilience provided by the University's diversity of income, most of the gains consist of unrealised investment returns which may not be repeated in the future or which could reverse if inflation concerns and global cost increases such as for utility costs impact the performance of equity markets.

Of the University's income in 2020/21 26.5% came from teaching and 26.7% from research with the remainder being met by income from the activities of the Press, investment dividends, donations, and other income. Key risks in this operating model include:

- The impact on staff workload of increasing student numbers;
- The reducing levels of research overhead costs that are funded from charities and government support;
- Potential increases in operating and capital project costs from inflationary pressures.

The increased USS pension deficit for the March 2020 valuation of £15 billion is another risk that will cause a significant increase in the USS pension recovery deficit, currently estimated as a charge to Comprehensive income of £495m in 2021/22.

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

Basis of accounting

The accounts are produced under Financial Reporting Standard 102.

Going concern

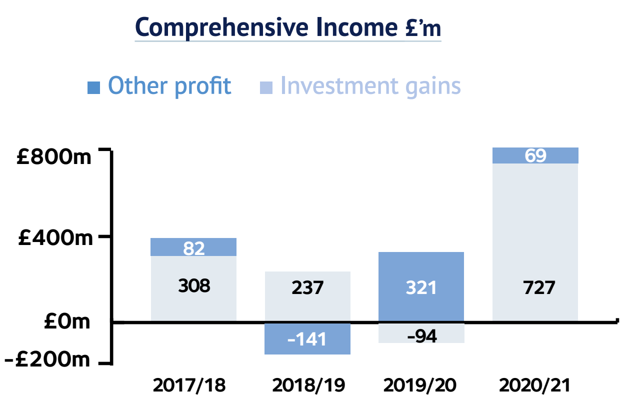
The University's Council has reviewed a five-year financial forecast based on the forecast submitted to the Office for Students and has determined that the University has adequate resources to continue in operational existence for the foreseeable future. Based on this determination, these statements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

1.Comprehensive Income

Summary of movements in Comprehensive Income

Statement of Comprehensive Income £'m	2020/21 Consolidated	2019/20 Consolidated	Variance *
Income	**2,432.7**	**2,536.4**	(103.7)
Expenditure	**(2,332.2)**	**(2,145.5)**	(186.7)
Surplus/(loss) before other gains	**100.5**	**390.9**	**(290.4)**
Investment gains /(losses)	**727.3**	**(93.7)**	821.0
Surplus/(deficit) on joint ventures	**2.4**	**(2.1)**	4.5
Taxation	**(8.5)**	**(11.9)**	3.4
Increases in pension provisions	**(26.5)**	**(44.8)**	18.3
Currency translation differences on foreign currency net investments	**(3.8)**	**(17.1)**	13.3
Other Comprehensive Income	**4.2**	**6.0**	(1.8)
Comprehensive Income	**795.6**	**227.3**	**568.3**

*Further details can be found in note 13, 'Segmental Information' at page 88.



Total comprehensive income in 2020/21 was £795.6m (2020: £227.3m).

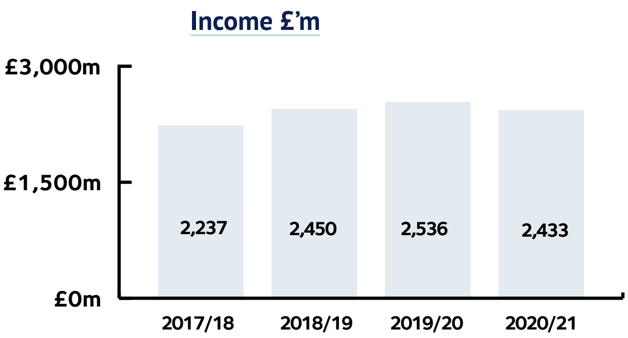
Of the total comprehensive income the Press accounted for £40.0m (£28.3m in 2019/20) an increase of £11.7m

The overall, increase in Comprehensive Income of £568.3m on 2019/20 primarily reflects

- £202.6m year on year movement in pension provision to reflect the 2018 valuation of the USS scheme (£216.5m credit 2019/20 vs £13.9m credit in 2020/21); and
- £821.0m movement in investments from a loss of £93.7m in 2019/20 to a gain of £727.3m in 2020/21; and
- £11.7m improvement for the Press. The increase was achieved despite a fall in publishing income of £60.5m. The reduction in overall expenditure of £71.7m included a reduction in the pension deficit provision movement of £18.3m and lower costs from foreign currency and hedging arrangements of £11.9m and the rest by Press cost control actions.

Comprehensive Income – continued

1.1 Income

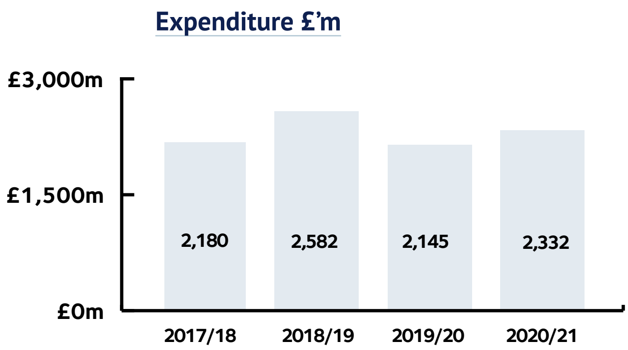


Total income in 2020/21 was £2,432.7m, down from £2,536.4m in 2019/20.

Key movements in Income included the following:

- Tuition fees up £35.1m due to higher student numbers with undergraduate numbers up 4.6% and post graduate numbers up 8.6%. Fee rates also increased.
- Research income up 3.1%. Inability to carry out some research or delays to projects due to COVID-19 and reduced EU income were offset by greater Government and Research funding partially related to vaccine solutions.
- £60.5m year on year reduction in Publishing income due to the impact of COVID-19 on the Press's global publishing sales
- Other income is down due to reduced trading income such as conference income, shops being closed. Other income includes furlough income of £5.2m bringing the total claimed over 2019/20 and 2020/21 to £12.8m
- Investment income is flat year on year despite the dividend from The Oxford Funds being up £11m. A majority of the dividend is for restricted purposes such as funding endowed posts. The increase in dividends was offset by lower interest rates and less realised profit on sales of spinouts. Unrealised spinout gains in year are shown in Investment gains.
- Donations and Endowments are down £60.8m on 2019/20. This is because 2019/20 included £80m for the gift to establish Reuben College. When this exceptional gift is removed then income is up by £19.2m with high Covid-related donations and endowments for professorships.

1.2 Expenditure



Total expenditure in 2020/21 was £2,332.2m, of which the Press accounted for £689.8m.

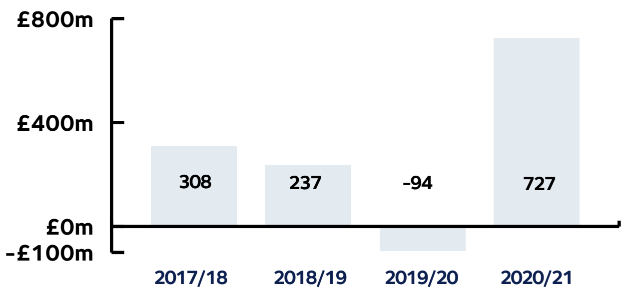
Key movements in Expenditure included the following:

- 2019/20 included a pension credit of £216.5m for the reduction in the March 2018 USS recovery scheme as opposed to a credit of £13.9m in 2020/21 for various pension assumption changes. Once this movement in pension provisions of £200.2m is removed then expenditure reduced by £13.5m which was mainly due to the implementation of a number of cost containment initiatives in response to the COVID-19 pandemic:
- In the University, a pay freeze and flat headcount constrained costs though expenditure on scholarships, a University priority, increased.
- Expenditure was down at the Press due to savings of £41.0m in total expenditure, as office staff successfully transitioned to remote working and measures were put in place to manage discretionary spend. This helped to mitigate the impact of the revenue shortfall on surplus for Press after tax, which fell by £18.5m. Press staff numbers were down 446 people.
- Premises costs increased by £8.1m as new buildings were completed and despite constraints on minor capital expenditure during the pandemic
- There was a £9.8m increase in costs for capital project expenditure which is not capitalised as buildings are in pre-planning permission development. This reflects increased expenditure on the new pipeline of the buildings coming partly from the Legal & General Building agreements.

Comprehensive Income – continued

1.3 Investment Gains

Investment Gains/(Losses) £'m



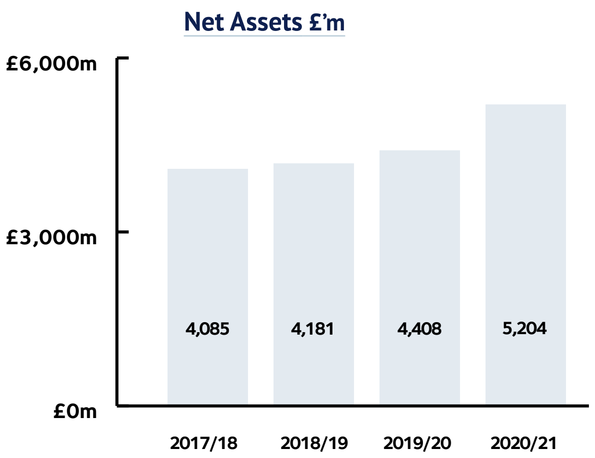
Key movements in Investment Gains included the following:

- The Oxford Endowment Fund ("The Oxford Funds"), managed by OUem comprised primarily of private and public equity investments, achieved an unrealised gain of £465m (20%) in the 12 months to 31 July 2021 – £563m up on the £98m unrealised loss posted in the prior year, which reflected the impact of COVID-19 on the valuations of private equity investments.
- The Capital Account (previously known as Strategic Capital Account), also managed by OUem and comprised primarily of bonds and public equities, returned an unrealised gain of £64m over the same period – £48m up on the £16m unrealised gain posted in the prior year.
- Spinouts recovered their investment value, increasing by £50.6m following the COVID-19 impact on private equity resulting in a loss for 2019/20 of £30m. The unrealised gain in year included unrealised gains for Yasa Motors (£5.9m), Vaccitech (£5.5m), Oxbotica (£4.9m). The investment gain from the floatation of Nanopore is not included in the financial statements as it is a post year end event. The value of the University's holding in Nanopore in October 2021 was £27.9m. At the end of July 2021 Nanopore was valued at £18.4m.
- All of the above are non-cash movements. The cash dividend received by the University from OUem, which is reflected in the University's surplus before other gains, is calculated based on the average net asset value of The Oxford Funds over 20 quarters. The cash dividend received of £100m was £11m higher than prior year, reflecting the University's continued investment of philanthropic gifts in The Oxford Funds.
- The major increase in Investment Properties is due to a £23m gain on the Begbroke farm site following the decision by Cherwell District Council to adopt the site for housing development by the University.
- There was a major gain in Sequoia, which is the Investment Fund for the Crankstart Scholarship Fund. This was established in 2012/13 through an endowment gift from the Crankstart Foundation to provide a programme of support for undergraduates from disadvantaged backgrounds. The gain in year was £96m (71%) due to strong returns in Private Equity for this US based investment fund.

2. Change in Net Assets

Summary of movements in Net Assets

Balance Sheet £'m	2020/21 Consolidated	2019/20 Consolidated	Variance
Non-current assets	6,361.6	5,418.9	942.7
Current assets	1,662.6	1,716.8	(54.2)
Creditors due within one year	(1,045.5)	(960.6)	(84.9)
Total assets less current liabilities	6,978.7	6,175.1	803.6
Creditors due after more than one year and provisions	(1,774.8)	(1,766.8)	(8.0)
Total net assets	**5,203.9**	**4,408.3**	**795.6**



Total net assets in 2020/21 amounted to £5,203.9m, of which the Press accounted for £447.6m.

The 2020/21 net assets figure does not include the impact of the March 2020 USS increased recovery plan which is expected to reduce assets by approximately £495m in 2021/22.

Net assets increased by £795.6m to £5,203.9m (2020: £4,408.3m). Key movements in net assets included the following:

- £942.7m increase on long-term investments reflecting unrealised gains from public and private equity for Oxford Funds and Crankstart and transfer of cash to long-term investments.
- £54.2m reduction in current assets due to a transfer to long-term investments of surplus cash which will now be invested for bond repayment.

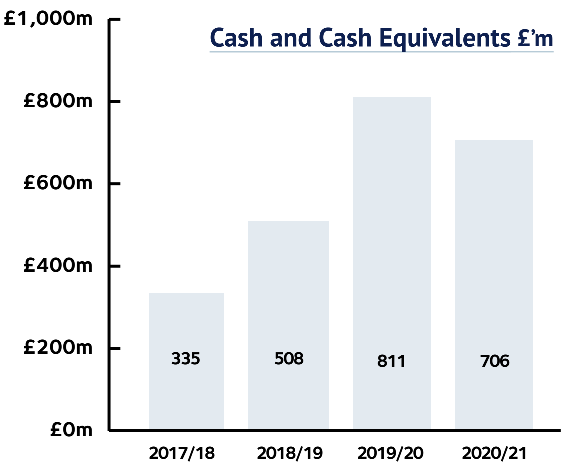
As at 31 July 2021, the University had long-term creditors of £1,282.8m (2020: £1,294.2m) of which bank loans and bonds comprised £1,257.0m (2020: £1,264.3m), primarily in the form of £750m of unsecured bonds at a fixed rate of 2.54%, redeemable at their principal amount in 2117, an additional bond for £250m taken out in 2019/20 at an effective rate of 2.018% and also redeemable in 2117 and a £200m amortising loan at a fixed rate of 2.55% redeemable in 2045.

3. Cash and Cash Equivalents

Summary of movements in Cash and Cash Equivalents

Cash and Cash Equivalents £'m	2020/21 Consolidated	2019/20 Consolidated	Variance *
Surplus for the year	830.2	295.1	**535.1**
Investment income and gains	(838.9)	(12.7)	**(826.2)**
Provision movements	(11.6)	(213.2)	**201.6**
Depreciation	120.7	112.1	**8.6**
Other non operating cash flows	(81.8)	(124.0)	**42.2**
Working capital and other movements	63.4	83.7	**(20.3)**
Net cash flow from operating activities	**82.0**	**141.0**	**(59.0)**
Investing and financing income /(expenditure)	(61.0)	334.4	**(395.4)**
Capital expenditure intangible and tangible assets	(121.3)	(166.6)	**45.3**
Foreign exchange translation	(4.1)	(5.8)	**1.7**
Cash movement	**(104.4)**	**303.0**	**(407.4)**
Cash and cash equivalents at beginning of year	810.7	507.7	**303.0**
Cash and cash equivalents at end of year	**706.3**	**810.7**	**(104.4)**

*these underlying variances are explained in the commentaries below



Cash and cash equivalents decreased by £104m to £706m due mainly to Capital Expenditure of £121.3m and the transfer of cash to longer term investments which was a net outflow of £59.0m.

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 objects, 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 2019/20), and St Cross College, which are formally classified as societies) and the six permanent private halls are separate and independent legal entities.

Divisional Boards

Academic Divisions

There are 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.

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 Offers
- 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:

- 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 OfS of any changes needed in relation to its registration; and
- comply with the guidance published by OfS in relation to facilitating the electoral registration of students.

From time to time Council reviews its own effectiveness. Council's most recent self-review took place in the 2018/19 academic year. Council approved and has implemented the majority of the recommendations. In particular, with the approval of Congregation and of Her Majesty in Council, it has increased by one the number of external members on Council and has provided for the attendance at Council's meetings of a representative of early career research staff.

Council made changes to its own practices:

- to raise the bar for what is 'reserved' business to enable greater participation in the meetings by the student representatives and the representative of early career research staff;
- to enhance communications with Congregation through a variety of means, not simply publication on the intranet;
- to provide for greater input from the chairs of its main committees at Council (in particular through annual oral reports); and
- to provide for Council members to have more and earlier information on forthcoming major items of business.

Responding to other recommendations, new programmes of induction for new members of Council have been implemented and the Council website has been enhanced and integrated with that relating to governance as a whole as part of the overall changes to University Administration Services websites. The main recommendation not taken forward was to undertake a review of the membership and conduct of business of Congregation, which Council considered not to be timely.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in

Governance – continued

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 www.admin.ox.ac.uk/councilsec/compliance/modernslavery.

COVID-19

During 2019/20 the University triggered its crisis management framework to ensure a swift and effective response to the COVID-19 outbreak. The University's financial statements for 2019/20 contain a detailed description of how decision-making structures were set up under the framework, with the University's Bronze and Silver Groups managing the University's overall response. 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.

These included:

- The winding down in October 2020 of the Michaelmas Coordination Group, following a successful return of students to the University in Michaelmas Term 2020.
- The establishment of a Hilary and Trinity Coordination Group, chaired by the Head of MPLS Division and the Warden of St Antony's College, to coordinate the University's planning for Hilary and Trinity terms.
- The formation of a Testing Steering Group, chaired by the Head of Medical Sciences Division, to oversee the University's arrangements for delivering testing services to both staff and students in the context of a rapidly changing policy and regulatory environment.
- The creation of an Incident Coordination Group, chaired by the Registrar, to help ensure a coordinated response to outbreaks or other pandemic-related incidents across the collegiate University as students and staff returned to work, study and reside on-site.

These Groups, along with the other governance structures detailed in last year's financial statements, remained in place throughout Hilary and Trinity terms. From the end of Trinity Term 2021 the temporary governance bodies instituted under the crisis management framework were significantly scaled back, and decision-making handled through the University's usual governance structures wherever possible. Bronze and Silver Groups remain constituted, as do incident response and expert advisory groups, but they meet only when necessary to deal with issues related to the pandemic that cannot easily be handled through the University's usual decision-making channels.

Council itself continued to have additional meetings during the 2020/21 academic year, receiving regular updates at each meeting on the work of the crisis management bodies and on University finances. Since July 2020, the redacted minutes of Silver, Bronze, and other principal committees established under the crisis management framework have been published to the University (behind single sign-on) two months after the date of their meetings.

The University continues to engage with internal and external stakeholders about its response to the pandemic. Students have been closely involved in decisions taken under the crisis management framework, with representatives on several key Groups. The University has likewise continued working closely with local authorities and partner organisations, including working with the local Clinical Commissioning Group to help deliver testing and vaccination facilities to members of both the University and local communities.

Governance – continued

The members of Council are the Charity Trustees of the University. Membership of Council from 1 August 2020 to 30 November 2021 was as follows:

Position	Name	Date
Ex officio members		
Vice-Chancellor	Professor Louise Richardson	Throughout
Chair of Conference of Colleges	Mr Miles Young, Warden of New College Baroness Royall of Blaisdon, Principal of Somerville	To 30 September 2021 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 Karen O'Brien Professor Daniel Grimley	To 30 September 2021 From 1 October 2021
Head of the Social Sciences Division	Professor Sarah Whatmore Professor Margaret Stevens Professor Timothy Power	To 31 July 2021 From 1 August 2021 From 1 October 2021
Senior Proctor	Professor Simon Horobin Ms Lucinda Rumsey	To 16 March 2021 From 17 March 2021
Junior Proctor	Professor Freya Johnston Dr David Johnson	To 16 March 2020 From 17 March 2021
Assessor	Dr Helen Swift Dr Bettina Lange	To 16 March 2020 From 17 March 2021
Elected by the Conference of Colleges		
	Baroness Royall of Blaisdon, Principal of Somerville Mr John Bowers, Principal of Brasenose	To 30 September 2020 From 1 October 2020
Elected by Congregation		
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Mathematical, Physical and Life Sciences and of Medical Sciences	Professor Tim Coulson Professor Fabian Essler Professor Richard Hobbs Professor Kia Nobre Professor Alex Schekochihin	To 30 September 2021 Throughout Throughout Throughout From 1 October 2021
One of four members of Congregation elected by Congregation from members of the faculties in the divisions of Humanities and of Social Sciences	Professor Geraldine Johnson Professor Helena Hamerow Professor Aditi Lahiri Fra' John Eidinow Professor Diego Sánchez-Ancochea Professor Cécile Fabre	To 30 September 2021 To 31 December 2020 Throughout Throughout From 1 January 2021 From 1 October 2021
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	Throughout To 30 September 2021 Throughout From 1 October 2021
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 Offers 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. Its remit includes responsibility for keeping under review procedures for identifying and managing risks across the University's activities;

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

The Personnel Committee is responsible for the development and review of employment policies, for staff relations and or 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://annualreport2021.oup.com/2021/cover.

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

STAKEHOLDER ENGAGEMENT

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

Students

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

Staff

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

Research funders

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

Office for Students

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

The city and the local community

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

National Health Service

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

Alumni

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

UNDERSTANDING OUR RISKS

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

During 2020/21 the University has updated its University Risk Register (URR) and the processes for the identification and assessments of risks at the Committee- and University-levels.

The University is planning further work to embed risk management and to build capability to identify, assess and managing risks across the organisation.

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

The principal risk areas related to the University's strategy and operations, as well as corresponding mitigations, are described below; the risks are broadly aligned to the Strategic Plan themes and are not presented in a ranked order. A number of risks require further treatment to bring them to their target levels and work is under way to reduce the likelihood and/or impact of these risks.

Risk area	Key features	What are we doing to manage the risk?
Education	Challenges to meet outreach, access and attainment ambitions, heightened by the effects of COVID-19 on macro-economic uncertainty and school education disruption for disadvantaged school-age students. Risk of increased student complaints arising from the impact of COVID-19 on their education and student experience. Ongoing challenge of meeting the requirements to provide students with high-quality affordable housing.	We have implemented a key access initiative (Oxford Opportunity) for 2020 entry, and are progressing plans for the second (Foundation Oxford) for 2023 entry. During COVID-19, access and outreach activity moved online. We will develop more targeted approaches for particular constituencies (e.g. BAME UNIQ). Following COVID-19 related disruption to school education, we have renewed efforts to look at contextualisation and levels of disadvantage of applicants. We have launched an access initiative for graduate recruitment and will extend this across subject disciplines. Since COVID-19 we have further developed our plans for flexible and inclusive teaching; it is too early to assess the impact of some of these plans so we shall undertake careful monitoring and build on the results to address the attainment gap further. For 2021 entry we have created an Academic Transition Support Package intended to reduce the impact of disrupted schooling. In response to COVID-19, we have adopted more online teaching and assessment. We will look at the scope for greater use of flexible and inclusive teaching to reduce attainment gaps. We have also provided more student welfare and academic support services online. We will build on this experience to extend the range of services and reach in future. See the Health and Safety risk section below for further details on welfare activities. The joint venture with Legal & General plc is focusing on developing housing for graduate students and staff with current focus on graduate accommodation at Court Place Gardens and assessment of other options for new graduate accommodation through the city of Oxford.

Understanding our Risks – continued

Risk area	Key features	What are we doing to manage the risk?
Research	Disruption to research productivity and capacity caused by COVID-19 restrictions on access to research facilities and additional caring responsibilities for staff has gradually reduced. However, there remain barriers to undertaking research fieldwork due to travel restrictions. The adverse economic impacts for the University's research funders will continue to have an impact on availability of research funding in 2021/22 though the impact will vary between funders and disciplines. An adverse medium- and long-term funding environment would challenge the University's ability to maintain its position as a global leader in research.	Research facilities are open across the University, with COVID-19-secure measures in place to enable safe working. COVID-19 Rebuilding Research Momentum Fund ran twice in 2020/21 to support early career researchers whose research and working lives were disrupted due to COVID-19. Projects supported will continue in 2021/22. The University's new Strategic Research Fund has now made major investments in future research areas across all academic divisions. The Research Staff Hub was launched in April 2021 and is engaged in developing and promoting a world-leading environment for early career researchers.
Publishing	COVID-19 has reinforced the importance of having a robust digital offering – whilst significant progress has been made, risk remains if the Press fails to respond to future customer requirements in a timely manner. Other notable risk areas include state-led educational reform; changes in government policy; changes to the regulatory environment; changes to copyright law and significant shifts in publishing models such as Open Access. Educational Publishing makes annual and special transfers to the University which are included in operating cash flow. Going forward these transfers are dependent upon the recovery of the business post COVID-19 and its success in responding to future customer needs. A reduction in the value of special transfers would have a significant impact.	A business transformation programme is underway, seeking to achieve accelerated growth with transformed digital products and services through a simplified and customer focused organisation. The Press has seen significant growth in its digital offering over the last 18 months. The technology investment portfolio has been re-planned and prioritised as a consequence of this more rapid shift to digital, with resources redirected to 'digital accelerators'. These accelerators have been approved and are now in delivery and are tracking to planned launch dates. Key mitigations for the Press's other notable risk areas include factoring in sufficient flexibility to respond to educational reform and changes in government policy, robust scenario planning, ensuring widespread availability in multiple formats of our products, trade association work on IP and potential regulatory changes and expanding the Press's Open Access product offering. Although we have successfully taken action towards offsetting any impact from potentially lower special transfers, we are developing plans to further reduce reliance on them.

Understanding our Risks – continued

Risk area	Key features	What are we doing to manage the risk?
People	Particular risks to staff health safety and wellbeing during the COVID-19 pandemic – not only from the risk of the virus itself, but additional impacts such as isolation, increased workloads and mental health pressures. Ongoing challenges, amplified by Brexit but with links to reward packages and costs of living in Oxford, to attract, recruit and retain the highest calibre academic, academic-related, professional services and administrative staff. Risks of failing to continue progress towards a diverse staffing profile and to embed a supportive, inclusive culture and an environment that promotes free speech whilst also respecting the diverse values, opinions and beliefs of staff and students. Risks to employee relations due, in part, to the impacts of changes to the pensions schemes – see below – leading to increased risk of industrial action affecting in particular the student experience.	During COVID-19 we have supported staff to work remotely and ensured that safe workplaces are maintained for those working on site. We expanded provision for welfare and mental health support (a focus that will continue for 2021/22; see the health and safety risk section below). Despite these mitigations, the varied risks from the pandemic remain of concern. We are now working to ensure a safe and supported orderly return to the workplace for those who have been working at home and to maximising the benefit of our learnings for the future through the New Ways of Working project, which provides a framework and tools for staff and managers to have conversations about how best to balance their aspirations with the requirements of their role in future. This focuses initially on professional services staff and supports our work to address workload pressures for this group. Another project seeks to understand and address workload pressures for academic staff. We are changing how we target reward and communicate the benefits of working for the University to a more holistic approach. We are adapting recruitment processes to ensure we can continue to recruit the best staff and that Brexit does not materially impact our ability to attract the talent we need. The University's partnership with Legal & General plc is designed to alleviate costly accommodation pressures. We remain fully committed to engaging with the Universities Superannuation Scheme (USS) and other parties, including the Joint Expert Panel, to secure a long-term solution to the Scheme's valuation challenges – an Oxford Working Group of senior academics leads consultation responses. Our long-term work on diversity continues and a steady shift in our staff profile and our high number of Athena SWAN awards reflect our success in ensuring the University is a welcoming and diverse organisation. Current focuses include the Race Equality Taskforce and efforts to improve diversity in leadership and decision-making.

Understanding our Risks – continued

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

Understanding our Risks – continued

Risk area	Key features	
Resources	Macro-economic risks to income streams following COVID-19. Risk that due to competing priorities during COVID-19 key investment is postponed or projects do not progress, leading to a degradation of the research and education environment of the University and preventing improvement of our space utilisation. Risk that the cost of academic activity rises above income growth due to increased pension costs for staff. 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.	The University has adopted a number of measures to enhance cost control, targeted philanthropy and other income. Mechanisms to incentivise and assure financial sustainability are being identified in particular through the generation of sufficient cash surplus from academic and research activity to invest in strategic priorities alongside philanthropy, partnerships and other third-party contributions. The University's ability to diversify income streams has been demonstrated by the 2017 and 2020 bonds; partnership with Legal & General plc; recent landmark philanthropic gifts including Reuben College and the Centre for Humanities and AI; and growing portfolio of research spinout investments. The University has an ambitious capital programme and partnerships to ensure the University's estate supports world-class teaching and learning. Despite the pandemic, a number of key projects have progressed well over the last year. We are reviewing Repairs and Maintenance (R&M) budget and capital plan to ensure appropriate levels of investment/ prioritisation of work according to risk. An Implementation Plan for the University's IT Strategy has been approved, supported by a governance review allowing investment oversight. Funding has been secured to progress key projects within Education IT, but COVID-19 has affected timings. IT Committee is managing the impact of this and we are analysing lessons learnt from 2020 to aid prioritisation. IT Committee is also leading a major internal bid to the strategic capital fund to support a multi-year digital transformation programme ("iTransform") 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. iTransform will be in addition to a revised roadmap for funding 'run' and 'grow' projects under the standard IT Development Fund.

Understanding our Risks – continued

Risk area	Key features	
Pensions	The University is a member of three multi-employer pension schemes and one single-employer 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 the March 2020 valuation the USS deficit had increased from £3.6bn in March 2018 to at least £15bn. There is a risk that the employer contribution rate may need to increase significantly to continue offering the current benefits and repair the deficit. Negotiations between the parties have taken place and there is a package of changes including benefit changes, which are currently in consultation. Should these changes be implemented it has been estimated that there would be a charge of £495m in the 2021/22 accounts due to the required increase in the deficit recovery plan provision.	Continuing to proactively engage with all parties, including the USS trustee, the Pensions Regulator, UUK and the JNC, as well as our own staff and the unions, to seek acceptable solutions to the current USS deficit and lobbying for further reforms to the scheme design and governance. Proposing a budget for 2022/23 that includes necessary provision for employer pension contributions.
Compliance, Control and Operations: Business Continuity	Risk that the University's business continuity and major incident/crisis management capability is inadequate to respond to a major incident.	The University's arrangements have seen significant development and have been successfully tested during the pandemic. Similarly, organisational awareness of business continuity issues and the ability to respond to a crisis have matured. However, work remains to be done to bring the arrangements in line with best practice and address areas of improvement. We remain, however, alive to the need to improve our resilience. The University is therefore working to further embed and mature crisis management and business continuity arrangements and is investing additional, permanent resource in this area. One of the first priorities will be the development of a business continuity programme supporting the recently developed strategy.

Understanding our Risks – continued

Risk area	Key features	
Compliance, Control and Operations: Data protection / cyber security	Risk that, either by accident or deliberate act, personal data or research material is exposed, resulting in significant harm to one or more individuals or the loss or unavailability of core systems or commercially sensitive information. Owing to the recent profile of the University we have seen an increase in the volume and sophistication of malicious cyber activity. A personal data breach and/or widespread cyber security incident would cause operational, reputational and potentially significant financial damage. There is a further risk that this hinders the ability to achieve expected growth in research. There is an increasing demand from research sponsors for cyber security certification or other evidence of good practice. In common with the rest of the Higher Education sector, the University of Oxford has seen the cyber threat growing, making cyber the highest-rated risk for the University.	The University continues to focus on addressing data protection and information security risks. The Assurance Directorate, comprising Information Compliance, Information Security and Risk, Compliance and Assurance, is focused on improving both our preventative controls and our incident response approach to data protection and cyber incidents. The Assurance Directorate will continue to support the growth in research reputation, enabled by good cyber security and data protection practices. This includes the introduction of Cyber Essentials into the 2021 security baseline. The baseline will continue to grow to capture other standards and anticipate the needs of potential research partners. Further information security capability development continues to keep pace with the threat picture and to support the University Strategic Plan and anticipate the needs of potential research partners. Despite these steps, the particular challenges of managing this high-impact risk retain our focus. Further information security capability development continues to keep pace with the threat picture and to support the University Strategic Plan. This will cover further investment; infrastructure changes; amendments to policies; development of further training; exercises; and wider deployment of cyber tools.
Compliance, Control and Operations: Health and safety	Ongoing challenges to ensure health and safety policies and processes are fully embedded and complied with across the University given its devolved nature and wide variety of risk profiles. This has been confirmed by the on-going Health and Safety Review, which included an external assessment of the safety culture that was reported as "passive". Significant programme of policy and process review has been initiated, aiming to improve both the safety management system and the safety culture. Demands from COVID-19 pandemic and workloads continue to impact on services available to support the University, affecting staff, students and the University's community, including mental health of both staff and students. Potentially significant reputational and financial impacts for the University, as well as personal injury/ negative health impacts for individuals.	The University has policies and procedures in place to support compliance with health and safety requirements across the Estate, and recent internal audits note improvements in this area, but the Health and Safety Review will provide a much-needed positive impact on all arrangements through a systematic review and revision to ensure engagement and action at all levels. This includes specific adjustments to the governance structure to address the devolved nature of the University. Improving consistency across the revised structure is intended to improve operational risk management and compliance with legal obligations. Level and rate of success will be dependent upon the resources made available to achieve the desired changes. A multi-year implementation programme is being put in place to address the recommendations of the Review. Regarding wellbeing and mental health, the Personnel Committee has established a Wellbeing Programme Board to review the existing provisions, and make recommendations (expected MT21) for a University Wellbeing Strategy. The University continues to review and revise mental health services to staff and students and is developing enhanced provision in response to COVID-19. A whole University approach is emerging as a result of the combined influences of the Mental Health Task Force (students), and the Wellbeing Programme Board (staff).

STATEMENT OF INTERNAL CONTROL

Objectives

The University's objectives for internal control are:

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

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

Control environment

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

The University has established policies and supporting processes designed to prevent and detect corruption, fraud, bribery and other irregularities, 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. It 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.
- 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 is a sub-committee of the Press's Finance Committee and is responsible for reviewing the Press's internal financial controls and internal control and risk management systems. It also monitors and reviews the effectiveness of the Press's internal audit function and receives reports on internal control from the Press internal audit

function. the Audit Committee reports regularly to the Finance Committee of the Press and annually to the University Audit and Scrutiny Committee.

- 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.
- KPMG LLP ('KPMG') provides external audit services for the University, including educational publishing activities carried out by the Press. KPMG provides an annual opinion on whether funds (including public funds) have been applied for the intended purposes. The external auditors also refer in their annual report to any control deficiencies arising from the audit.

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 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 has reviewed and refreshed its enterprise risk management arrangements in 2019/20 and worked to embed the new risk processes during 2020/21.

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), Audit and Scrutiny Committee and Council according to defined thresholds impact and likelihood. Work to update the impact/likelihood definitions to ensure consistency of risk scoring has been completed.

Risk treatment

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

Statement of Internal Control – continued

Risk recording 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.

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.

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

Monitoring and review

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

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 2021, 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

KPMG

Independent auditor's report

to Council of the University of Oxford

Report on the audit of the financial statements

1. Our opinion is unmodified

We have audited the financial statements of the University of Oxford ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statements of Comprehensive Income, the Consolidated and University Statements of Changes in Reserves, the Consolidated and University Balance Sheets, and the Consolidated Cash Flow and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2021 and of the Group's and the University's income and expenditure, gains and losses, and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

We were first appointed as auditor by Council on 9 May 2013. The period of total uninterrupted engagement is for the nine financial years ended 31 July 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non- audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£21.5m (2020:£17m) 0.9% (2020: 0.7%) of Group total income	
Coverage	92% of Group total income	
Key audit matters		vs 2020
Recurring risks	Research Grants and Contract Income	◄►
	Pension Obligations	◄►

Independent Auditor's Report – continued

Basis for opinion

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2020) in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's Report – continued

	The risk	Our response
Group and Parent University: Research Grants and Contract Income	**2020–21 and 2021–22 income**	**Our procedures included:**
(£653.3 million (2020: £633.6 million)) *Refer to page 67 (accounting policy) and page 78 (financial disclosures).*	Research grants and contract income is accounted for under the performance model. In most cases expenditure on the grant purpose is presumed to be the performance condition and therefore income is generally recognised in line with the related expenditure, including apportioned overhead costs. There is a significant risk that inappropriate apportionment of overhead costs over time, can result in recognition of income in the incorrect accounting period. The University also receives a number of non-standard grants which do not have any performance conditions and therefore there is a significant risk that income may be inappropriately recognised in line with related expenditure, rather than when the grant is received or receivable. **Accounting application** There is a related significant risk that non-compliance with grant terms and conditions, for example claiming for ineligible expenditure, results in income not being recognised in line with the University's accounting policies or relevant accounting standards. Non-compliance with grant terms and conditions may also result in the recovery of funding by research funders.	▸ **Control design:** Assessing the design of the control framework for monitoring the research projects ledger and research grants and contract income, including the approval to set up new projects, review of research expenditure and confirmation that overhead rates are apportioned in accordance with the contract terms; ▸ **Tests of details:** ▸ Analysing research project data to identify projects with income, expenditure, debtor or creditor balances meeting certain criteria (such as value, length of project, start and end dates) during the year and considering whether the accounting treatment for those projects is in line with accounting standards by reference to grant agreements and other supporting documentation. ▸ We specifically considered any significant grants with non standard terms and conditions to ensure the activities meet the definition of research and projects are accounted for in accordance with the requirements of the FEHE SORP. ▸ For a sample of research projects, testing whether expenditure was in line with the terms and conditions of the relevant contract and overhead rates were set at the level specified in the grant agreement, to assess whether associated income was included in the correct period and accounted for in accordance with the requirements of the relevant accounting standards; **Our results:** ▸ We found the timing of recognition of income from research grants and contracts to be acceptable (2020 result: acceptable). ▸ We found the accounting application for income from research grants and contracts to be acceptable (2020 result: acceptable).

KPMG

Independent Auditor's Report – continued

	The risk	Our response
Group and Parent University: Pension Obligations **Group and Parent University**: Oxford University Press Group Pension Scheme: Present value of funded defined benefit obligations £778.7 million (2020: £702.7 million) **Group:** USS and OSPS: Deficit recovery plan provisions £246.5 million (2020: £258.7 million)) **Parent University** *Refer to pages 69 (accounting policy) and page 122 (financial disclosures).*	**Subjective valuation** The Group is a member of a number of defined benefit schemes, including the Universities Superannuation Scheme (USS), Oxford Staff Pension Scheme (OSPS) and the Oxford University Press Group Pension Scheme. Small changes in the assumptions and estimates used to value the Group's and Parent University's gross pension obligations (including deficit recovery plan liabilities) would have a significant effect on the Group's and Parent's pension obligations. The effect of these matters is that, as part of our risk assessment, we determined that the gross value of pension obligations as at 31 July 2021 has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 38) disclose the sensitivities estimated by the Group.	**Our procedures included:** ▶ **Control design:** Assessing the control framework regarding monitoring of the assumptions and inputs used to calculate the pension obligations. ▶ **Benchmarking assumptions:** ▶ Challenging, with the support of our own actuarial specialists, the key assumptions applied in the valuation of the Oxford University Press Group Pension Scheme obligation, being the discount rate, inflation rate and mortality/life expectancy; and the discount rate applied in the valuation of the USS and OSPS deficit recovery plan provisions, against externally derived data; ▶ **Historical comparison:** ▶ Evaluating the track record of key assumptions applied in the valuation of the USS and OSPS deficit recovery plan provisions, being future salary inflation and staff numbers, against the historic accuracy of forecasts used in the calculation; ▶ **Assessing transparency**: Considering the adequacy of the disclosures in respect of the sensitivity of the pension obligations to these assumptions; **Our results:** ▶ We found the valuation of the pension obligations to be acceptable. (2020 result: acceptable).

KPMG

Independent Auditor's Report – continued

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

Materiality for the Group financial statements as a whole was set at £21.5m (2020: £17m), determined with reference to a benchmark of group total income of £2,432.7m (2020: £2,536.4m), of which it represents 0.9% (2020: 0.7%).

Materiality for the University financial statements was set at £16m (2020: £15m), determined with reference to a benchmark of University total income of £2,249.8m (2020: £2,306.2m), of which it represents 0.7% (2020: 0.7%).

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

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

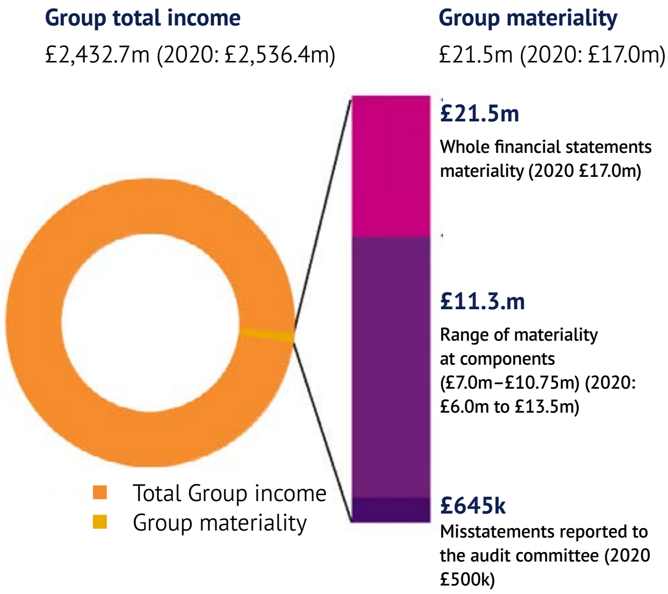
Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £13.975m (2020: £10.75m) for the group and £11m (2020: £10m) for the University. We applied this percentage in our determination of performance materiality based on the level of identified misstatements during the prior period.

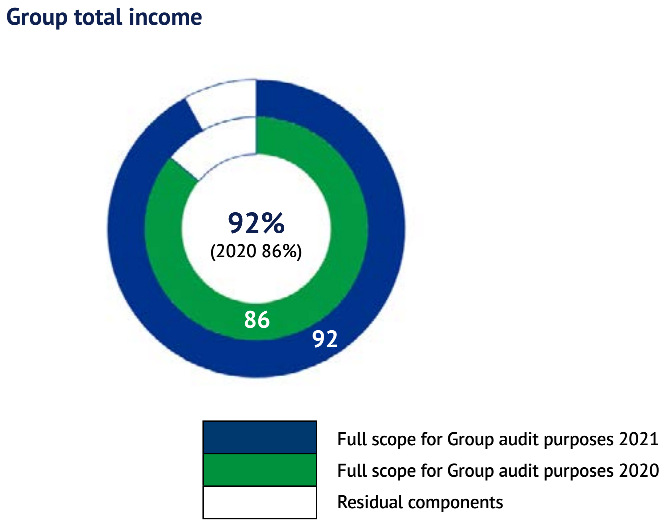
We agreed to report to the Audit and Scrutiny Committee any corrected or uncorrected identified misstatements exceeding £645k (2020: £500k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 63 (2020: 63) reporting components, we subjected 3 (2020: 3) to full scope audits for group reporting purposes.

The reporting components subject to full scope audits for group reporting purposes within the scope of our work accounted for the following percentages of the group's results: 92% (2020: 86%) of Group total income and 96% (2020: 96%) of Group total assets.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £7.0m to £11.3m, having regard to the mix and size and risk profile of the Group across the components. The work on 2 of the 3 components (2020: 2 of the 3 components) was performed by component auditors, with the audit of the academic University being performed by the Group team. None of the other components individually represented more than 4% of total group revenue, or total group assets. For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these components





Independent Auditor's Report – continued

4. Going concern

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

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Audit and Scrutiny Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council and Audit and Scrutiny Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Group's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries, On this audit we do not believe there is a fraud risk related to revenue recognition due to limited perceived pressure and opportunities identified.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and unusual cash and borrowing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Audit and Scrutiny Committee and other management (as required by auditing standards), and discussed with the management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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Independent Auditor's Report – continued

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR, Health and Safety legislation, employment and social security legislation and the higher education regulatory requirements of the Office for Students, recognising the regulated nature of the University's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Financial statements

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

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

Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Operational Review, Financial Review, Governance Statement, and Statement of Internal Control, is consistent with the financial statements.

7. Respective responsibilities

Council responsibilities

As explained more fully in their statement set out on page 35, Council is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities

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

Independent Auditor's Report – continued

in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

www.frc.org.uk/auditorsresponsibilities.

8. Report on other legal and regularity requirements

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them.
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

Matters on which we are required to report by exception

- We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in note 39 has been materially misstated.
- We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 1 to the financial statements has been materially misstated.
- We have nothing to report in these respects

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

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

Clare Partridge

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square

Leeds

LS1 4DA

02 December 2021

FINANCIAL STATEMENTS

Consolidated and University Statement of Comprehensive Income

For the year ended 31 July 2021

		Consolidated		University	
	Note	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Income					
Tuition fees and education contracts	2	427.6	392.5	418.5	380.8
Funding body grants	3	203.8	209.8	203.8	209.8
Research grants and contracts	4	653.3	633.6	647.8	630.7
Publishing services	5	694.3	754.8	585.3	629.1
Other income	6	238.1	274.5	183.1	188.4
Investment income	7	111.6	106.4	107.4	102.7
Total income before donations		**2,328.7**	**2,371.6**	**2,145.9**	**2,141.5**
Donations and endowments	8	94.2	163.6	94.1	163.5
Donation of assets	8,16	9.8	1.2	9.8	1.2
Total Income		**2,432.7**	**2,536.4**	**2,249.8**	**2,306.2**
Expenditure					
Staff costs	9	1,102.7	1,104.2	1,033.3	1,030.4
Staff costs – movement in pensions provision	9,28	(13.9)	(216.5)	(14.1)	(214.2)
Operating expenditure	11	1,085.5	1,103.7	981.3	956.4
Depreciation/amortisation	11,14,15	120.7	112.1	117.5	108.0
Interest and other finance costs	10	37.2	42.0	36.8	41.5
Total Expenditure		**2,332.2**	**2,145.5**	**2,154.8**	**1,922.1**
Surplus/(Deficit) before other gains		**100.5**	**390.9**	**95.0**	**384.1**
Gains/(losses) on investments	7	727.3	(93.7)	713.4	(90.4)
Share of surplus/(deficit) on joint ventures	18	2.4	(2.1)	0.2	(5.3)
Surplus before tax		**830.2**	**295.1**	**808.6**	**288.4**
Taxation	12	(8.5)	(11.9)	(1.6)	(5.2)
Minority interest		(0.1)	0.3	-	-
Surplus after tax		**821.6**	**283.5**	**807.0**	**283.2**
Changes in defined benefit pension scheme liability	28	(26.5)	(44.8)	(26.5)	(44.8)
Currency translation differences on foreign currency net investments		(3.8)	(17.1)	(2.3)	(9.1)
Effective portion of changes in fair value of cash flow hedges	27	4.3	5.7	4.3	5.7
Total Comprehensive Income		**795.6**	**227.3**	**782.5**	**235.0**
Represented by:					
Unrestricted comprehensive income for the year		453.2	134.7	451.1	138.5
Endowment comprehensive income for the year	30	328.1	74.0	316.0	78.2
Restricted comprehensive income for the year	31	15.4	18.3	15.4	18.3
Non-controlled interest for the year		(1.1)	0.3	-	-
		795.6	**227.3**	**782.5**	**235.0**

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2021

Consolidated	Endowment Reserves		Income and Expenditure Reserves		Total excl Non-Controlling Interest	Non-Controlling Interest	Total Group
	Permanent £'m	Expendable £'m	Restricted £'m	Unrestricted £'m	£'m	£'m	£'m
Balance at 1 August 2019	**995.3**	**221.7**	**102.9**	**2,859.3**	**4,179.2**	**1.8**	**4,181.0**
Income	30.3	103.7	44.7	2,357.7	2,536.4	-	2,536.4
Expenditure	(30.5)	(10.3)	(26.4)	(2,078.3)	(2,145.5)	-	(2,145.5)
Surplus/(deficit)	**(0.2)**	**93.4**	**18.3**	**279.4**	**390.9**	**-**	**390.9**
Other comprehensive income	(20.9)	(8.4)	-	(134.6)	(163.9)	0.3	(163.6)
Reserves transfer	2.2	7.9	-	(10.1)	-	-	-
Balance at 31 July 2020	**976.4**	**314.6**	**121.2**	**2,994.0**	**4,406.2**	**2.1**	**4,408.3**
Income	43.2	31.5	47.3	2,310.7	2,432.7	-	2,432.7
Expenditure	(32.4)	(11.5)	(31.9)	(2,256.4)	(2,332.2)	-	(2,332.2)
Surplus/(deficit)	**10.8**	**20.0**	**15.4**	**54.3**	**100.5**	**-**	**100.5**
Other comprehensive income	245.9	48.6	-	401.7	696.2	(1.1)	695.1
Reserves transfer	(2.2)	5.0	-	(2.8)	-	-	-
Balance at 31 July 2021	**1,230.9**	**388.2**	**136.6**	**3,447.2**	**5,202.9**	**1.0**	**5,203.9**
University							
Balance at 1 August 2019	**921.3**	**221.7**	**102.9**	**2,808.4**	**4,054.3**	**-**	**4,054.3**
Income	30.3	103.7	44.7	2,127.5	2,306.2	-	2,306.2
Expenditure	(27.5)	(10.3)	(26.4)	(1,857.9)	(1,922.1)	-	(1,922.1)
Surplus/(deficit)	**2.8**	**93.4**	**18.3**	**269.6**	**384.1**	**-**	**384.1**
Other comprehensive income	(19.8)	(8.4)	-	(120.9)	(149.1)	-	(149.1)
Reserves transfer	2.3	7.9	-	(10.2)	-	-	-
Balance at 31 July 2020	**906.6**	**314.6**	**121.2**	**2,946.9**	**4,289.3**	**-**	**4,289.3**
Income	43.2	31.5	47.3	2,127.8	2,249.8	-	2,249.8
Expenditure	(29.6)	(11.5)	(31.9)	(2,081.8)	(2,154.8)	-	(2,154.8)
Surplus/(deficit)	**13.6**	**20.0**	**15.4**	**46.0**	**95.0**	**-**	**95.0**
Other comprehensive income	231.0	48.6	-	407.9	687.5	-	687.5
Reserves transfer	(2.2)	5.0	-	(2.8)	-	-	-
Balance at 31 July 2021	**1,149.0**	**388.2**	**136.6**	**3,398.0**	**5,071.8**	**-**	**5,071.8**

The accompanying notes form part of these financial statements.

Consolidated and University Statement of Financial Position

As at 31 July 2021

	Note	Consolidated 2021 £'m	Consolidated 2020 £'m	University 2021 £'m	University 2020 £'m
Non-current assets					
Intangible assets and goodwill	14	86.9	81.4	86.3	81.0
Property, plant and equipment	15	1,479.4	1,487.4	1,465.2	1,473.2
Heritage assets	16	104.7	94.9	104.7	94.9
Investments	17	4,690.6	3,755.2	4,693.6	3,775.9
		6,361.6	**5,418.9**	**6,349.8**	**5,425.0**
Current assets					
Intangible assets – pre-publication	19	15.0	16.3	13.6	15.0
Inventories and work-in-progress	19	59.1	70.1	44.9	53.9
Trade and other receivables					
– due within one year	20	564.4	589.9	515.6	531.6
– due after one year	21	63.2	6.1	66.1	9.6
Investments	22	254.6	223.7	205.0	222.7
Cash and cash equivalents	23	706.3	810.7	661.0	724.3
		1,662.6	**1,716.8**	**1,506.2**	**1,557.1**
Creditors: amounts falling due within one year	25	(1,045.5)	(960.6)	(1,004.0)	(915.6)
Net current assets		**617.1**	**756.2**	**502.2**	**641.5**
Total assets less current liabilities		**6,978.7**	**6,175.1**	**6,852.0**	**6,066.5**
Creditors: amounts falling due after more than one year	26	(1,282.8)	(1,294.2)	(1,305.1)	(1,316.8)
Provisions for liabilities					
Pension provisions - deficit recovery plans	28	(246.5)	(258.7)	(243.4)	(255.6)
Pension provisions - defined benefit schemes	28	(226.8)	(195.8)	(226.8)	(195.8)
Other provisions	29	(18.7)	(18.1)	(4.9)	(9.0)
Total net assets		**5,203.9**	**4,408.3**	**5,071.8**	**4,289.3**
Reserves					
Endowment Reserves					
– Permanent	30	1,230.9	976.4	1,149.0	906.6
– Expendable	30	388.2	314.6	388.2	314.6
		1,619.1	**1,291.0**	**1,537.2**	**1,221.2**
Restricted reserves					
– Income and expenditure reserve	31	136.6	121.2	136.6	121.2
Unrestricted reserves					
– Income and expenditure reserve	32	3,447.2	2,994.0	3,398.0	2,946.9
		3,583.8	**3,115.2**	**3,534.6**	**3,068.1**
Minority Interests		1.0	2.1	-	-
Total reserves		**5,203.9**	**4,408.3**	**5,071.8**	**4,289.3**

The Financial Statements were approved by Council on 29 November 2021 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 2021

Consolidated	Note	2020/21 £'m	2019/20 £'m
Cash flows from operating activities			
Surplus for the year before taxation		**830.2**	**295.1**
Adjustment for non-cash items:			
Depreciation	11, 15	95.8	89.1
Amortisation of intangibles	14	24.9	23.0
(Gain)/Loss on investments		(727.3)	93.7
Decrease in pre-publication cost	19	1.3	4.6
Decrease in inventories	19	11.0	7.4
(Increase) in receivables	20, 21	(20.1)	(28.1)
Increase in payables	25, 26	71.2	99.8
Increase/(decrease) in other provisions	29	0.6	(2.9)
(Decrease) in pension provisions	28	(12.2)	(210.3)
Donation of assets	16	(9.2)	(1.1)
Decrease in non-controlling interest		1.1	-
Share of operating deficit in joint ventures		(2.4)	(2.1)
Unrealised exchange rate		5.9	(3.6)
Adjustment for investing or financing activities:			
Investment income	7	(111.6)	(106.4)
Interest payable	10	37.2	42.0
New Endowments	8	(43.3)	(106.1)
Capital grant income	3,4,6	(62.7)	(40.5)
(Loss) on disposal of property, plant and equipment	15	0.2	(0.7)
		90.6	**152.9**
Cash flows from operating activities			
Taxation	12	(8.6)	(11.9)
Net cash flows from operating activities		**82.0**	**141.0**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	15	0.4	6.1
Capital grants receipts		73.9	30.7
Proceeds from sale of intangible fixed assets	14	0.3	0.4
Payments to acquire heritage assets	16	(0.6)	(0.7)
Payments to acquire property, plant and equipment	15	(89.5)	(134.7)
Payments to acquire intangible assets	14	(31.2)	(31.2)
Net sale of Joint Venture		-	3.4
Net (investment) in current investments	22	(30.9)	(1.5)
Net (investment) in non-current investments	17	(208.2)	(141.7)
Investment income	7	108.5	103.3
Net cash flows from investing activities		**(177.3)**	**(165.9)**
Cash flows from financing activities			
Interest paid on borrowings and finance leases	10	(32.1)	(29.8)
Endowment cash received		31.8	106.1
Repayment of borrowings	26	(5.7)	(5.5)
New borrowings	26	1.0	305.1
Net cash flows from financing activities		**(5.0)**	**375.9**
Net (decrease)/increase in cash and cash equivalents		**(100.3)**	**351.0**

Consolidated	Note	2020/21 £'m	2019/20 £'m
Cash and cash equivalents at beginning of year		810.7	658.4
Effect of foreign exchange rate changes		(4.1)	(5.8)
Cash and cash equivalents at end of year		**706.3**	**1,003.6**
Reconciliation to cash and cash equivalents			
Cash at bank and in hand	23	706.3	810.7
Term Deposits		-	192.9
Cash and cash equivalents at end of year		**706.3**	**1,003.6**

In the prior year, current asset investments included term deposits that meet the definition of cash and cash equivalents and therefore were included in the cashflow statements. In the current year we have reclassified these assets within cash and cash equivalents. The accompanying notes form part of these financial statements.

Statement of Accounting Policies

1. Basis of Accounting

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

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

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

2. Scope of the Financial Statements

Basis of consolidation

The Financial Statements (apart from the University's own statement of financial position, comprehensive income statement and related notes) consolidate the accounts of the University and of its subsidiary undertakings for the financial year to 31 July 2021.

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

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

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

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

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

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

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

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

Statement of Accounting Policies – continued

Going concern

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

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

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

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

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

3. Foreign Currencies

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

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

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

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

At the inception of the hedge relationship, the University documents the relationship between the hedging instruments and the hedged cash flows. This identifies the risk in the 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 which the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk.

Tuition fees and educational contracts

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

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

Performance model

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

Performance conditions are defined as follows:

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

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

Government grants

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

Research income

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

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

Publishing services

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

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

Statement of Accounting Policies – continued

Capital grants

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

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

Investment income

Refer to policy 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 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 36. Any lease premiums or incentives are recognised as a reduction in expense spread evenly over the minimum lease term. The difference between expenditure recognised and cash flow benefits received is recognised as a liability released to the Statement of Comprehensive Income over the lease term.

8. Intangible Assets and Goodwill

Goodwill

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

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

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

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

Acquired licences

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

Software licences

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

Datasets

Datasets are research-related intellectual property costs. In accordance with 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 since their long economic life and high residual value mean that any depreciation would not be material.

11. Donated Assets

The University receives benefits in kind such as gifts of equipment, works of art and property. Items of a significant value donated to the University, which, if purchased, the University would treat as Property, Plant and Equipment, are capitalised at their current value and depreciated in accordance with the policy set out above. The value of the 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 was itself made recently, its cost may provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business'.

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

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

Following the formation of a Charitable Unauthorised Unit Trust (CUUT) to hold The Oxford Funds in June 2018 the dividend received from The Oxford Funds has been recognised in investment income. This accounting policy is based on the CUUT being held as part of an investment portfolio and meets the criteria in FRS 102 section 9.9(b) to be held at fair value: 'an interest is held as part of an investment portfolio if its value to the investor is through fair value as part of a directly or indirectly held basket of investments rather than the media through which the investor carries out business.' For note 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.

13. Inventories and Work in Progress

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

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

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

Statement of Accounting Policies – continued

14. Taxation Status

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

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

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

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

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

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

15. Cash and Cash Equivalents

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

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

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

16. Financial Instruments

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

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

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

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

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

Statement of Accounting Policies – continued

17. Intra-Group Transactions

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

18. Public Benefit Concessionary Loans

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

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

19. Segmental Information

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

20. Accounting for Jointly Controlled Entities, Assets and Operations

Jointly controlled entities

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

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

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

Jointly controlled assets and operations

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

21. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when;

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

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

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

22. Legal Form

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

The University is incorporated in the United Kingdom.

Principal Office

University of Oxford
University Offices
Wellington Square
Oxford
OX1 2JD

Accounting Judgements and Estimates

The University prepares its consolidated financial statements in accordance with 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 38) have been provided, and costs estimated using actuarial information.

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

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

A 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

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

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

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

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

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.

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Notes to the Financial Statements

1. Tuition Fees and Grant Income

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Grant income from the OfS	14.6	14.1	14.6	14.1
Grant income from other bodies	189.2	195.7	189.2	195.7
Fee income for taught awards	261.3	236.8	261.3	236.8
Fee income for research awards	72.6	65.4	72.6	65.4
Fee income from non-qualifying courses	93.7	90.3	84.6	78.6
Total grant and fee income	**631.4**	**602.3**	**622.3**	**590.6**

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

2. Tuition fees and education contracts

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Full-time students				
Home	115.0	106.5	115.0	106.5
EU	28.2	25.4	28.2	25.4
Overseas and other fees	159.5	142.3	159.5	142.3
Part-time students				
Home	10.2	10.1	10.2	10.1
EU	3.1	3.1	3.1	3.1
Overseas and other fees	17.9	14.8	17.9	14.8
Other Fees and education contracts				
Professional and non-matriculated courses	40.7	38.7	31.6	26.9
Examination and other fees	0.8	1.1	0.8	1.1
Research training support grants	52.2	50.5	52.2	50.6
	427.6	**392.5**	**418.5**	**380.8**

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

Notes to Financial Statements – continued

3. Funding body grants

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Recurrent grants				
OfS	13.3	13.3	13.3	13.3
Research England	156.1	150.2	156.1	150.2
Specific grants				
Museums, Galleries and Collections Fund	3.6	3.6	3.6	3.6
Higher Education Innovation Fund	4.9	7.9	4.9	7.9
OfS capital grants	1.3	0.8	1.3	0.8
Research England capital grants	19.6	20.0	19.6	20.0
Research England QR grant paid early	-	9.0	-	9.0
Other	5.0	5.0	5.0	5.0
	203.8	**209.8**	**203.8**	**209.8**

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

In 2019/20, Research England paid £9.0m of additional QR money due the effects of the COVID-19 pandemic. This was included in the income for 2019/20 as there are no performance conditions. There was no comparable receipt in 2020/21.

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

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

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

Notes to Financial Statements – continued

4. Research grants and contracts

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
UK funders				
Research Councils	163.5	147.3	163.4	147.2
UK government and health authorities	101.6	95.9	101.6	95.9
UK charities	156.0	153.9	156.0	153.9
UK industry and commerce	23.2	26.5	23.2	26.5
UK Other Sources	-	8.5	-	8.5
EU funders				
European Commission and other EU government bodies	57.8	62.6	57.8	62.6
EU based charities	1.2	1.3	1.2	1.3
EU based industry and commerce	31.5	36.9	31.5	36.9
EU other sources	3.4	3.3	3.4	3.3
Other overseas funders				
Other overseas charities	25.0	27.3	25.0	27.3
Other overseas industry and commerce	40.1	41.4	40.1	41.3
Other overseas sources	50.0	28.7	44.6	26.0
	653.3	**633.6**	**647.8**	**630.7**

The funding categories have been amended for 2020/21 to improve the reporting of research income and the prior year figures have been reanalysed.
Research grants and contract income includes £25.0m (2020: £17.7m) in respect of capital funding. Research grants and contracts excludes 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	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Publishing Services – UK	116.4	107.8	116.8	108.2
Publishing Services – Asia Pacific	193.0	217.1	171.3	200.7
Publishing Services – North America	171.6	177.9	172.2	178.7
Publishing Services – Europe	141.3	152.0	95.3	102.2
Publishing Services – Latin America	23.0	37.3	8.0	13.0
Publishing Services – Central Asia, Middle East, North Africa	22.6	29.4	18.2	23.1
Publishing Services – Sub-Saharan Africa	26.4	33.3	3.5	3.2
	694.3	**754.8**	**585.3**	**629.1**

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	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Residences, catering and conferences	0.5	2.3	0.4	2.0
Other services rendered	54.4	88.4	5.9	0.3
Vaccine development and initial production support	12.8	-	12.8	-
(Losses) on sale of fixed assets	(0.2)	-	(0.3)	(0.4)
National Health Service	14.9	15.2	14.9	15.2
Foreign exchange gain	-	0.4	-	1.8
Royalty income	64.8	62.4	47.8	46.5
Receipts from educational activities	10.5	12.1	10.5	12.1
Rental income from operating leases	16.9	18.6	16.7	18.9
Other income	46.6	73.1	57.8	90.0
Capital grants	16.9	2.0	16.6	2.0
Other income	**238.1**	**274.5**	**183.1**	**188.4**

Capital Grant income is external funding other than research grants or from OfS/Research England for assets capitalised in year and includes grants for the new Biochemistry building of £10.3m and £2.7m for an extension to the Kennedy Building.

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

Total rentals receivable under operating leases

	Land and Buildings			
	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Receivable during the year	16.4	18.6	16.7	18.9
Future minimum lease receivables due:				
Not later than 1 year	7.0	12.6	7.5	12.9
Later than 1 year and not later than 5 years	11.6	11.3	13.1	12.8
Later than 5 years	6.1	7.7	6.1	7.7
Total future lease receivables due	**24.7**	**31.6**	**26.7**	**33.4**

Notes to Financial Statements – continued

7. Investment income

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Profit on disposal of spinout company investments	4.6	6.3	3.4	5.6
Dividend from The Oxford Funds	100.0	88.7	97.2	86.0
Other income and interest from investments	7.0	11.4	6.8	11.1
	111.6	**106.4**	**107.4**	**102.7**

Profit on disposal of spinouts includes:

- £0.8m (2020: £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 (2020: £2.3m) release of deferred income from Oxford Sciences Innovation plc for the right to purchase a percentage share of share capital in spinout companies formed by the University (see note 37).

In 2020/21, the University realised profit of £0.3m across several disposals including Avacta, Oxsed, Immunotec and Cmed. A further £1.2m was realised by OUI included in the consolidated accounts. Proceeds of £4.6m were received during the year from 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 £100m (2020: £88.7m). 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.

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Analysis of gains/(losses) on investments				
Investments held in The Oxford Funds	465.4	(98.3)	452.7	(95.0)
Capital Account	64.2	16.2	64.2	16.2
Spinouts	50.6	(29.6)	50.6	(29.6)
Investment properties held directly	39.8	15.7	39.8	15.7
Sequoia	95.5	3.4	95.5	3.4
Other investments	11.8	(1.1)	10.6	(1.1)
	727.3	**(93.7)**	**713.4**	**(90.4)**

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

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-focused 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. The Investment in Sequoia was previously reported within Other Investments. In 2021, due to high market value gains, it has become a substantial part of the portfolio therefore it is reported separately.

Notes to Financial Statements – continued

8. Donations and endowments

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Donations				
Donations with restrictions	38.1	43.7	38.1	43.7
Donations without restrictions	12.8	13.8	12.7	13.7
Endowments				
New endowments and transfers	43.3	106.1	43.3	106.1
Total Donations and Endowments	**94.2**	**163.6**	**94.1**	**163.5**
Donations of assets	9.8	1.2	9.8	1.2
	104.0	**164.8**	**103.9**	**164.7**

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

Donations totalling £2.1m (2020: £1.2m) 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 2020/21 £'m	Consolidated 2019/20 £'m	University 2020/21 £'m	University 2019/20 £'m
Staff costs:					
Wages and salaries		887.6	889.4	825.2	824.0
Social security costs		79.1	79.7	75.2	75.4
Pension costs as paid	38	136.0	135.1	132.9	131.0
		1,102.7	1,104.2	1,033.3	1,030.4
Pension provisions	28	(13.9)	(216.5)	(14.1)	(214.2)
Total staff costs		**1,088.8**	**887.7**	**1,019.2**	**816.2**

	2020/21 FTE	2019/20 FTE
Average staff numbers by major category:		
Academic	1,880	1,863
Research	4,493	4,553
Teaching and Research Support	871	852
Departmental Support Services	3,498	3,442
Library and Museum Services	843	867
Publishing	5,018	5,464
Central Support Services	1,715	1,694
	18,318	18,735
Subsidiaries – Academic	139	251
Average number of full-time equivalent staff	**18,457**	**18,986**

	2020/21 £'000	2019/20 £'000
The emoluments of the Vice-Chancellor who served during the year were:		
Basic salary	374	374
Benefits – taxable		
Membership of private healthcare scheme	5	5
Accommodation	9	-
Total taxable emoluments of the Vice-Chancellor	**388**	**379**
Payments in lieu of pension contributions	45	45
Pension contributions	8	8
Non-taxable benefits	18	25
Total remuneration	**459**	**457**

Notes to Financial Statements – continued

9. Staff costs continued

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

- The basic salary for the role of Vice-Chancellor was set by the Committee in 2007/08. Since that time the University has improved considerably its relative standing. Each year since 2016 it has been ranked first in the Times Higher Education global rankings. The University has also grown in size and complexity, with revenue increasing by 97% to more than £2.4bn today. Despite the changes and achievements noted above, the salary for the role of Vice-Chancellor has been adjusted only for the nationally negotiated pay awards applied to all non-clinical staff. There was no pay award in 2020/21 therefore the Vice-Chancellor's basic salary remains unchanged from 2019/20.
- 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.
- Non-taxable benefits include the provision of accommodation for the period 1 August 2020 to 31 March 2021. ("representative occupier"). The value of the residential element of the property was £16,017 (2019/20: £21,392 for the full year) and this is reflected in "non-taxable benefits" above.
- There is no performance-related salary paid to the Vice-Chancellor nor to key management personnel of the Academic University. The current Vice-Chancellor does not receive income from any external appointments.
- The Vice-Chancellor's basic salary and total remuneration expressed as a multiple of median basic salary (and total remuneration including both taxable and non-taxable benefits) is as follows:

Pay ratios

- Academic staff: 5.8 times median basic salary (5.7 times median total remuneration - for all other than the Vice - Chancellor this excludes college allowances or benefits such as housing and private medical insurance)
- Academic University and subsidiary staff (14,556 employees): 9.5 times median basic salary (9.5 times total remuneration)
- All staff (18,534 employees): 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 (2020: £nil).The total expenses paid to or on behalf of trustees were £nil (2020: £721). This represents travel and other expenses incurred in attending Council and related meetings, in 2021 these meetings were conducted online.

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.

Salary banding	2020/21 Number of employees			2019/20 Number of employees		
	Non Clinical	Clinical	Total	Non Clinical	Clinical	Total
£100,000 to £104,999	27	8	35	18	10	28
£105,000 to £109,999	20	8	28	24	37	61
£110,000 to £114,999	11	32	43	19	-	19
£115,000 to £119,999	19	-	19	19	-	19
£120,000 to £124,999	16	-	16	15	-	15
£125,000 to £129,999	12	-	12	10	-	10
£130,000 to £134,999	7	-	7	8	-	8
£135,000 to £139,999	5	-	5	5	-	5
£140,000 to £144,999	8	-	8	7	-	7
£145,000 to £149,999	6	-	6	7	-	7
£150,000 to £154,999	10	-	10	9	-	9
£155,000 to £159,999	5	-	5	4	-	4
£160,000 to £164,999	12	-	12	12	-	12
£165,000 to £169,999	3	-	3	4	-	4
£170,000 to £174,999	4	-	4	4	-	4
£175,000 to £179,999	2	-	2	2	-	2
£180,000 to £184,999	3	-	3	4	-	4
£185,000 to £189,999	2	-	2	1	-	1
£190,000 to £194,999	1	-	1	2	-	2
£195,000 to £199,999	1	-	1	1	-	1
£200,000 to £204,999	1	-	1	2	-	2
£205,000 to £209,999	3	-	3	3	-	3
£210,000 to £214,999	-	-	-	1	-	1
£215,000 to £219,999	1	-	1	2	-	2
£225,000 to £229,999	-	-	-	2	-	2
£230,000 to £234,999	1	-	1	-	-	-
£240,000 to £244,999	1	-	1	1	-	1
£250,000 to £254,999	-	-	-	1	-	1
£275,000 to £279,999	1	-	1	2	-	2
£300,000 to £304,999	1	-	1	-	-	-
£325,000 to £329,999	-	-	-	1	-	1
£330,000 to £334,999	1	-	1	-	-	-
£345,000 to £349,999	-	-	-	2	-	2
£350,000 to £354,999	2	-	2	-	-	-
£355,000 to £359,999	-	-	-	1	-	1
£370,000 to £374,999	1	-	1	1	-	1
£380,000 to £384,999	-	-	-	1	-	1
£385,000 to £389,999	1	-	1	-	-	-
£390,000 to £394,999	-	-	-	1	-	1
£545,000 to £549,999	-	-	-	1	-	1
£555,000 to £559,999	1	-	1	-	-	-
	189	**48**	**237**	**197**	**47**	**244**

Notes to Financial Statements – continued

9. Staff costs continued

Compensation for loss of office

During the year the University paid £7,390k in compensation for loss of office to 654 employees (2020: £9,432k to 761 employees). Of the 654 employees, 299 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, the Chief Executive of the Press and the Director of Finance. The Vice-Chancellor is excluded from this figure and disclosed above.

	2020/21 £'000	2019/20 £'000
Key management personnel – total remuneration	**3,245**	**3,020**
Number of staff FTE	12.2	12.2
Key management personnel – average remuneration	**266**	**248**

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 2020 to 31 March 2021 was 48 (43 FTE). The percentage of time spent by them on facility time was between 0% and 50%. The cost of this activity amounts to £93,383 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 46.7%.

Notes to Financial Statements – continued

10. Interest and other finance costs

	Consolidated		University	
	2020/21 £'m	**2019/20 £'m**	**2020/21 £'m**	**2019/20 £'m**
Interest on loans	5.5	9.3	5.1	8.8
Net charge on pension schemes	6.4	10.3	6.4	10.3
Interest on bond	25.3	22.4	25.3	22.4
Total interest and other finance costs	**37.2**	**42.0**	**36.8**	**41.5**

In this note the interest charge in the Press pension scheme (see note 38) has now been combined with the charge relating to other schemes (see note 28).

11. Operating expenditure

	2020/21		2020/21	2019/20
	Staff £'m	**Non-Staff £'m**	**Total £'m**	**Total £'m**
Academic departments	354.4	139.7	494.1	472.5
Research grants and contracts	316.0	215.1	531.1	531.2
Academic services	40.2	19.0	59.2	61.2
Publishing	201.1	373.6	574.7	599.8
Residence, catering and conferences	0.7	0.5	1.2	1.2
Bursaries and scholarships	-	80.3	80.3	74.6
Premises	21.4	76.5	97.9	89.8
Administration	89.8	55.0	144.8	134.3
Payments to colleges	-	105.4	105.4	96.8
Other expenses	8.1	9.7	17.8	17.7
Capital project expenditure	1.5	24.0	25.5	15.7
	1,033.2	**1,098.8**	**2,132.0**	**2,094.8**
Subsidiary companies – HE	26.8	36.9	63.7	97.2
Subsidiary companies – publishing	41.4	67.6	109.0	122.3
Subsidiary companies – research activity	1.3	2.9	4.2	5.7
Movement in pensions provision	(13.9)	-	(13.9)	(216.5)
Interest and other finance costs	-	37.2	37.2	42.0
Total Consolidated	**1,088.8**	**1,243.4**	**2,332.2**	**2,145.5**

Depreciation and amortisation of £120.7m (2020: £112.1m), Operating expenditure of £1,085.5m (2020: £1,103.7m) and interest and other finance costs of £37.2m (2020: £42.0m) are combined in the non-staff figures of £1,243.4m (2020: £1,257.8m).

£15.7m of capital project expenditure for 2019/20 has been recategorised, reducing Premises by £2.2m and Administration by £13.5m. The payments to colleges in 2020/21 increased due to increased student support and numbers.

Notes to Financial Statements – continued

11. Operating expenditure continued

Other operating expenses include:

	Consolidated 2020/21 £'000	Consolidated 2019/20 £'000
Remuneration paid to auditors during the year was in respect of the following services:		
Audit services (Academic University audit)	280	275
Audit of the Academic University subsidiaries' annual financial statements	113	108
Audit services (inclusion of Press)	258	246
Audit services (Press for the year ended 31 March)	865	843
The Oxford Fund audit and associated services	140	114
The Oxford Fund audit related fees for assurance	-	13
Audit services (Oxford University Endowment Management Limited and associated entities for the year ended 31 December)	44	30
Total audit fees	**1,700**	**1,629**
DfE teacher training grant audits	4	4
Other non-audit services	7	53
US student loan audits of University and colleges	20	-
Total non-audit fees	**31**	**57**
Total fees to auditors	**1,731**	**1,686**

12. Taxation

	Consolidated		University	
	2020/21 £'m	2019/20 £'m	2020/21 £'m	2019/20 £'m
Current Tax				
UK Corporation Tax	0.8	1.9	-	-
Non-UK Corporation Tax	7.2	10.0	1.6	5.2
Deferred Tax	0.5	-	-	-
Taxation charge for the year	**8.5**	**11.9**	**1.6**	**5.2**

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 2020/21 £'m	Consolidated 2019/20 £'m	University 2020/21 £'m	University 2019/20 £'m
Surplus before taxation	830.2	295.1	808.6	288.4
Surplus on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	157.7	56.1	153.6	54.8
Less tax due on surplus falling within charitable exemption	(151.5)	(50.6)	(152.7)	(54.6)
Effect of overseas tax rates	1.8	4.2	0.9	2.7
Permanent differences	(3.7)	0.3	0.2	(0.3)
Other differences	4.2	1.9	(0.4)	2.6
Taxation charge for the year	**8.5**	**11.9**	**1.6**	**5.2**

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 2021 Consolidated	University – Academic £'m	University – Press £'m	Eliminations and adjustments £'m	Total £'m
INCOME				
External	**1,675.2**	**757.5**	**-**	**2,432.7**
Transfers between segments	41.5	-	(41.5)	**-**
Total income	1,716.7	757.5	(41.5)	**2,432.7**
Total Comprehensive Income for the year	797.1	40.0	(41.5)	**795.6**
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**
(Increases)/decreases in pension provisions	13.9	(26.5)	-	**(12.6)**
Additions to non-current assets	935.2	7.5	-	**942.7**
Assets	**7,066.9**	**957.3**	**-**	8,024.2
Liabilities	**(2,308.9)**	**(511.4)**	**-**	(2,820.3)
Net Assets	**4,758.0**	**445.9**	**-**	**5,203.9**

13. Segmental Information continued

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

Eliminations and adjustments

The following eliminations and adjustments reconcile the total of segment amounts to the consolidated amounts in these financial statements. The Press makes a transfer to the academic University. In 2021 it was £41.5m (2020: £52.6m).

Notes to Financial Statements – continued

14. Intangible assets and goodwill

Consolidated	Negative goodwill £'m	Goodwill £'m	Medical datasets £'m	Software licences £'m	Acquired lists £'m	Total £'m
Cost						
As at 1 August 2020	**(5.8)**	**111.5**	**1.6**	**144.1**	**142.9**	**394.3**
Exchange adjustments	-	(0.2)	-	(1.3)	(4.3)	**(5.8)**
Additions	-	-	0.4	22.1	8.2	**30.7**
Completed from assets under construction	-	-	-	0.5	-	**0.5**
Disposals	-	-	-	(3.8)	(1.0)	**(4.8)**
As at 31 July 2021	**(5.8)**	**111.3**	**2.0**	**161.6**	**145.8**	**414.9**
Amortisation						
As at 1 August 2020	**(5.6)**	**110.6**	**-**	**89.0**	**118.9**	**312.9**
Exchange adjustments	-	(0.2)	-	(1.1)	(4.0)	**(5.3)**
Charge for the year	(0.2)	0.9	0.2	18.0	6.0	**24.9**
Disposals	-	-	-	(3.5)	(1.0)	**(4.5)**
As at 31 July 2021	**(5.8)**	**111.3**	**0.2**	**102.4**	**119.9**	**328.0**
Carrying Amount						
As at 31 July 2021	**-**	**-**	**1.8**	**59.2**	**25.9**	**86.9**
As at 1 August 2020	**(0.2)**	**0.9**	**1.6**	**55.1**	**24.0**	**81.4**

The negative goodwill arose on the acquisition of the Edward Jenner Institute for Vaccine Research on 1 November 2005 and the Gray Cancer Institute on 30 June 2006.

University	Goodwill £'m	Medical datasets £'m	Software licences £'m	Acquired lists £'m	Total £'m
Cost					
As at 1 August 2020	**99.0**	**1.6**	**135.1**	**141.0**	**376.7**
Exchange adjustments	-	-	(1.7)	(4.3)	**(6.0)**
Additions	-	0.4	21.4	8.2	**30.0**
Completed from assets under construction	-	-	0.5	-	**0.5**
Disposals	-	-	(3.5)	(1.0)	**(4.5)**
As at 31 July 2021	**99.0**	**2.0**	**151.8**	**143.9**	**396.7**
Amortisation					
As at 1 August 2020	**98.3**	**-**	**80.4**	**117.0**	**295.7**
Exchange adjustments	-	-	(1.2)	(4.1)	**(5.3)**
Charge for the year	0.7	0.2	17.6	6.0	**24.5**
Disposals	-	-	(3.5)	(1.0)	**(4.5)**
As at 31 July 2021	**99.0**	**0.2**	**93.3**	**117.9**	**310.4**
Carrying Amount					
As at 31 July 2021	**-**	**1.8**	**58.5**	**26.0**	**86.3**
As at 1 August 2020	**0.7**	**1.6**	**54.7**	**24.0**	**81.0**

Notes to Financial Statements – continued

15. Property, Plant and Equipment

Consolidated	Land and Buildings Freehold £'m	Land and Buildings Leasehold £'m	Equipment & machinery £'m	Assets under construction £'m	Total £'m
Cost					
As at 1 August 2020	**1,937.7**	**41.5**	**190.5**	**123.1**	**2,292.8**
Exchange adjustments	(2.8)	(0.2)	(1.6)	-	**(4.6)**
Additions	2.9	2.1	35.8	49.2	**90.0**
Completed	101.5	0.9	8.1	(111.0)	**(0.5)**
Disposals	(3.3)	(8.3)	(23.9)	-	**(35.5)**
As at 31 July 2021	**2,036.0**	**36.0**	**208.9**	**61.3**	**2,342.2**
Depreciation					
As at 1 August 2020	**684.2**	**22.6**	**98.6**	**-**	**805.4**
Exchange adjustments	(1.8)	(0.1)	(1.8)	-	**(3.7)**
Charge for the year	61.7	2.4	31.7	-	**95.8**
Disposals	(3.3)	(7.9)	(23.5)	-	**(34.7)**
As at 31 July 2021	**740.8**	**17.0**	**105.0**	**-**	**862.8**
Net book value					
As at 31 July 2021	**1,295.2**	**19.0**	**103.9**	**61.3**	**1,479.4**
As at 1 August 2020	**1,253.5**	**18.9**	**91.9**	**123.1**	**1,487.4**
Leased assets included above:					
Net book value					
As at 31 July 2021	**-**	**19.0**	**-**	**-**	**19.0**
As at 1 August 2020	**-**	**18.9**	**-**	**-**	**18.9**

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

Land and buildings (Consolidated and University) includes £97.9m (2020: £96.8m) 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 £45.8m (2020: £48.1m).

Equipment additions include £1.2m (2020: £2.6m) 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 VLE review project.

The University agreed in 2017/18 that a third party will take over the operation of research assets which had been funded by a government grant received and recorded in the accounts of previous years. This resulted in a write-down of £17.2m of freehold land and equipment in 2017/18, the legal documentation was signed and an exchange of contracts took place in this financial year.

In November 2000, the University entered into a leasing arrangement with the Saïd Foundation in respect of the Saïd Business School. In accordance with FRS 102, at 31 July 2021 the fixed assets of the University included a cost of £62.7m (2020: £62.7m) in respect of the building.

Notes to Financial Statements – continued

15. Property, Plant and Equipment continued

University	Land and Buildings				
	Freehold	Leasehold	Equipment & machinery	Assets under construction	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
As at 1 August 2020	**1,931.9**	**31.0**	**172.6**	**122.9**	**2,258.4**
Exchange adjustments	(2.6)	(0.1)	(0.6)	-	**(3.3)**
Additions	4.5	-	34.0	49.1	**87.6**
Completed	101.5	0.9	8.1	(111.0)	**(0.5)**
Disposals	(3.3)	(7.8)	(22.8)	-	**(33.9)**
As at 31 July 2021	**2,032.0**	**24.0**	**191.3**	**61.0**	**2,308.3**
Depreciation					
As at 1 August 2020	**680.4**	**19.3**	**85.5**	**-**	**785.2**
Exchange adjustments	(1.4)	(0.1)	(0.6)	-	**(2.1)**
Charge for the year	62.1	0.9	30.0	-	**93.0**
Disposals	(3.3)	(7.5)	(22.2)	-	**(33.0)**
As at 31 July 2021	**737.8**	**12.6**	**92.7**	**-**	**843.1**
Net book value					
As at 31 July 2021	**1,294.2**	**11.4**	**98.6**	**61.0**	**1,465.2**
As at 1 August 2020	**1,251.5**	**11.7**	**87.1**	**122.9**	**1,473.2**
Leased assets included above:					
Net book value					
As at 31 July 2021	**-**	**11.4**	**-**	**-**	**11.4**
As at 1 August 2020	**-**	**11.7**	**-**	**-**	**11.7**

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 2020/21 was £0.6m (2020: £0.7m). The single largest acquisition was the The Bacon Cup by A Partridge *c*1574, for a total of £0.3m, 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.

Heritage assets	**2016/17 £'m**	**2017/18 £'m**	**2018/19 £'m**	**2019/20 £'m**	**2020/21 £'m**
Brought forward	**80.5**	**85.3**	**86.8**	**93.1**	**94.9**
Acquisitions purchased with specific donations	1.5	0.3	0.1	0.7	0.6
Acquisitions purchased with University funds	0.1	-	-	-	-
Total cost of acquisitions purchased	**1.6**	**0.3**	**0.1**	**0.7**	**0.6**
Value of acquisitions by donation	**3.2**	**1.2**	**6.2**	**1.1**	**9.2**
Carried forward	**85.3**	**86.8**	**93.1**	**94.9**	**104.7**

Heritage assets of £9.2m were donated in the year (2020: £1.1m). The largest donation was £5.1m for Van Dyck's Portrait of a Woman *c*1599. 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

		Consolidated		University	
	Note	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Investments stated at market value:					
Spinout companies		197.3	143.6	190.9	139.8
Investment property		275.2	237.7	275.0	237.4
The Oxford Funds		3,123.8	2,389.7	3,042.8	2,321.5
Global and Private equities		290.2	261.6	289.8	261.2
Other assets		2.5	1.3	2.5	1.3
Endowment pledges		-	62.8	-	62.8
Third-party managed		228.1	132.2	228.1	132.2
Bonds		558.7	515.2	558.6	515.1
Investments stated at cost:					
Subsidiary and associated undertakings		14.8	11.1	105.9	104.6
Total at end of year		**4,690.6**	**3,755.2**	**4,693.6**	**3,775.9**
Investment assets held are split between reserves as follows:					
Income and expenditure reserves		3,216.1	2,560.7	3,300.1	2,649.6
Endowment reserves	30	1,474.5	1,194.5	1,393.5	1,126.3
		4,690.6	**3,755.2**	**4,693.6**	**3,775.9**

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

The investment market value gain is shown in note 7.

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

In previous years endowment pledges were included within note 17, Non-current investments and note 22, Current investments. In 2020/21 they are reported in note 20, Trade and other receivables falling due within one year and note 21, Receivables amounts falling due after more than one year.

Investment properties	Consolidated £'m	University £'m
Fair value at 1 August 2020	**237.7**	**237.4**
Capital expenditure	0.2	0.2
Exchange adjustments	(0.1)	(0.1)
Gain on fair value adjustments	37.4	37.5
Fair value at 31 July 2021	**275.2**	**275.0**

The investment in The Oxford Funds is split into the following investment types:	2021 £'m	2020 £'m
Investments stated at market value:		
Investment property	6%	7%
Global and Private equities	35%	25%
Credit	8%	8%
Public equity	47%	53%
Directly held securities	4%	7%

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates

Subsidiaries

As at 31 July 2021 the University exercised control of the following subsidiary undertakings (excluding dormant undertakings):

	Country of incorporation	Nature of activity	% Interest
Ecosystem Capital Ltd[5]	England	Buying and selling of own real estate	100
Endowment Estates Ltd[5]	England	Investment management services	100
Instruct Academic Services Ltd	England	Scientific facilities-sharing infrastructure services	100
James Martin 21st Century (UK) Trust[4]	England	Endowment management	100
Kingston (City) Estates Trading Ltd (dissolved 29 March 2021)[5]	England	Business support activities	100
OUC Investments Ltd	England	Head office activities	100
Oxford Ltd	England	Retail and other trading activities	100
Oxford Advanced Research Centres Ltd	England	Head office activities	100
Oxford in Berlin gGmbH	Germany	Head office activities	100
Oxford Mutual Ltd[1]	England	Provision of discretionary cover	100
Oxford Research South Africa Ltd[3]	England	Social policy research	100
Oxford Saïd Business School Ltd	England	Executive education	100
Oxford University (Beijing) Science & Technology Co. Ltd (in liquidation)	China	Clinical research	100
Oxford University Development (North America), Inc.	USA	Office administration	100
Oxford University Endowment Management Ltd	England	Investment management services	100
Oxford University Fixed Assets Ltd	England	Building management and utilities	100
Oxford University Innovation Ltd	England	Commercial exploitation of intellectual property	100
Oxford University Innovation (Hong Kong) Ltd[2 5]	Hong Kong	Commercial exploitation of intellectual property	100
Oxford University (Suzhou) Science & Technology Co. Ltd[5]	China	Mathematical, Physical and Life Sciences research	100
Oxford University Trading Ltd	England	General trading activities	100
The Gray Laboratory Cancer Research Trust	England	Radiobiology research	100
TOF Corporate Trustee Ltd[5]	England	Fund management activities	100
University of Oxford China Office Ltd	Hong Kong	Fundraising and alumni relations	100
Voltaire Foundation Ltd	England	Publishing	100
Waxlow Ltd (dissolved 29 March 2021)[5]	England	Buying and selling of own real estate	100

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

OUP Subsidiaries

	Country of incorporation	Nature of activity	% Interest
bab.la GmbH[5,6]	Germany	Provision of sales to unrelated parties	100
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 (Cyprus) Ltd[6]	Cyprus	Sales, marketing and distribution	100
Oxford University Press GmbH[5,6]	Germany	Sales, marketing and distribution	100
Oxford University Press Hungary Kft v.a.[5,6]	Hungary	Administrative, management or support services	100
Oxford University Press India Private Ltd[5,6]	India	Administrative, management or support services	100
Oxford University Press Srl[5,6]	Italy	Sales, marketing and distribution	100
Oxford University Press Kabushiki Kaisha[6]	Japan	Sales, marketing and distribution	100
Oxford University Press East Africa Ltd[5,6]	Kenya	Sales, marketing and distribution	100
Oxford University Press Korea Ltd[5,6]	Korea, Republic of	Sales, marketing and distribution	100
Oxford University Press Lesotho (Proprietary) Ltd[5,6]	Lesotho	Sales, marketing and distribution	100
Oxford University Press (Macau) Ltd[5,6]	Macau	Administrative, management or support services	100
Oxford Publishing (Malaysia) SDN BHD[5,6]	Malaysia	Sales, marketing and distribution	100
Oxford University Press Mexico SA de CV[5,6]	Mexico	Sales, marketing and distribution	100
Oxford University Press Namibia (Proprietary) Ltd[5,6]	Namibia	Sales, marketing and distribution	100
Oxford University Press Polska sp. z o.o.[5,6]	Poland	Sales, marketing and distribution	100
Oxford University Press (Singapore) Pte Ltd[5,6]	Singapore	Sales, marketing and distribution	100
Oxford University Press Orbis Proprietary Ltd[5,6]	South Africa	Sales, marketing and distribution	100
Oxford University Press España S.A[5,6]	Spain	Publishing	100
Oxford University Press Tanzania Ltd[5,6]	Tanzania, United Republic of	Administrative, management or support services	100
Oxford Yayincilik Limited Sirketi[5,6]	Turkey	Sales, marketing and distribution	100
Oxford University Press Southern Africa Proprietary Ltd[6]	South Africa	Sales, marketing and distribution	75
Oxford Fajar SDN BHD[5,6]	Malaysia	Sales, marketing and distribution	70
OELT Ltd[6]	England	Sales, marketing and distribution	100
OUP Group Pension Trustee Ltd	England	Administrative, management or support services	100
Oxford Information Ltd[6]	England	Sales, marketing and distribution	100
Oxford Publishing Ltd[6]	England	Holding or managing intellectual property	100
Oxford Reference Ltd[6]	England	Sales, marketing and distribution	100
Oxuniprint Ltd[6]	England	Manufacturing or production	100

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

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

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

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

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

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

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

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

[5] Owned by a subsidiary undertaking.

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

University holdings in subsidiaries	**£'m**
Cost	
As at 1 August 2020	104.6
Additions	1.3
As at 31 July 2021	**105.9**

Joint ventures

University joint ventures	**Proportion of nominal value of ordinary shares held**	**Country of incorporation**	**Value as at 1 August 2020**	**Proceeds**	**Share of surplus/ (deficit) for year**	**Value as at 31 July 2021**
	%		**£'m**	**£'m**	**£'m**	**£'m**
ITEXT Limited	50	England	0.5	-		0.5
Oxford International AQA Examinations Ltd	50	England	(2.2)	-	2.2	-
African Research Collaboration for Health Ltd	50	Kenya	6.4	-	(0.6)	5.8
Global Malaria Vaccines GmbH	50	Germany	-	-		-
Jenner Vaccine Foundation	50	England	0.6	-	(0.1)	0.5
Oxford University Clinic LLP and its subsidiaries	50	England	-	-		-
Oxford University Property Development Ltd and its subsidiary, Oxford University Development Ltd	50	England	-	-	0.9	0.9
Warneford Park LLP	50	England	-	-		-
Total			**5.3**	**-**	**2.4**	**7.7**

Notes to Financial Statements – continued

18. Investment in subsidiaries and associates continued

Associates

As at 31 July 2021 the University exerted significant influence but not control or joint control over the following associated undertakings (excluding any dormant undertakings).

	Country of incorporation	Nature of activity	% Interest
Designer Carbon Materials Ltd	England	Commercial exploitation of intellectual property	46.9
Lime Biosciences Ltd	England	Research and experimental development in biotechnology	40.0
Oxford University Innovation Technology Transfer (Changzhou) Co. Ltd[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)	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
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 established a Sino-foreign joint venture in partnership with the Changzhou Productivity Promotion Centre and Oxtech Investment Consulting (Changzhou)., Ltd ("Oxtech"). Oxtech is a company registered in PRC.

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

[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 Joint Science and Technology Investment Co., Ltd (Guochuang). Jinyucheng and Guochuang are companies registered in PRC.

Associate valuation	**Consolidated £'m**
Share of net assets of associate undertakings as at 1 August 2020	**0.5**
Share of surplus/(deficit) of associate undertakings for the year	(0.2)
Share of net assets of associate undertakings as at 31 July 2021	**0.3**

Notes to Financial Statements – continued

19. Inventories and work-in-progress

	Consolidated		University	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Raw materials for publishing	0.5	0.9	0.4	0.3
Work in progress and printed sheets	5.1	5.1	4.0	4.2
Bound books	50.4	60.9	38.3	47.4
Other goods for resale	3.1	3.2	2.2	2.0
	59.1	**70.1**	**44.9**	**53.9**
Intangible assets pre-publication costs	**15.0**	**16.3**	**13.6**	**15.0**

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	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Research grants receivable	150.4	139.1	150.4	139.1
Prepayments and accrued income	64.5	88.8	52.0	78.8
Derivative financial assets	5.0	1.7	5.0	1.7
Endowment/trust pledges	27.8	-	27.8	-
Other trade receivables	231.1	272.3	169.0	196.5
Other receivables	85.6	88.0	54.8	55.1
Amounts due from subsidiaries	-	-	56.6	60.4
	564.4	**589.9**	**515.6**	**531.6**

21. Receivables amounts falling due after more than one year

	Consolidated		University	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Derivative financial assets	1.0	1.3	1.0	1.3
Endowment/trust pledges	58.8	-	58.8	-
Amounts due from subsidiaries	-	-	2.9	3.5
Other receivables	3.4	4.8	3.4	4.8
	63.2	**6.1**	**66.1**	**9.6**

In previous years endowment pledges were included within note 17, Non-current investments and note 22, Current investments. In 2020/21 they are reported in note 20, Trade and other receivables falling due within one year and note 21, Receivables amounts falling due after more than one year. Endowment pledges also include amounts for Trusts that are part of Unrestricted Reserves (see note 32).

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

Notes to Financial Statements – continued

22. Current investments

	Consolidated		University	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
As at 1 August	223.7	176.1	222.7	141.5
Additions	30.9	47.6	(17.7)	81.2
At 31 July	**254.6**	**223.7**	**205.0**	**222.7**

23. Cash and cash equivalents

Consolidated	At 1 August 2020 £'m	Cash flows £'m	31 July 2021 £'m
Cash and cash equivalents	810.0	(105.6)	704.4
Investment assets cash	0.7	1.2	1.9
	810.7	**(104.4)**	**706.3**

University	At 1 August 2020 £'m	Cash flows £'m	31 July 2021 £'m
Cash and cash equivalents	723.6	(64.5)	659.1
Investment assets cash	0.7	1.2	1.9
	724.3	**(63.3)**	**661.0**

24. Consolidated reconcilation of net debt

	2021 £'m
Net debt as at 1 August 2020	(433.1)
Movement in cash and cash equivalents	(104.4)
Net debt acquired	9.5
Other non-cash changes	0.5
Net debt as at 31 July 2021	**(527.5)**

Analysis of net debt	2021 £'m	2020 £'m
Cash and cash equivalents	706.3	810.7
Borrowings amounts falling due within one year		
Unsecured loans	(6.9)	(5.7)
Bank overdraft	(15.1)	(18.2)
Derivatives	(0.9)	(2.7)
Borrowings amounts falling due after more than one year		
Derivatives	(0.2)	(0.7)
Unsecured loans	(210.7)	(216.5)
Bonds	(1,000.0)	(1,000.0)
Net debt	**(527.5)**	(433.1)

Notes to Financial Statements – continued

25. Creditors: amounts falling due within one year

	Note	Consolidated 2021 £'m	Consolidated 2020 £'m	University 2021 £'m	University 2020 £'m
Research grants creditors		412.8	364.4	402.9	356.8
Accruals and deferred income		289.6	278.9	299.2	282.8
Capital grants with performance conditions		48.5	37.3	48.5	37.3
Unsecured bank loans	26	6.9	5.7	5.9	5.7
Bank overdrafts		15.1	18.2	-	-
Derivative financial liabilities		0.9	2.7	0.9	2.7
Corporation tax due		15.5	15.6	12.0	12.6
Social security and other taxation payable		23.8	28.7	23.3	31.5
Trade payables		232.4	209.1	211.3	185.1
Amounts due to subsidiaries		-	-	-	1.1
		1,045.5	**960.6**	**1,004.0**	**915.6**

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

	Consolidated 2021 £'m	Consolidated 2020 £'m	University 2021 £'m	University 2020 £'m
Oxford Sciences Innovation plc	18.3	20.6	18.3	20.6
Technikos	0.1	0.9	0.1	0.9
Deferred tax liability	-	0.2	-	0.4
Bank loans	210.7	216.5	210.7	216.5
100-year bonds issued	1,000.0	1,000.0	1,000.0	1,000.0
Bond premium account	46.3	47.8	46.3	47.8
Other creditors	4.2	4.5	2.5	3.0
Derivative financial liabilities	0.2	0.7	0.2	0.7
Amounts due to subsidiaries	-	-	24.0	23.9
Loan to Blavatnik School of Government	3.0	3.0	3.0	3.0
	1,282.8	**1,294.2**	**1,305.1**	**1,316.8**

	Consolidated 2021 £'m	Consolidated 2020 £'m	University 2021 £'m	University 2020 £'m
Analysis of unsecured bank loans:				
Due between one and two years	6.0	5.9	6.0	5.9
Due between two and five years	19.0	28.4	19.0	28.4
Due in five years or more	185.7	182.2	185.7	182.2
	210.7	**216.5**	**210.7**	**216.5**

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	Total £'m
Bank Loans				
Amount borrowed	25.0	200.0	1.0	**226.0**
Amount outstanding at 31 July 2021	25.0	191.6	1.0	**217.6**
Interest rate	5.07%	2.55%	TIIE + 3.25%	
Final repayment date	June 2047	June 2045	September 2021	
Amount due within one year	-	5.9	1.0	**6.9**
Amount due between one and two years	-	6.0	-	**6.0**
Amount due between two and five years	-	19.0	-	**19.0**
Amount due after five years	25.0	160.7	-	**185.7**
	25.0	**191.6**	**1.0**	**217.6**

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 2021 was £0.1m in Creditors: after more than one year, £0.8m in Creditors: within one year.

The University entered into an agreement with Oxford Sciences Innovation plc (OSI) in 2015/16. In return for 50% of its stake in each company spun out from Medical Science and Mathematical Physical and Life Sciences over a period of 15 years, the University received a 5% non-dilutable stake in OSI. This stake was initially valued at £17.5m but additional fund raising has taken place since totalling £15.0m. The investment is treated as deferred income and is released to the Statement of Comprehensive Income over the 15 year period of the agreement. The amount due to be released in 2021/22 is included in Creditors: within one year, with the remaining balance included in Creditors: after more than one year.

Bond

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

On 22 January 2020, a further tranche of the bonds were issued with the same terms and repayment date. These bonds were issued at 122.37% of their principal amounts and the proceeds of issue, less directly attributable 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 2021 £'m	Consolidated 2020 £'m
Measured at fair value through profit or loss			
Derivative financial assets maturing within 12 months		5.0	1.7
Derivative financial assets maturing after more than 12 months		1.0	1.3
Global & private equities, public equity, spinout companies	17	487.5	405.2
Third-party managed	17	228.1	132.2
The Oxford Funds	17	3,123.8	2,389.7
Bonds	17	558.7	515.2
Measured at undiscounted amount receivable			
Trade and other receivables	20	564.4	589.9
Equity instruments measured at cost less impairment			
Current asset unlisted investments	22	254.6	223.7
		5,223.1	**4,258.9**

Financial liabilities	Note	Consolidated 2021 £'m	Consolidated 2020 £'m
Measured at fair value through profit or loss			
Derivative financial liabilities maturing within 12 months		1.0	2.7
Derivative financial liabilities maturing after more than 12 months		0.2	0.7
Measured at amortised cost			
Bond	26	1,000.0	1,000.0
Loans payable	25,26	217.6	222.2
Measured at undiscounted amount payable			
Liabilities due after more than one year		72.1	77.7
Trade and other payables	25	232.4	209.1
		1,523.3	**1,512.4**

Derivative financial instruments

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

Nature and extent of risks arising from financial instruments

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

Credit risk

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

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

Notes to Financial Statements – continued

27. Financial instruments continued

	2021 £'m	2020 £'m
Trade debtors: outstanding invoices	239.9	278.6
Less: provision for impairment of receivables	(8.8)	(6.3)
	231.1	**272.3**

Trade debtors that are less than 90 days past their due date are not considered impaired unless they are included in the specific provision. At 31 July 2021 trade debtors with carrying value of £81.9m (2020: £59.0m) were past their due date but not impaired.

	2021 £'m	2020 £'m
Balances against which a provision has been made	20.0	8.7
Balances not past their due date	225.1	199.3
Up to 90 days past due	38.1	34.7
91 to 180 days past due	20.7	11.4
181 to 360 days past due	10.7	8.9
More than 360 days past due	12.4	4.0
	327.0	**267.0**

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

	2021 £'m	2020 £'m
The rating of term deposits and cash balances at 31 July were as follows:		
Fitch credit quality rating (short/long-term)		
-/AAA	509.8	636.9
F1+/AA	29.3	24.2
F1+/AA-	47.4	47.7
F1/A+	289.7	192.1
F1/A	9.0	-
F2/A	15.2	15.0
Overseas	4.0	29.1
Total cleared balances	**904.4**	**945.0**

Notes to Financial Statements – continued

27. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties raising cash to meet its obligations when they fall due. Obligations are associated with financial liabilities and capital commitments. The University monitors its exposure to liquidity risk by regularly monitoring its liabilities and commitments and holding appropriate levels of liquid assets. The academic University targets a minimum cash balance of £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 2021	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
Finance leases	-	-	-	-
Other creditors excluding deferred income	657.8	7.4	-	665.2
Total	**679.8**	**32.4**	**1,185.7**	**1,897.9**

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

Market and price risk

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

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

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

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

Notes to Financial Statements – continued

27. Financial instruments continued

Foreign currency risk

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

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

Consolidated and University	Current		Non-current	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Forward foreign currency contracts for publishing – assets	5.0	1.7	1.0	1.3
Forward foreign currency contracts for publishing – liabilities	(0.9)	(2.7)	(0.2)	(0.7)
Forward foreign currency contracts for research	13.5	32.8	-	-
	17.6	**31.8**	**0.8**	**0.6**

These are in the following currencies:

	2021 £'m	2020 £'m
US Dollars	6.2	0.9
Euros	12.0	(1.1)
Hong Kong Dollars	(0.3)	(0.4)
Other	0.7	1.0
Total	**18.6**	**0.4**

The impact on total recognised gains for the year 2020/21 of additional 10% variations in the principal exchange rates would have been:

	2021 £'m	2020 £'m
10% US Dollar appreciation	0.6	(0.1)
10% Euro appreciation	1.2	(0.1)
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 2021 was £13.5m and the contracts when marked to market showed an unrealised gain of £nil. In 2020 the value was £32.8m and the contracts, when marked to market, showed an unrealised gain of £0.8m.

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 (2020: £1,000m). The fair value of the bond at 31 July 2021 was £1,412m based on the trading price (2020: £1,557m).

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 2021	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Spinout companies	24.0	-	173.3	197.3
Investment properties	-	-	275.2	275.2
The Oxford Funds*	-	3,123.8	-	3,123.8
Global and private equities	246.3	-	43.9	290.2
Pledges	-	-	-	-
Third-party managed	-	-	228.1	228.1
Bonds	558.7	-	-	558.7
Other assets	-	-	2.5	2.5
Associated undertakings	-	-	14.8	14.8
Total	**829.0**	**3,123.8**	**737.8**	**4,690.6**

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

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

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

	2021 £'m	2020 £'m
Fair value at 1 August	547.1	564.0
Purchases less sales proceeds	0.9	3.8
Total gains	189.8	(20.7)
Fair value at 31 July	**737.8**	**547.1**

Notes to Financial Statements – continued

28. Pension scheme provisions

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

Consolidated	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2020	**225.7**	**32.1**	**0.9**	**258.7**
Utilised in year	-	-	(0.1)	**(0.1)**
(Release)/additions in year	(10.2)	(4.0)	0.3	**(13.9)**
Interest release	1.6	0.2	-	**1.8**
At 31 July 2021	**217.1**	**28.3**	**1.1**	**246.5**

University	USS £'m	OSPS £'m	Other £'m	Total £'m
At 1 August 2020	**222.6**	**32.4**	**0.6**	**255.6**
Utilised in year	-	-	(0.1)	**(0.1)**
(Release)/additions in year	(10.2)	(4.0)	0.3	**(13.9)**
Interest release	1.6	0.2	-	**1.8**
At 31 July 2021	**214.0**	**28.6**	**0.8**	**243.4**

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 1.6% p.a. for future years for OSPS and 1.6% p.a. for USS and pay and grade inflation rates will increase by 4% per annum for all staff and the liability is discounted at an appropriate corporate bond rate of 0.89% (2020: 0.73%) for USS and at 0.89% (2020: 0.74%) for OSPS. A sensitivity analysis to changes in salary and discount rate changes is shown in note 38 for both schemes.

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

Notes to Financial Statements – continued

28. Pension scheme provisions continued

Defined Benefit Pension Scheme Provisions as defined benefits – Press

	Consolidated £'m	University £'m
At 1 August 2020	195.8	195.8
Net interest on net defined benefit liability	4.5	4.5
Remeasurement of liability recognised in comprehensive income	26.5	26.5
At 31 July 2021	**226.8**	**226.8**

Press pensions

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

The decrease in the actuarial loss in the year was due to the changes in gilt yields and inflation rates. Fuller details are shown in note 38.

29. Other provisions

Consolidated	Building dilapidation Tinbergen £'m	Other £'m	Total £'m
At 1 August 2020	**3.4**	**14.7**	**18.1**
Transfer from income and expenditure account	-	7.9	**7.9**
Utilised in year	(3.4)	(3.9)	**(7.3)**
At 31 July 2021	**-**	**18.7**	**18.7**

University	Building dilapidation Tinbergen £'m	Other £'m	Total £'m
At 1 August 2020	**3.4**	**5.6**	**9.0**
Transfer from income and expenditure account	-	1.4	**1.4**
Utilised in year	(3.4)	(2.1)	**(5.5)**
At 31 July 2021	**-**	**4.9**	**4.9**

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

Notes to Financial Statements – continued

30. Endowment Reserves

There are no endowments within the Press.

Permanent endowments

Consolidated	Unrestricted Capital £'m	Unrestricted Unapplied return £'m	Unrestricted Total £'m	Restricted Capital £'m	Restricted Unapplied return £'m	Restricted Total £'m	Total £'m
Capital – Original gift	80.2	-	**80.2**	329.4	-	**329.4**	**409.6**
Capital – Indexation reserve	30.5	-	**30.5**	73.7	-	**73.7**	**104.2**
Unapplied return	-	178.0	**178.0**	-	284.6	**284.6**	**462.6**
31 July 2020	**110.7**	**178.0**	**288.7**	**403.1**	**284.6**	**687.7**	**976.4**
Investment income less expenses	-	-	**-**	-	21.7	**21.7**	**21.7**
New endowments	0.1	-	**0.1**	21.4	-	**21.4**	**21.5**
Reinvestment of Revenue to Capital	-	-	**-**	0.3	(0.3)	**-**	**-**
Reclassification to expendable	-	-	**-**	(2.8)	(0.1)	**(2.9)**	**(2.9)**
Transfer and other	-	-	**-**	-	0.7	**0.7**	**0.7**
Indexation	2.2	(2.2)	**-**	8.1	(8.1)	**-**	**-**
Market value gains	-	59.9	**59.9**	-	186.0	**186.0**	**245.9**
Released to unrestricted reserves	-	(11.5)	**(11.5)**	-	(20.9)	**(20.9)**	**(32.4)**
Balance as at 31 July 2021	**113.0**	**224.2**	**337.2**	**430.1**	**463.6**	**893.7**	**1,230.9**
Represented by:							
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**
	113.0	**224.2**	**337.2**	**430.1**	**463.6**	**893.7**	**1,230.9**

Notes to Financial Statements – continued

30. Endowment funds 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	29.6	-	**29.6**	329.4	-	**329.4**	**359.0**
Capital – Indexation reserve	16.4	-	**16.4**	73.7	-	**73.7**	**90.1**
Unapplied return	-	172.9	**172.9**	-	284.6	**284.6**	**457.5**
31 July 2020	**46.0**	**172.9**	**218.9**	**403.1**	**284.6**	**687.7**	**906.6**
Investment income less expenses	-	-	**-**	-	21.7	**21.7**	**21.7**
New endowments	0.1	-	**0.1**	21.4	-	**21.4**	**21.5**
Reinvestment of Revenue to Capital	-	-	**-**	0.3	(0.3)	**-**	**-**
Reclassification to expendable	-	-	**-**	(2.8)	(0.1)	**(2.9)**	**(2.9)**
Transfer and Other	-	-	**-**	-	0.7	**0.7**	**0.7**
Indexation	0.9	(0.9)	**-**	8.1	(8.1)	**-**	**-**
Market value gains	-	45.0	**45.0**	-	186.0	**186.0**	**231.0**
Released to unrestricted reserves	-	(8.7)	**(8.7)**	-	(20.9)	**(20.9)**	**(29.6)**
Balance as at 31 July 2021	**47.0**	**208.3**	**255.3**	**430.1**	**463.6**	**893.7**	**1,149.0**
Represented by:							
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**
	47.0	**208.3**	**255.3**	**430.1**	**463.6**	**893.7**	**1,149.0**

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

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

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

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

Notes to Financial Statements – continued

30. Endowment funds continued

Restricted Expendable Endowments

Restricted expendable endowments	Consolidated Capital £'m	Consolidated Accumulated Income £'m	Consolidated Total £'m	University Capital £'m	University Accumulated Income £'m	University Total £'m
31 July 2020	**259.8**	**54.8**	**314.6**	**259.8**	**54.8**	**314.6**
New endowments	21.8	-	**21.8**	21.8	-	**21.8**
Transfer and Other	(0.5)	2.6	**2.1**	(0.5)	2.6	**2.1**
Investment net income	-	9.7	**9.7**	-	9.7	**9.7**
Market value gains	-	48.6	**48.6**	-	48.6	**48.6**
Reclassification from permanent	2.8	0.1	**2.9**	2.8	0.1	**2.9**
Expenditure	(2.4)	(9.1)	**(11.5)**	(2.4)	(9.1)	**(11.5)**
Balance as at 31 July 2021	**281.5**	**106.7**	**388.2**	**281.5**	**106.7**	**388.2**

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

Endowment assets

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

Investments	Note	Consolidated 2021 £'m	Consolidated 2020 £'m	University 2021 £'m	University 2020 £'m
The Oxford Funds		1,199.2	957.1	1,118.2	888.9
Global equities		1.3	1.3	1.3	1.3
Investment property		43.6	40.6	43.6	40.6
Endowment pledges		-	62.0	-	62.0
Third-party managed		225.1	129.6	225.1	129.6
Short-term bonds		3.1	2.9	3.1	2.9
Other assets		2.2	1.0	2.2	1.0
	17	**1,474.5**	**1,194.5**	**1,393.5**	**1,126.3**
Endowment pledges falling due within one year		27.3	12.0	27.3	12.0
Endowment pledges falling due after more than one year		58.2	-	58.2	-
Cash and cash equivalents		59.1	84.5	58.2	82.9
Balances as at 31 July		**1,619.1**	**1,291.0**	**1,537.2**	**1,221.2**

Notes to Financial Statements – continued

30. Endowment funds continued

Endowment purposes

Endowments, both permanent and expendable, fall into the following categories for the year to 31 July 2021.

	Balance at 1 August 2020 £'m	Investment gains £'m	Investment income less expenses £'m	New endowments £'m	Expenditure and transfer £'m	Balance at 31 July 2021 £'m
General academic	**355.1**	54.6	6.5	8.9	(13.3)	**411.8**
Academic posts	**514.5**	94.9	15.7	30.4	(15.7)	**639.8**
Scholarship funds	**325.5**	126.4	6.6	2.9	(8.8)	**452.6**
Support for libraries and museums	**72.1**	14.0	2.0	1.1	(2.7)	**86.5**
Societies	**8.6**	2.0	-	-	(0.3)	**10.3**
Prize funds	**15.2**	2.6	0.6	-	(0.3)	**18.1**
Total	**1,291.0**	**294.5**	**31.4**	**43.3**	**(41.1)**	**1,619.1**

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 2020				
Capital – Original gift	71.0	2.8	50.6	74.6
Capital – Indexation reserve	-	0.9	14.1	5.2
Unapplied return	-	99.1	5.1	55.2
	71.0	**102.8**	**69.8**	**135.0**
New endowments	-	-	-	-
Investment gains and income	4.3	22.8	14.9	95.6
Expenditure	-	(1.2)	(2.8)	(3.5)
Balance as at 31 July 2021	**75.3**	**124.4**	**81.9**	**227.1**
Represented by:				
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**

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. £30m (£26.2m of the College Gift) of cash has been received to date and the rest is held as accrued income within endowment reserves.

Notes to Financial Statements – continued

30. Endowment funds 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 (2020: none).

31. Restricted Reserves

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

All reserves generated by the Press are for unrestricted purposes.

Consolidated	As at 31 July 2020 £'m	New donations & grants £'m	Restricted expenditure £'m	As at 31 July 2021 £'m
General academic	**39.0**	23.4	(19.6)	**42.8**
Academic posts	**3.9**	2.6	(2.3)	**4.2**
Scholarship funds	**9.1**	9.4	(7.6)	**10.9**
Support for libraries	**1.6**	1.4	(0.9)	**2.1**
Support for museums	**2.3**	1.3	(1.5)	**2.1**
Donated heritage assets	**62.8**	9.2	-	**72.0**
Mixed use buildings	**2.5**	-	-	**2.5**
	121.2	**47.3**	**(31.9)**	**136.6**

University	As at 31 July 2020 £'m	New donations & grants £'m	Restricted expenditure £'m	As at 31 July 2021 £'m
General academic	**39.0**	23.4	(19.6)	**42.8**
Academic posts	**3.9**	2.6	(2.3)	**4.2**
Scholarship funds	**9.1**	9.4	(7.6)	**10.9**
Support for libraries	**1.6**	1.4	(0.9)	**2.1**
Support for museums	**2.3**	1.3	(1.5)	**2.1**
Donated heritage assets	**62.8**	9.2	-	**72.0**
Mixed use buildings	**2.5**	-	-	**2.5**
	121.2	**47.3**	**(31.9)**	**136.6**

Notes to Financial Statements – continued

32. Unrestricted Income and Expenditure Reserves

	Consolidated £'m	University £'m
Balance as at 31 July 2020	2,994.0	2,946.9
Reserve transfers	(2.8)	(2.8)
Unrestricted comprehensive income for the year	456.0	453.9
Balance as at 31 July 2021	**3,447.2**	**3,398.0**

The Unrestricted Income and Expenditure reserves include £1,933.5m (2020: £1,442.5m) of funds that are held in the University of Development Trust Fund and certain special purpose trusts of the University. Although these funds are accounted for as income, and for accounting purposes are treated as unrestricted, for legal purposes the funds are held as expendable endowment and, as to £330.0m (2020: £275.6m) are legally restricted for specific teaching posts and graduate scholarships.

33. Connected Institutions

The University administers, either directly or indirectly, a number of charitable institutions. Under paragraph 28(1) of Schedule 3 of the Charities Act 2011, these institutions are referred to as 'paragraph 28' or connected institutions. They fall under the umbrella of the University's charitable status and are exempt from registration with the Charities Commission. The University maintains a detailed register of its connected institutions and for those with income of more than £100k publishes information via its gateway page at: www.ox.ac.uk/about/organisation/university-as-a-charity. The financial results of those connected institutions are disclosed below.

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

	As at 31 July 2020 £'m	Incoming resources including investment gains £'m	Outgoing resources and expenditure £'m	As at 31 July 2021 £'m
James Martin 21st Century (UK) Trust	**69.8**	15.5	(3.5)	**81.8**
The Gray Laboratory Cancer Research Trust	**0.3**	0.7	(0.6)	**0.4**
Aggregated into the University Financial Statements:				
University of Oxford Development Trust Fund	**1,576.4**	588.2	(55.0)	**2,109.6**
Oxford University Law Foundation	**1.0**	0.1	(0.1)	**1.0**
Excluded from the University and Group accounts as they are not controlled by the University:				
Oxford University Boat Club	**3.8**	0.2	(0.2)	**3.8**
Oxford University Rugby Club	-	0.9	(0.8)	**0.1**
Oxford University Women's Boat Club	**0.1**	0.3	(0.2)	**0.2**
Smaller sports charities	**0.4**	0.9	(0.8)	**0.5**
Smaller non-sports charities	-	0.5	(0.5)	-
Excluded from the University and Group accounts as the University does not derive direct benefits from their activities:				
Nuffield Dominions Trust	**39.2**	2.1	(0.1)	**41.2**
College Contributions Fund	**81.5**	20.0	(11.7)	**89.8**

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

Notes to Financial Statements – continued

34. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2021.

	Consolidated		University	
	2021	**2020**	**2021**	**2020**
	£'m	**£'m**	**£'m**	**£'m**
At the end of the year the University had major capital commitments for building projects as follows:				
Contracted for:	69.7	88.5	69.7	88.5

35. Contingent liabilities

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

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

36. Lease obligations

Total rentals payable under operating leases:

	Consolidated					
	2020/21			2019/20		
	Land and Buildings	**Other Equipment**	**Total**	**Land and Buildings**	**Other Equipment**	**Total**
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Payable during the year	**11.4**	**4.3**	**15.7**	**12.3**	**4.5**	**16.8**
Future minimum lease payments due:						
Not later than 1 year	9.5	1.3	10.8	15.1	1.5	16.6
Later than 1 year and not later than 5 years	19.5	1.5	21.0	20.8	1.1	21.9
Later than 5 years	21.2	-	21.2	23.3	-	23.3
Prior Year Correction - Press	-	-	-	(6.0)	-	(6.0)
Total lease payments due	**50.2**	**2.8**	**53.0**	**53.2**	**2.6**	**55.8**

Notes to Financial Statements – continued

36. Lease obligations continued

	University					
	2020/21			2019/20		
	Land and Buildings £'m	Other Equipment £'m	Total £'m	Land and Buildings £'m	Other Equipment £'m	Total £'m
Payable during the year	**6.4**	**3.3**	**9.7**	**7.4**	**3.4**	**10.8**
Future minimum lease payments due:						
Not later than 1 year	6.2	0.7	6.9	10.4	1.0	11.4
Later than 1 year and not later than 5 years	16.2	0.5	16.7	14.5	0.8	15.3
Later than 5 years	14.4	-	14.4	21.6	-	21.6
Prior Year Correction - Press	-	-	-	(4.4)	-	(4.4)
Total lease payments due	**36.8**	**1.2**	**38.0**	**42.1**	**1.8**	**43.9**

37. Related Parties

During the year ended 31 July 2021 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	
		2021	2020	2021	2020	2021	2020
Agency for the Legal Deposit Libraries	Member of Council is a Director	-	-	138	133	-	(34)
British Academy	Head of Division & Member of Council is a Council Member & Member of OUP is a Director or Trustee	6,018	12,636	273	208	(23)	(314)
British Heart Foundation	Pro-Vice-Chancellor is a consultant	22,100	8,233	5	4	-	3,542
Carnegie Corporation of New York	Member of the University or Senior OUP officer is a Director or Trustee	-	-	-	14	-	181
Central European University	Vice-Chancellor & Member of Council is a Trustee	-	-	22	-	-	-
Council on Library and Information Resources	Member of Council is on the Board	-	-	14	-	-	-

Notes to Financial Statements – continued

37. Related parties continued

Related party	Nature of relationship	Income £'000		Expenditure / transfers £'000		Balance due to/(from) the University £'000	
		2021	2020	2021	2020	2021	2020
Department for Environment Food & Rural Affairs	Head of Division & Member of Council is a Member of an Advisory Board and Chair of an Expert Group	414	370	-	8	30	98
GlaxoSmithKline	Head of Division & Member of Council is a Consultant on a GSK Advisory Board	2,341	1,284	-	164	799	221
Huawei Technologies Co., Ltd	Member of Council is a Consultant for Translation Services Dept, Huawei	-	61	-	-	-	
Ipsen Bioinnovation Ltd	Pro-Vice-Chancellor is a consultant	-	232	-	-	-	58
JISC	Pro-Vice-Chancellor & Member of Council is Board Vice Chair	38	77	153	2,755	(5)	(37)
John Wiley & Sons Ltd	Member of Council is an Executive Editor & Member of OUP is a Director or Trustee	319	293	284	902	(23)	(17)
Journal of Cognitive Neuroscience	Member of the University or Senior OUP officer is a Director or Trustee	-	-	1	73	-	169
J P Morgan	External Member of Council is a Vice Chairman for J P Morgan Cazenove	361	257	-	33	120	107
League of European Research Universities	Pro-Vice-Chancellor is a Member of Research Policy Group	-	-	26	-	-	-
NIHR	Member of Council is Director of NIHR ARC, Oxford Thames Valley	339	-	-	-	30	-
Northwestern University	Member of Council is an Adjunct Professor	15	25	-	1	8	-
Novo Nordisk	Pro-Vice-Chancellor is a consultant	4,650	-	-	-	90	-
Oxford Archaeology	Member of Council is a Trustee	-	12	13	16	-	-
Oxford Local Enterprise Partnership Ltd (OxLEP)	Pro-Vice-Chancellor is a Director	-	300	-	13	-	(6)
Oxford Playhouse Trust	Member of Council is a Trustee	-	6	250	191	(1)	-
Peters Fraser & Dunlop	Member of the University is Non-Executive Chairman	-	-	8	208	-	-
Primary Care Research Trust of Birmingham and Midlands	Member of Council is a Director	-	23	-	-	-	-
Princeton University Press	Member of the University or Senior OUP officer is a Member of the Advisory Board	25	979	7	1	4	(343)
Radboud Universiteit Nijmegen	Member of Council is a Visiting Scholar	80	57	7	96	35	-
Radioactive Waste Management Limited	Pro-Vice-Chancellor is a Non-Executive Director	192	295	-	-	180	-
Rhodes Trust	Head of Division & Member of Council is a Trustee	169	310	1,241	911	(402)	-
River Learning Trust	Interim Director of Finance is a Trustee	-	-	12	-	-	-

Notes to Financial Statements – continued

37. Related parties continued

Related party	Nature of relationship	Income £'000		Expenditure / transfers £'000		Balance due to/(from) the University £'000	
		2021	2020	2021	2020	2021	2020
Rolls Royce	Pro-Vice-Chancellor is Chair of the Scientific Advisory Committee	3,290	4,333	9	-	411	726
Rosalind Franklin Institute	Pro-Vice-Chancellor is a Member Representative	894	-	-	-	68	-
Royal Academy of Engineering	Pro-Vice-Chancellor is a Member	1,338	-	2	-	(34)	-
Society for Neuroscience	Member of Council is a Member & Member of OUP is a Director or Trustee	-	-	-	74	-	56
Sutton Trust	Vice-Chancellor & Member of Council is a Trustee	13	22	-	1	-	22
The Academy of Medical Sciences	Member of Council is a Council Member	497	282	3	15	-	(22)
The Conversation Trust (UK) Ltd	Head of Division & Council Member is on the Editorial Board	-	-	11	21	-	(5)
The Russell Group of Universities	Vice Chancellor & Member of Council is a Board member	-	-	80	80	-	-
UK Atomic Energy Authority	Pro-Vice-Chancellor is on the Board	212	-	84	-	50	-
UK Biobank	Member of Council is CEO	1,643	1,919	369	153	41	210
United Nations Development Programme (UNDP)	Member of Council is a Consultant & Member of OUP is a Director or Trustee	168	-	-	-	37	-
University and College Union	Member of Council is a Member	42	42	-	-	7	4
World Bank	Member of Council is a Consultant & Member of OUP is a Director or Trustee	302	-	87	-	1	-

Notes to Financial Statements – continued

37. Related parties continued

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 then remuneration.

Research Councils

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

Income from these Councils is detailed below:

Income	**2021** **£'m**	**2020** **£'m**
Medical Research Council	56.8	50.1
Science and Technology Facilities Council	9.7	9.1
Engineering and Physical Sciences Research Council	56.5	50.5
Arts and Humanities Research Council	4.0	3.1
Biotechnology and Biological Sciences Research Council	10.0	11.0
Natural Environmental Research Council	5.7	6.1
Economic and Social Research Council	7.1	5.8
	149.8	**135.7**

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 £105.3m to the colleges via its Joint Resource Allocation Method (JRAM) (see note 11) out of OfS/Research England funding and fee income (2020: £96.8m). As noted in note 2, this transfer has increased in 2019/20 due to the new single course fee being charged to matriculated students replacing separate University and college fees.

Other areas of interaction with the colleges are as follows:

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

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

Notes to Financial Statements – continued

37. 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 of FRS 102 are not considered to be related parties.

During the year, the University made grants and other payments totalling £825.0k (2020: £755.0k) to the Oxford SU (formerly OUSU) and its wholly-owned subsidiary.

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

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

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

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

38. Pension schemes

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

38. 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 DHSC paying the balance. However, the 2.5% foreseen cost will be recouped by a corresponding reduction to the funding the University will receive. The Department of Health and Social Care (DHSC) is currently considering the optimum way of recouping the costs for those organisations which do not directly receive funding from the DHSC. The University will receive funding support for the unforeseen costs. 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 2017. The 2017 valuation reported a surplus on a technical provisions basis of £56.0m and was 102% funded. The employers have continued with the same level of contributions given the size of the surplus. From 1 April 2016 the employers' contribution rate increased by 3% to 16% for the period to 31 March 2020 with the then deficit recovery plan. On 1 April 2016 a number of changes were made to the benefits provided including closure of the final salary plan, with all members now building up benefits on a Career Average Revalued Earnings basis at an accrual rate of 1/75ths. In SAUL the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

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

	USS	**OSPS**
Date of valuation:	31/03/2018	31/03/2019
Date valuation results published:	16/09/2019	19/06/2020
Value of liabilities:	£67.3bn	£848m
Value of assets:	£63.7bn	£735m
Funding surplus / (deficit):	(£3.6bn) [a]	(£113m) [f]
Principal assumptions:		
• Investment return	CPI - 0.73% to CPI + 2.52% p.a.[b]	-
• Rate of interest (periods up to retirement)	-	Gilts' +2.25%
• Rate of interest (periods after retirement)	-	Gilts' + 0.5%
• Rate of increase in salaries	CPI + 2% p.a.[c]	RPI +p.a.

Notes to Financial Statements – continued

38. Pension schemes continued

	USS	OSPS
• Rate of increase in pensions	CPI p.a. [d]	Average RPI/CPI p.a.
Mortality assumptions:		
• Assumed life expectancy at age 65 (males)	24.4 yrs	21.7 yrs
• Assumed life expectancy at age 65 (females)	25.9 yrs	24.4 yrs
Funding ratios:		
• Technical provisions basis	95%	87%
• Statutory Pension Protection Fund basis	76%	74%
• 'Buy-out' basis	56%	60%
• Estimated FRS 102 total funding level	77%	82%
Recommended employer's contribution rate (as % of pensionable salaries):	19.5% increasing to 23.7% by 01/10/21	23% decreasing to 19% from 01/08/2017 [g]
Effective date of next valuation:	31/03/2020 [e]	31/03/2019

a. USS's actuarial valuation as at 31 March 2019 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 were calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a., with the threshold applying from 1 October 2016; member contributions were 8% of salary, increased to 8.8% on 1 April 2019, 9.6% on 1 October 2019 and are due to increase on 30 September 2021 to 11.0%; a defined contribution benefit for salary above the salary threshold at the total level of 20% of salary in excess of the salary threshold. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. After allowing for those changes, the actuary established an employer contribution rate of 18% p.a. of salaries for the period from 1 April 2016 to 31 March 2019, 19.5% from 1 April to 30 September 2019, 21.1% from 1 October 2019 to 30 September 2021 and a long-term rate of 23.7%. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of 2% from 1 October 2019 to 30 September 2021 and 6% p.a. of salaries from 1 October 2021. At 31 March 2020 USS reported that the estimated funding deficit was 94.1% funded.

b. USS' actuary has assumed that the investment return is CPI +0.14% in year 1, decreasing linearly to CPI - 0.73% over 10 years. CPI +2.52% from year 11 reducing linearly to CPI + 1.55% by year 21, remaining at CPI +1.55%.

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

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

e. OSPS' actuarial valuation as at 31 March 2019 identified a required long-term employer contribution

Notes to Financial Statements – continued

38. Pension schemes continued

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

f. 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

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

Sensitivity of actuarial valuation assumptions

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

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

38. 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:

	2021		2020	
	OSPS	**USS**	**OSPS**	**USS**
Finish date for deficit recovery plan	31/01/2028	31/03/2028	30/06/2026	31/03/2031
Average staff number increase	1.90%	1.90%	1.53%	1.53%
Average staff salary increase	4.10%	4.10%	3.67%	3.67%
Average discount rate over period	0.89%	0.89%	0.74%	0.73%
	£'m	**£'m**	**£'m**	**£'m**
Effect of 0.5% change in discount rate	0.6	4.3	0.8	5.3
Effect of 1% growth in pay levels	1.1	8.6	1.7	10.8
Effect of 1% change in staff growth	0.4	8.4	2.1	11.0

A provision of £246.5m has been made at 31 July 2021 (2020: £258.7m) 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	**2020/21**	**2019/20**
	£'m	**£'m**
Universities Superannuation Scheme	95.1	(107.7)
Press Group scheme - UK	15.9	15.4
Press Group – Overseas schemes	5.4	6.8
University of Oxford Staff Pension Scheme	13.1	-
NHS Pension Scheme	4.3	4.1
MRC	0.4	0.4
Other schemes – contributions	0.2	0.2
Total	**134.4**	**(80.8)**

These amounts include £14.9m (2020: £13.5m) contributions payable to defined contribution schemes at rates specified in the rules of those plans.

Included in other creditors are pension contributions payable of £14.4m (2020: £14.2m).

Notes to Financial Statements – continued

38. 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 (2020: £22.2m), of which £5.5m (2020: £6.8m) relates to overseas schemes. Of the amount charged to operating profit £9.3m (2020: £10.3m) represents contributions payable to defined contribution schemes at rates specified in the rules of those plans.

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

Scheme	2021 £'m	2020 £'m
Group Pension Scheme		
Present value of funded obligations	(998.8)	(918.0)
Fair value of scheme assets	778.7	729.4
	(220.1)	(188.6)
Overseas schemes		
Present value of funded obligations	(8.8)	(8.4)
Fair value of scheme assets	8.0	7.2
	(0.8)	(1.2)
Present value of unfunded obligations	(5.9)	(6.1)
	(226.8)	**(195.9)**
Amounts in the balance sheet		
Liabilities	(1,013.5)	(932.5)
Assets	786.7	736.6
	(226.8)	**(195.9)**
Amounts recognised in the Statement of Comprehensive Income were as follows:		
Current service cost	(21.3)	(22.2)
Net interest on net defined benefit liability	(4.5)	(3.1)
Total	**(25.8)**	**(25.3)**

Notes to Financial Statements – continued

38. Pension schemes continued

Included in employee contributions in the year was £2.4m (2020: £2.5m) relating to the salary sacrifice scheme.

The actuarial net liability at 31 July 2021 was £226.8m (2020: £195.9m) and comprised a net liability relating to the Group Pension scheme of £220.1m (2020: £188.6m), and net liabilities on other schemes of £6.7m (2020: £7.3m).

The major scheme ('the Group Pension Scheme') is a funded defined benefit pension scheme providing retirement benefits to UK employees based on final pensionable salary and length of service. The assets of the scheme are held in a separate trustee-administered fund. The most recent triennial valuation for funding purposes was performed as at 31 March 2018 revealing a shortfall (technical provisions minus value of assets) of £47.0m. A recovery plan was prepared by the Trustees of the Group Pension Scheme on 28 November 2018 and agreed with The Chancellor Masters and Scholars of the University of Oxford, through the Delegates of the Press trading as Oxford University Press. To eliminate the funding shortfall the Press agreed to pay, under the recovery plan, an additional contribution of £20.0m in January 2019 and annual contributions of £4.0m from 1 April 2018 until 31 March 2026; the Press also agreed to increase employer contributions from 19% to 19.5% of pensionable salaries from 1 April 2019.

Additionally, the Trustees have agreed that with effect from 30 September 2021 the scheme will close to future accruals. Service costs will remain unchanged for August and September 2021 but will decrease to 1.4% of salaries thereafter, in line with the current allowance for cost of expenses. All regular contributions due between 1 August 2020 and 31 July 2021 were collected in full. At the valuation date, based on market conditions at that date, the funding shortfall was expected to be eliminated by 31 March 2026 at the latest. Based upon estimated pensionable salaries at 1 August 2021 and the changes set out above. It is expected that the Press will contribute about £5.4m into the Scheme for the year ending 31 July 2022.

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:

Changes in the present value of the defined benefit obligation of the Group Pension Scheme were as follows:	**2020/21 £'m**	**2019/20 £'m**
Plan liabilities at 1 August	918.0	842.8
Employer service cost	12.1	11.5
Interest cost	15.1	17.7
Plan participants' contributions	2.5	2.7
Remeasurement of the defined benefit obligation	66.7	58.6
Scheme introductions, changes, curtailments and settlements	-	-
Benefits paid from plan assets	(15.6)	(15.3)
Plan liabilities at 31 July	**998.8**	**918.0**

Notes to Financial Statements – continued

38. Pension schemes continued

Changes in the fair value of the Group Pension Scheme assets were as follows:	2020/21 £'m	2019/20 £'m
Market value at 1 April	729.4	702.7
Interest income	12.0	14.7
Return on scheme assets greater/(less) than discount rate	39.7	13.4
Benefits paid from plan assets	(15.6)	(15.3)
Employer contributions	10.7	11.2
Employee contributions	2.5	2.7
Market value at 31 March	**778.7**	**729.4**

The group expects to contribute £5.4m to the Group Pension Scheme in the year 2021/22.

The major categories of the Group Pension Scheme assets as a percentage of total scheme assets were as follows:	2021	2020
Equities	12.0%	21.8%
Corporate bonds	10.7%	8.7%
Gilts	0.3%	0.3%
Property	3.1%	3.1%
Multi-asset funds	14.5%	19.1%
Hedge funds	12.0%	7.2%
Indexed-linked bonds	44.0%	34.4%
Cash and other	3.4%	5.4%
	100.0%	**100.0%**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) in relation to the Group Pension Scheme were:	2021	2020
Discount rate	1.75%	1.7%
Price inflation (RPI)	3.25%	3.1%
Price inflation (CPI)	2.85%	2.3%
Rate of salary increase*	4.35%	3.8%
Pension increases for in-payment benefits	2.85%	2.3%
Pension increases for deferred benefits	2.85%	2.3%
Scheme participant census date	31/03/2018	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 2018 FRS 102 disclosures are the SAPS2 normal tables based on amounts, with multipliers of 91% for males and 88% for females. Allowance has been made for future improvements in line with CMI core projections (CMI 2017) with a 1.25% p.a. long-term trend from 2007 and 2018 and CMI 2019 core projections with a 1.25% p.a. long-term trend from 2018.

	FRS 102 assumptions			
Age	**Males**		**Females**	
	2021	**2020**	**2021**	**2020**
60	27.1	27.1	29.6	29.5
60 in 15 yrs	28.2	28.2	30.7	30.7

Notes to Financial Statements – continued

38. Pension schemes continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are estimated below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by c. 2.3%
CPI Inflation	Increase/decrease by 0.1%	Increase/decrease by c. 2.2%
Salary	Increase/decrease by 0.1%	Increase/decrease by c. 0.2%
Base table multipliers	Increase/decrease by 5%	Decrease/increase by c. 1.6%
Future mortality improvements	1.25% p.a. to 1.5% p.a. long-term trend	Increase by c. 1.3%

Discount Rate: At 31 March 2020, the Press adopted a term-related approach for calculating the discount rate which allows for the shape of the yield curve and the anticipated cash flows of an example scheme with a similar duration to that of the Scheme. In June 2020, Bloomberg - from which data is obtained to develop the yield curves - made changes to the way it classifies information about fixed income instruments, resulting in a change to the development of the reference yield curves. This affects the methodology used in calculating RPI and CPI impact upon the fund as set out below.

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. After due consideration and consultation with the Press's actuaries and reference to their accounting survey which showed that, as at 31 December 2020, 80% of schemes adopt an IRP and, of those, the average IRP was 20 basis points (bps) the Press adopted an IRP of 20 basis points (0.2%). The impact of the change in applying an IRP of 20bps when setting the RPI assumption is expected to be approximately £44m (c. 4.4% of the Defined Benefit obligation (DBO)) reduction in the DBO.

RPI-CPI Wedge: Historically (and prior to RPI reform) the Press have assumed a 100 basis points differential between RPI and CPI at all durations (this was reduced to an 80 basis points differential at all durations last year). The Press remains comfortable with an RPI-CPI differential of 100 basis points until 2030 although there remains material volatility in both assumptions and considerable uncertainty about the levels of future inflation. Given the RPI reforms, continuing to assume that CPI is 1.0% p.a. below RPI after 2030 is no longer appropriate. The stated policy intention is now clear that from 2030, RPI will be fully aligned with CPIH. The Press therefore adopted a single differential between RPI and CPI which would result in the same liability value as assuming a 100 basis point margin between RPI and CPI pre 2030 and a nil basis point margin post 2030. As at 31 July 2021 this resulted in a CPI assumption of 0.4% p.a. below the RPI assumption at all durations (compared with 0.8% p.a. at all durations last year). The estimated impact of the change in RPI-CPI wedge applied when setting the CPI assumption is expected to have a c. £88m (c. 8.8% of the DBO) increase in the DBO.

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

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

Notes to Financial Statements – continued

39. Access and participation expenditure

	Consolidated		University	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Access Investment	3.7	5.1	3.7	5.1
Financial Support provided to students from underrepresented and disadvantaged groups	8.4	7.5	8.4	7.5
Support for disabled students	0.4	0.4	0.4	0.4
Research and evaluation of access and participation activities	0.7	0.3	0.7	0.3
	13.2	**13.3**	**13.2**	**13.3**

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.

40. Post-balance sheet events

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £707m, an increase of £495m. If the discount rate was changed from 0.89% to 1.37% then the provision would reduce to £673m, a reduction of £34m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

Notes to Financial Statements – continued

41 US loans continued

INCLUSION OF THE US DEPARTMENT OF EDUCATION (USDE) "FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE" IN UK HEI ACCOUNTS

For year ending 31 July 2021, USDE require that the Supplemental Schedule, which they use to calculate the "composite score", and has previously been submitted to USDE separately from the accounts, be:

- incorporated into an institution's audited and published accounts; and that
- the supplemental schedule should either be included within the notes to the financial statements and thus covered by the independent auditor's opinion on the financial statements or explicitly referenced with the audit report as being materially consistent with the financial statements.

Where the supplemental schedule is included in the notes to the financial statements this is considered to be in scope of the independent auditor's opinion on the financial statements.

Lines	Expendable Net Assets		2020/21 £'000		2019/20 £'000	
24	Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions	-	3,447,200	-	2,994,000
30	Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions	-	1,755,700	-	1,412,200
4	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,424	-	4,616	-
4	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-	1,424	-	4,616
8	Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	1,465,200	-	1,473,200	-
FS Note line 8A	Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment - pre-implementation	Property, plant and equipment – pre-implementation	-	1,859,400	-	1,820,000
FS Note line 8B	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	-	-	-	-
FS Note line 8D	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	-	39,900
FS Note line 8C	Note of the Financial Statements – Statement of Financial Position – Construction in progress	Construction in progress	-	(61,700)	-	107,400

Notes to Financial Statements – continued

41 US loans continued

Lines	Expendable Net Assets		2020/21 £'000		2019/20 £'000	
9	Statement of Financial Position – Lease right-of-use assets, net	Lease right-of-use asset, net	-	-	-	-
Excluded Line 9 Note Leases	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-	-	-	-
M9 Note Leases	Note of the Financial Statements – Statement of Financial Position –Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation	-	-	-	-
10	Statement of Financial Position – Goodwill	Intangible assets	-	-	-	700
10	Statement of Financial Position – Other intangible assets	Intangible assets	-	86,900	-	80,700
17	Statement of Financial Position – Post-employment and pension liabilities	Post-employment and pension liabilities	-	473,300	-	454,500
14, 20, 22	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	217,600	-	222,200	-
M24, 20, 22, Note Debt 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 pre-implementation	-	217,600	-	222,200
M24, 20, 22, Note Debt B	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	-	-	-	-
M24, 20, 22, Note Debt C	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	-	-	-	-
21	Statement of Financial Position – Lease right-of-use asset liability	Lease right-of-use asset liability	-	-	-	-
Excluded Line 21 Note Leases	Statement of Financial Position – Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-	-	-	-

Notes to Financial Statements – continued

41. US loans continued

Lines	Expendable Net Assets		2020/21 £'000		2019/20 £'000	
Line 21 Note Leases	Statement of Financial Position - Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases	-	-	-	-
25	Statement of Financial Position – Annuities	Annuities with donor restrictions	-	-	-	-
26	Statement of Financial Position – Term endowments	Term endowments with donor restrictions	-	-	-	-
27	Statement of Financial Position – Life Income Funds	Life income funds with donor restrictions	-	-	-	-
29	Statement of Financial Position – Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity	-	1,230,900	-	976,400
Lines	**Total Expenses and Losses**		**2020/21 £'000**		**2019/20 £'000**	
43	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	-	2,332,200	-	2,145,500
(35), 45, 46, 47, 48, 49	Statement of Activites – 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)	-	(815,200)	-	45,300
(35),45	Statement of Activites – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses	-	(838,900)	-	12,700
47	Statement of Activities – Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	-	-	-	-

Notes to Financial Statements – continued

41. US loans continued

	Modified Net Assets		2020/21 £'000		2019/20 £'000	
24	Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions	-	3,448,200	-	2,996,100
30	Statement of Financial Position – total Net assets with donor restrictions	Net assets with donor restrictions	-	1,755,700	-	1,412,200
10	Statement of Financial Position – Goodwill	Intangible assets	-	-	-	700
4	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,424	-	4,616	-
4	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-	1,424	-	4,616
	Modified Assets		**2020/21 £'000**		**2019/20 £'000**	
12	Statement of Financial Position - Total Assets	Total Assets	-	8,024,200	-	7,135,700
Excluded Line 9 Note Leases	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-	-	-	-
Excluded Line 21 Note Leases	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-	-	-	-
10	Statement of Financial Position – Goodwill	Intangible assets	-	-	-	700
4	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,424	-	4,616	-
4	Statement of Financial Position –Related party receivable and Related party note disclosure	Unsecured related party receivable	-	1,424	-	4,616
	Net income ratio		**2020/21 £'000**		**2019/2 £'000**	
55	Statement of Activities – Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions	-	452,100	-	135,000
38, (35), 50	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	-	2,321,100	-	2,430,000

Notes to Financial Statements – continued

41. US loans continued

Lines	Expendable Net Assets	2020/21 £'000	2019/20 £'000
24	Net Assets without donor restrictions	3,448,200	2,996,100
30	Net Assets with donor restrictions	1,755,700	1,412,200
29	Restricted in perpetuity	(1,230,900)	(976,400)
25	Annuities	-	-
26	Term endowments	-	-
27	Life income funds	-	-
10	Goodwill	-	(700)
10	Other intangible assets	(86,900)	(80,700)
8	Property, Plant and Equipment	(1,859,400)	(1,820,000)
9	Lease right-of-use assets	-	-
	Remove pre-implementation lease right-of-use asset	-	-
17	Post employment pension liability	473,300	454,500
M14	Line of credit – short-term for CIP	-	-
M20	Notes payable	-	-
M22	Line of credit for long-term purposes	217,600	222,200
	Modify for post implementation debt not related to purchase of assets	-	-
M21	Lease right-of-use asset liability	-	-
	Remove pre-implementation lease right-of-use asset liability	-	-
4	Related party receivable	(1,424)	(4,616)
Expendable Net Assets		**2,716,176**	**2,202,584**

Lines	Total Expenses and Losses Without Donor Restrictions	2020/21 £'000	2019/20 £'000
43	Total Operating Expenses	2,332,200	2,145,500
46	Other components of net periodic pension costs	(815,200)	44,800
48	Change in value of split-interest agreements	-	-
49	Other gains (losses) – change in FV of hedging instrument	2,800	13,200
Total Expenses and Losses Without Donor Restrictions		**1,519,800**	**2,203,500**

Lines	Modified Net Assets	2020/21 £'000	2019/20 £'000
24	Net assets without donor restrictions	3,448,200	2,996,100
	Remove pre-implementation lease right-of-use asset	-	-
	Remove pre-implementation lease right-of-use asset liability	-	-
30	Total Net Assets with Donor Restrictions	1,755,700	1,412,200
10	Goodwill	-	(700)
4	Related party receiveable	(1,424)	(4,616)
Modified Net Assets		**5,202,476**	**4,402,984**

Notes to Financial Statements – continued

41. US loans continued

Lines	Modified Assets	2020/21 £'000	2019/20 £'000
12	Total assets	8,024,200	7,135,700
	Remove pre-implementation lease right-of-use asset	-	-
10	Goodwill	-	(700)
4	Related party receivable	(1,424)	(4,616)
Modified Assets		**8,022,776**	**7,130,384**

Lines	Change in Net Assets Without Donor Restrictions	2020/21 £'000	2019/20 £'000
55	Change in Net Assets Without Donor Restrictions	453,200	135,000
Change in Net Assets Without Donor Restrictions		**453,200**	**135,000**

Lines	Total Revenues and Gains Without Donor Restrictions	2020/21 £'000	2019/20 £'000
38	Total Operating Revenue and Other Additions	2,432,700	2,536,400
35	Investment return appropriated for spending	(111,600)	(106,400)
50	Sale of fixed assets, gains (losses)	-	-
Total Revenues and Gains Without Donor Restrictions		**2,321,100**	**2,430,000**

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