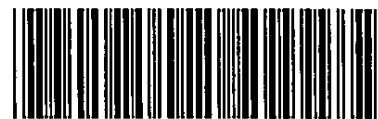


Isis Innovation Limited
Registration No. 02199542

**Directors' Report and Consolidated
Financial Statements**

For the year ended 31 March 2013

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2013

Principal activities

The principal activities of the group during the year were the development and exploitation of research outputs emanating from the University of Oxford, and the protection of associated intellectual property. The group comprises Isis Innovation Ltd and Isis Innovation (Hong Kong) Ltd which has a 40% holding in a joint venture in China further promoting Isis Innovation in the region. The joint venture is due to start trading in spring 2013.

Business review

Isis Innovation has the following three main activities:

- Isis works with Oxford University researchers to patent inventions arising from their research and to commercialise the intellectual property through licensing agreements and spin-out companies. Isis returns the majority of income generated from this activity to the University for distribution under its revenue sharing rules,
- Isis manages Oxford University Consulting, which assists researchers in the identification and management of consulting opportunities and promotes the University's world-class, interdisciplinary research base. Isis returns the majority of income generated from this activity to academic consultants and the University,
- Isis provides consulting expertise and advice in technology transfer and innovation management across the public and private sectors around the world through Isis Enterprise.

Each of these showed strong business performance during the year.

The group is dependent upon the availability of innovative research outputs from the University of Oxford and upon the demand from industry and government for innovative technologies, academic expertise and advice on technology transfer and innovation management.

The group's principal financial assets are bank balances, cash and trade and other receivables. The credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Principal risks and uncertainties

Isis Innovation utilises the output of innovative research outputs from the University of Oxford and is dependant on the continued availability of such outputs and a commercial demand for such outputs. A principal risk is a change in both the supply and demand of these outputs but Isis maintains a strong relationship with the University of Oxford and has experienced strong growth in recent years. Isis Innovation also receives funding from both the University of Oxford and HEIF and is not aware of any proposed changes to future funding. The Board maintains a risk register which is reviewed on a quarterly basis.

Future plans

Isis Innovation has budgeted for a small growth in turnover in the next year and will continue to explore the prospect of growth in new markets with projects similar to the joint venture in China that occurred in 2013.

Financial results and dividends

The results for the year are set out in the profit and loss account on page 7.

The group's turnover grew to £11,510,000 (2012: £10,201,000). The group loss for the year was £239,000 (2012: £241,000). This is after having returned £5,628,000 (2012: £4,984,000) to the University of Oxford and academic consultants.

The directors do not recommend the payment of a dividend (2012: £nil).

The group continues to trade satisfactorily since the year end and we are confident that group activities will continue to grow and perform in line with expectations.

Directors' report (continued)

Going concern

The financial statements have been prepared on the assumption that the company and the group will continue as a going concern

The group has a strong balance sheet position, with access to significant amount of cash at bank and in hand. In addition, the group has received committed levels of funding from its ultimate parent company, University of Oxford, for the next 12 months from the date of signing the accounts. Having considered these circumstances, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Together with the financial support provided by University of Oxford, the group will continue to be driven as a going concern entity. Thus the directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who held office during the year and to the date of signing this report were as follows:

B J Taylor	(Chairman)
Professor J I Bell	
Dr T Cook	
Professor S Davies	
Mrs A V Hacker	
T Hockaday	
N Keen	
G Kerr	
Dr J S Knowland	(resigned 4 June 2012)
Professor E McKendrick	
Professor L Tarassenko	(appointed 7 June 2012)
Professor I A Walmsley	(appointed 15 October 2012)

All directors are non-executive apart from T Hockaday.

The group is wholly owned by the University of Oxford.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company and group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



W. Colquhoun
Secretary

31 July 2013

Registered Office
University Offices
Wellington Square
Oxford
OX1 2JD

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Isis Innovation Limited

We have audited the financial statements of Isis Innovation Ltd for the year ended 31 March 2013 which comprise Group Profit and Loss Account, the Group and Parent Company Balance Sheets, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Susan Barratt BA ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
31 March 2013

Consolidated Profit and Loss account

<i>for the year ended 31 March 2013</i>	Note	2013 £'000	2012 £'000
Turnover	2	11,510	10,201
Cost of sales	3	(9,781)	(8,123)
Gross profit		1,729	2,078
Administrative expenses		(5,044)	(4,968)
Other operating income	2	3,070	2,982
Operating (loss) / profit		(245)	92
Interest receivable and similar income	7	6	10
(Loss) / profit on ordinary activities before gift aid and taxation		(239)	102
Gift aid payable to the University of Oxford	8	-	(343)
Loss on ordinary activities before taxation	4	(239)	(241)
Taxation	9	-	-
Loss on ordinary activities after taxation	15,16	(239)	(241)

The group has no other gains and losses in both the current and preceding year other than those shown in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The results above derive from continuing activities.

Company Profit and Loss account

<i>for the year ended 31 March 2013</i>	Note	2013 £'000	2012 £'000
Turnover	2	11,164	10,154
Cost of sales	3	(9,777)	(8,123)
Gross profit		1,387	2,031
Administrative expenses		(4,784)	(4,766)
Other operating income	2	3,070	2,982
Operating (loss)/profit		(327)	247
Interest receivable and similar income	7	19	12
(Loss) / profit on ordinary activities before gift aid and taxation		(308)	259
Gift aid payable to the University of Oxford	8	-	(343)
Loss on ordinary activities before taxation	4	(308)	(84)
Taxation	9	-	-
Loss on ordinary activities after taxation	15,16	(308)	(84)

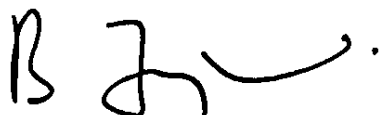
The company has no other gains and losses in both the current and preceding year other than those shown in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The results above derive from continuing activities.

Consolidated Balance Sheet
as at 31 March 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	10		-		18
Investments	19		42		-
			<u>42</u>		<u>18</u>
Current assets					
Debtors	11	2,623		3,118	
Cash at bank and in hand		<u>1,318</u>		<u>1,144</u>	
		3,941		4,262	
Creditors: amounts falling due within one year	12	<u>(2,710)</u>		<u>(2,740)</u>	
Net current assets			<u>1,231</u>		<u>1,523</u>
Total assets less current liabilities			<u>1,273</u>		<u>1,541</u>
Creditors: amounts falling due in more than one year	13		<u>(361)</u>		<u>(394)</u>
Net assets			<u><u>912</u></u>		<u><u>1,147</u></u>
Capital and reserves					
Called up share capital	14		1,750		1,750
Profit and loss account	15		<u>(838)</u>		<u>(603)</u>
Shareholder's funds	16		<u><u>912</u></u>		<u><u>1,147</u></u>

These financial statements of Isis Innovation Limited, registered number 02199542, were approved by the Board of Directors and authorised for issue on 31 July 2013 and were signed on its behalf by



B J Taylor
Chairman

Company Balance Sheet
as at 31 March 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	10	-	-	18	-
Investments	19	-	-	-	-
			<u>-</u>	<u>-</u>	<u>18</u>
Current assets					
Debtors	11	2,798		3,272	
Cash at bank and in hand		1,263		1,131	
		<u>4,061</u>		<u>4,403</u>	
Creditors: amounts falling due within one year	12	<u>(2,705)</u>		<u>(2,723)</u>	
Net current assets			<u>1,356</u>		<u>1,680</u>
Total assets less current liabilities			<u>1,356</u>		<u>1,698</u>
Creditors: amounts falling due in more than one year	13		<u>(361)</u>		<u>(394)</u>
Net assets			<u><u>995</u></u>		<u><u>1,304</u></u>
Capital and reserves					
Called up share capital	14		1,750		1,750
Profit and loss account	15		(755)		(446)
Shareholder's funds	16		<u><u>995</u></u>		<u><u>1,304</u></u>

These financial statements of Isis Innovation Limited, registered number 02199542, were approved by the Board of Directors and authorised for issue on 31 July 2013 and were signed on its behalf by



B J Taylor
Chairman

Notes to the financial statements

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of the University of Oxford and its cash flows are included within the consolidated cashflow statement of that entity (see note 21).

Going concern

The financial statements have been prepared on the assumption that the company and the group will continue as a going concern.

The group has a strong balance sheet position, with access to significant amount of cash at bank and in hand. In addition, the group has received committed levels of funding from its ultimate parent company, University of Oxford, for the next 12 months from the date of signing the accounts. Having considered these circumstances, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Together with the financial support provided by University of Oxford, the group will continue to be driven as a going concern entity. Thus the directors continue to adopt the going concern basis in preparing the financial statements.

Related parties

The company is exempt from the requirements of Financial Reporting Standard 8 ('Related Party Disclosures'), insofar as they apply to transactions with group undertakings, as it is a wholly owned subsidiary of the University of Oxford whose consolidated financial statements are publicly available (see note 20).

Consolidated accounts

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their useful economic lives as follows:

Computer equipment	3 years
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Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents income (excluding value added tax) from the exploitation of ideas emanating from the University of Oxford. Income from licence fees is recognised when the company becomes entitled to it and no significant obligations remain. Income from royalty agreements is only recorded to the extent that related cash has been received or is known to be receivable. Income from subscriptions is deferred and recognised over the period to which it relates.

Other operating income

This represents the support given by the University of Oxford towards the costs of commercialisation of intellectual property incurred by Isis Innovation Limited during the year. This support also contributes towards the ongoing management of Oxford University Consulting. Income is recorded once the cash has been received or known to be receivable and recognised over the period to which it relates.

Project expenditure

All expenditure for projects, including research and development expenditure, is written off in the year in which it is incurred.

Taxation

No provision has been made for current or deferred tax on the grounds that the company transfers its taxable profits by Gift Aid to the University of Oxford and therefore no tax asset or liability will be realised in the company.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

Patents and patent rights

The company currently owns the patents and patent rights to a number of inventions which may give rise to future income streams. The costs associated with these patents are written off in the year in which they are incurred due to the uncertainty of any future income which may be derived as a result of these patents.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are charged to the profit and loss account.

Pensions

The company participates in two principal pension schemes for its staff - the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS), both of which are contributory defined benefit schemes and are contracted out from the State Second Pension Scheme. Thirdly the company contributes to two separate personal pension funds.

The administrative employees of the company are members of the University of Oxford Staff Pension Scheme, a multi-employer defined benefit scheme, administered by the separate trustee-administered funds. Details of the scheme are included in the financial statements of the University of Oxford. The Company is unable to determine its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme are therefore charged to the profit and loss account when incurred.

Some employees of the company are members of Universities Superannuation Scheme, a multi-employer defined benefit scheme administered by the separate trustee-administered funds. Details of the scheme are included in the financial statements of the University of Oxford. The Company is unable to determine its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme are therefore charged to the profit and loss account when incurred.

Notes to the financial statements *(continued)*

2 Turnover

Turnover arises from the following classes of business

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Project income	6,262	6,357	6,262	6,357
Consultancy & similar services	5,035	3,645	4,689	3,597
Subscriptions	213	199	213	199
	<u>11,510</u>	<u>10,201</u>	<u>11,164</u>	<u>10,153</u>

Other income of £3,070,000 (2012 £2,982,000) comprised of £2,500,000 from the University of Oxford for investing in the protection and development of University of Oxford intellectual property (2012 £2,500,000), £559,000 from the University of Oxford's Higher Education Innovation Fund grant to support Oxford University Consulting and the Isis Software Incubator (2012 £454,000), and associate funding £11,000 (2012 £29,000)

3 Cost of Sales

Cost of sales arises from the following

	The group		The company	
	2013 £'000	2012 £'000 restated	2013 £'000	2012 £'000 restated
Investing in the protection and development of University of Oxford intellectual property	3,116	2,853	3,116	2,853
Distributions of royalty and consulting income to the University of Oxford and its members	5,962	4,880	5,961	4,880
Other	703	390	700	390
	<u>9,781</u>	<u>8,123</u>	<u>9,777</u>	<u>8,123</u>

Within cost of sales are certain direct costs relating to consultancy expenses which were previously analysed as an administrative expense. The prior year figure for cost of sales has therefore been increased by £325,000, with an equivalent decrease in the prior year figure in administrative expenses.

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging / (crediting)

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Auditor's remuneration				
- Audit of group financial statements	13	11	13	11
- Fees payable to others auditors for subsidiary audit	3	4	-	-
Operating lease payment – plant and machinery	3	3	3	3
(Gain) / loss on foreign exchange	(7)	11	(10)	10
Depreciation of owned tangible fixed assets	18	36	18	36
	<u>18</u>	<u>36</u>	<u>18</u>	<u>36</u>

Notes to the financial statements *(continued)*

5 Employees

The average weekly number of persons, including executive directors, employed by the company during the year was

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Executive	1	1	1	1
Management and administration	69	65	67	63
	<u>70</u>	<u>66</u>	<u>68</u>	<u>64</u>
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
The total cost of their remuneration was				
Wages and salaries	3,334	3,198	3,191	3,081
Social security costs	345	333	345	326
Other pension costs	324	299	315	299
	<u>4,003</u>	<u>3,830</u>	<u>3,851</u>	<u>3,706</u>

6 Directors' remuneration

	The group and company	
	2013 £'000	2012 £'000
Directors' emoluments	233	194
Directors' pension contributions	27	27
	<u>260</u>	<u>221</u>

One director (2012: 1) is a member of the USS staff pension scheme, a defined benefit scheme, and receives remuneration from the company. As only one director is remunerated by Isis Innovation Limited, the disclosure above is for the highest paid director.

7 Interest receivable

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank interest	6	10	6	10
Intercompany interest	-	-	12	2

Notes to the financial statements *(continued)*

8 Gift aid payable to the University of Oxford

	The group and company	
	2013 £'000	2012 £'000
Payment in respect of the current year	-	343

9 Taxation

Analysis of tax charge in the year

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Current Tax	-	-	-	-
UK Corporation Tax	-	-	-	-

The tax charge in the period is lower than the standard rate of corporation tax in the UK (24% (2012 26%)) The differences are explained below

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Loss on ordinary activities before tax	(239)	(241)	(308)	(84)
Loss on ordinary activities multiplied by standard rate of corporation tax of 24% & HK tax of 16.5%	(85)	(22)	(74)	(22)
Differences between capital allowances & depreciation	10	20	10	20
Net effect of allowed & disallowed costs	(3)	2	(3)	2
HK brought forward losses utilised	11	-	-	-
Deferred tax assets not recognised	67	-	67	-
Total c/f	-	-	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to fixed assets and revenue losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £98,000 (2012 £66,000). The asset would be recovered if the company generated sufficient taxable profits in the future.

It was announced in the March 2013 Budget Statement that the main corporation tax rate will be 23% percent from 1 April 2013 with further reductions to 20% from 1 April 2015.

Isis Innovation (HK) Ltd has fully offset any tax due in the year with its brought forward tax losses.

Notes to the financial statements *(continued)*

10 Tangible fixed assets

The group and company

	Computer equipment £000
Cost	
At 1 April 2012 and 31 March 2013	<u>108</u>
Depreciation	
At 1 April 2012	90
Charge for the year	<u>18</u>
At 31 March 2013	<u>108</u>
Net book value	
At 31 March 2013	<u>-</u>
At 31 March 2012	<u>18</u>

11 Debtors

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	1,958	1,788	1,959	1,788
Amounts due from group undertakings	500	1,000	694	1,157
Prepayments and accrued income	165	330	145	327
	<u>2,623</u>	<u>3,118</u>	<u>2,798</u>	<u>3,272</u>

All amounts are due within one year

12 Creditors: amounts falling due within one year

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade creditors	460	701	458	690
Amounts due to group undertakings	967	1,427	967	1,426
Accruals and deferred income	1,283	612	1,280	607
	<u>2,710</u>	<u>2,740</u>	<u>2,705</u>	<u>2,723</u>

Notes to the financial statements *(continued)*

13 Creditors, amounts falling due in more than one year

	The group and company	
	2013 £'000	2012 £'000
Accruals and deferred income	<u>361</u>	<u>394</u>

Deferred income relates to long term contracts held by Isis Innovation Limited and recognised over the period the income relates to Long term accruals relate to commitments undertaken by Isis Innovation Limited at the balance sheet date

14 Called up share capital

	2013 £'000	2012 £'000
Authorised 2,000,000 (2011 2,000,000) ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called-up and fully paid 1,750,000 (2011 1,750,000) ordinary shares of £1 each	<u>1,750</u>	<u>1,750</u>

15 Reserves

	The group Profit & Loss account £'000	The company Profit & Loss account £'000
At 1 April 2012	(603)	(447)
Foreign exchange movements on consolidation	4	-
Loss for the year	<u>(239)</u>	<u>(308)</u>
At 31 March 2013	<u>(838)</u>	<u>(755)</u>

16 Reconciliation of movements in shareholder's funds

	The group		The company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Shareholder's funds brought forward	1,147	1,388	1,304	1,388
Foreign exchange movements on consolidation	4	-	(1)	-
Loss for the year	<u>(239)</u>	<u>(241)</u>	<u>(308)</u>	<u>(84)</u>
Shareholder's funds carried forward	<u>912</u>	<u>1,147</u>	<u>995</u>	<u>1,304</u>

Notes to the financial statements (continued)

17 Financial commitments

The group and company

Annual commitments under non-cancellable operating leases are as follows

	Other 2013 £'000	Other 2012 £'000
Expiring between two and five years inclusive	3	3

18 Pensions

Qualified actuaries periodically value the Schemes. Both OSPS and USS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions, which have the most significant effect on the results of the latest valuations and the determination of the contribution levels, are shown in the following table, which is similar to those disclosed in the financial statement of the University of Oxford.

	USS	OSPS
Date of valuation	31/03/2011	31/03/2010
Date valuation results published	15/06/2012	30/06/2011
Expected date of next valuation	31/03/2014	31/03/2013
Value of past service liabilities	£35,344m	£394m
Value of assets	£32,434m	£312m
Funding Deficit	(£2,910m)	(£82m)
Principal assumptions		
Rate of interest (past service liabilities)	6.1% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	7.0% pa
Rate of interest (periods after retirement)	-	5.0% pa
Rate of increase in salaries	4.4% pa	1.5% pa
Rate of increase in pensions	3.4% pa	3.7% pa
Mortality assumptions		
Assumed life expectancy at age 65 (males)	23.7 yrs	22.3 yrs
Assumed life expectancy at age 65 (females)	25.6 yrs	24.1 yrs

Notes to the above tables

OSPS' actuarial valuation as at 31 March 2010 identified a required long-term employer contribution rate of 18.2% of total pensionable salaries, but also a funding deficit of £82.4m. The University of Oxford, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by continuing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries (this being the rate paid by the employer since 1 August 2008). The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2027. In addition, the University has agreed to close the scheme to future final salary accrual, transferring all members onto a Career Revalued benefits structure with effect from 1 January 2013. Further details can be seen on the Schemes' website, www.admin.ox.ac.uk/finance/pensions/osps/.

USS' actuarial valuation as at 31 March 2011 identified a funding deficit of £2,910m. The USS Joint Negotiating Committee has proposed, and USS has implemented with effect from 1 October 2011, a package of changes, including the admission of new members into a Career Revalued Benefits section. The changes are required to ensure the future sustainability of the Scheme. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. After allowing for those changes, the actuary established a long term employer contribution rate of 12.6% of total pensionable salaries for the 2011/12 year, reducing over time. USS agreed with Universities UK, on behalf of all the employers participating in the scheme, to address the deficit by continuing the employer contribution rate at the previously agreed rate of 16% of total pensionable salaries (this being the rate paid by the employers since 1 October 2009) until 31 March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future

Notes to the financial statements *(continued)*

18 Pensions (continued)

service cost of accruals The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2021

Total amounts contributed to all pension schemes were £317,000 (2012 £299,000) Amounts outstanding at 31 March 2013 total £212 (2012 £2,100)

19 Investments

Investments in subsidiary undertakings and spin-out companies

Cost and net book value	£'000
At 1 April 2012	-
Additions	42
	<hr/>
At 31 March 2013	42
	<hr/>

The group has a 50% interest in Isis Angels Network, a company limited by guarantee The company is incorporated in the UK and its principal activity is to inform potential investors of potential spinouts emanating from the University of Oxford

The company has a 100% interest in Isis Innovation (Hong Kong) Ltd, a company limited by share capital The company is incorporated in Hong Kong and its principal activity is to facilitate the growth and presence of the company throughout the Asia region Initial investment was HK\$100 (£8)

On 31st January 2013, Isis Innovation (Hong Kong) entered into a joint venture with Changzhou with an initial investment of HK\$ 495,517 (£42k) to provide consultancy services in China, equating to a 40% holding in the venture

The group holds investments arising from the Isis Software Incubator in nine private companies with a total cash cost of £273 (2012 £113)

20 Transactions with directors and related Parties

The company has taken advantage of the exemption on Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with other group companies

There are no other related party transactions

21 Ultimate parent undertaking and controlling party

The company is a 100% subsidiary of, and is controlled by, the University of Oxford for which consolidated accounts are produced Copies of the accounts of the University of Oxford may be obtained from

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