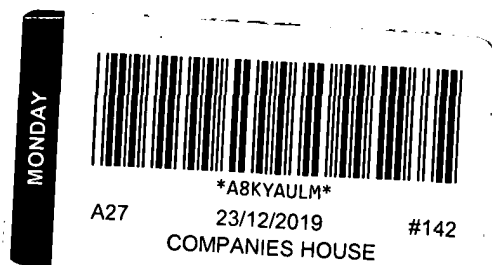


Oxford University Innovation Limited  
Annual Report and Consolidated Financial Statements  
Registered Number 02199542  
31 July 2019



**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

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## **Strategic Report**

The directors present their annual report and the audited financial statements for the year ended 31 July 2019.

### **Business Overview**

Oxford University Innovation Limited Group comprises Oxford University Innovation Limited (the “Company” or “OUI”) and Oxford University Innovation (Hong Kong) Limited (“OUI Hong Kong”) (together, the “Group”). Oxford University Innovation Limited is a wholly owned subsidiary of, and controlled by, the University of Oxford. Oxford University Innovation (Hong Kong) Ltd is a wholly owned subsidiary of, and controlled by, Oxford University Innovation Limited.

The principal commercial activities of the Group during the year were the development and commercialisation of research outputs emanating from the University of Oxford, the protection of associated intellectual property (IP) and the provision of an innovative consulting support service to clients around the world.

The Group generates a financial return from these activities. It also makes a substantial contribution to the University’s non-financial impact by transferring technologies for the benefit of the environment and for health improvements, promoting good news stories about the University in relation to successful exploitation of technologies, and promoting local engagement to the benefit of the local economy. Many organisations around the world view the Group as a successful model of university technology transfer, for which Oxford is well known and well regarded.

The Group is responsible for managing the formation of new spinout companies from the University of Oxford with the academic founders, on behalf of the University of Oxford. OUI does not own any equity in these spinout companies; the University’s ownership of these companies is held by the University directly. However, as part of an internal agreement with the University, the Group is entitled to a percentage of the proceeds due to the University from the sale of its equity holdings. OUI does own equity in the start-ups created in the OUI incubator.

OUI has achieved another year of strong business performance, reporting total revenue of £18.2m (2018 £17.1m).

### **Business Model**

OUI’s vision is a world leading innovation ecosystem with the University of Oxford at its heart. As architects of creative solutions, OUI enables the University community to maximise the global impact of Oxford’s research and expertise. The Group has set 5 key corporate goals: Global Impact, Engagement, Productivity, Resilience and Financial Sustainability. The actions for each of these goals are contained within the OUI strategic implementation plan.

The Group has the following three main activities:

- The Licensing and Ventures team collaborate with Oxford University researchers to identify, protect and manage commercially useful intellectual property arising from their research. This is translated into new products and services through licensing agreements and spinout companies. The Group returns the majority of income generated from this activity to the University for distribution under its revenue sharing rules;
- Consulting Services assists researchers in the identification and contracting of consulting opportunities and promotes the University’s world-class, interdisciplinary expertise. The Company returns the majority of income generated from this activity to academic consultants and the University;
- Investments and New Ventures manages the University’s shareholdings in its spinout companies and seeks ways of maximising the value of its equity stakes. The Investments and New Ventures team also manages the Group shareholdings in start-up companies and proof of concept funds on behalf of the University.

## **Strategic Report**

### **Licensing and Ventures**

The Licensing and Ventures team's vision is for OUI and the University of Oxford to be the global leaders in translating research into innovation and impact through the transfer of technology. The Licensing and Ventures group holds a portfolio of more than 4,300 patents and patent applications based on intellectual property arising from University of Oxford research (2018 – 3,800). During the year to 31 July 2019 there were 19 new spinouts created (2018 – 21), 367 new invention disclosures (2018 – 458) and 109 new patents filed (2018 – 124). The team continues to build on the close and highly valued working relationship with colleagues in Oxford University's Research Services office to ensure that intellectual property is correctly assigned and handled. The team generated £10.7m in income (2018 - £10.8m), of which £4.7m (2018 - £5.1m) has been distributed to the University of Oxford and its academic researchers.

In May 2015, the University of Oxford and the Company launched a partnership with a newly created company Oxford Sciences Innovation Plc (OSI), which has raised capital of approximately £600m, to support Oxford University's academics to commercialise their ideas through the creation of market-leading companies. The funding continues to provide a great opportunity for substantial investment in many spinouts as is evidenced by the increased numbers of new companies spun out from the University.

### **Consulting Services**

Consulting Services' ("CS") vision is for Oxford to become as renowned for providing solutions through consultancy as it is for its teaching and research and to provide an outstanding service to academics. Over the period, CS opened 535 new projects (2018 – 553), concluded 535 deals with commercial clients (2018 – 508) and contracted with 336 clients (2018 – 335). Income for the year was £4.9m (2018 - £5.2m), of which £4.5m (2018 - £4.7m) was returned to the University and academics. The number of deals continues to grow due to ongoing support from academics in the University, an increase in Departmental Services and spinout work, increasing the number of departments CS works with.

### **Investments and New Ventures**

Investments and New Ventures manages the University's shareholdings in the spinout companies and invests selectively in the spinouts on behalf of the University. The total value of the University's portfolio of shares at 31st July 2019 was £164m (2018 £155m).

The Oxford Invention Fund and University Challenge Seed Fund received 12 proposals during the year (2018 – 11) and made 8 awards totalling £0.5m (2018 – 8 awards totalling £0.4m).

The University of Oxford Innovation Funds (managed by Parkwalk Advisors) provides UK-based private investors with an opportunity to invest in early stage technology companies as they spin out of Oxford University. The Funds seek to invest with the tax reliefs of the EIS and SEIS, where applicable. During the year, the University of Oxford Innovation Fund IV committed funds of £0.9m (2018 - £1.2m) to companies.

Investments and New Ventures generated OUI income arising from equity realisations of £1.9m (2018 - £114k) during the year. This is included within Sundry fees of £2.5m in Turnover, alongside subscription income of £0.1m.

### **OUI Hong Kong**

The OUI Hong Kong subsidiary is serving as a management vehicle protecting the Group's investments in joint ventures. At the date of the financial statements there is no intention to change the Hong Kong operations, however these remain under review by the Group's senior management with a view to determining their role and nature in the future, in the wider context of Group activities in Asia.

**Strategic Report**

**Principal risks and uncertainties**

The Group depends on the output of innovative research from the University of Oxford and the continued commercial demand for products and services derived from that research. The very strong research base of the University of Oxford mitigates the risk of reduction in research outputs. With an increasingly entrepreneurial population of researchers and the establishment of new funding sources such as that provided by OSI in recent years, this has resulted in strong growth in technology transfer and the establishment of new companies based on Oxford University research. External demand for Oxford innovations is expected to remain high based on the trend across many sectors to embrace open innovation.

The impending exit of Britain from the European Union has introduced some uncertainty in the availability of research funding in the short, medium and long term, and in the retention of academics without UK citizenship.

Changes in the UK political climate may also have an impact on Group activities should the government science and innovation policy alter.

OUI has established a working group comprised of members from the major functions within the organisation who review the company risk register on a quarterly basis. The working group identifies new risks, updates the ratings for likelihood and impact and retires risks that no longer apply. Mitigation actions are identified on the risk register and a method to assess the effect of those actions is under development. The output of this activity is an updated risk register that is reviewed by the Management team. This risk register is also reviewed on an annual basis by the OUI Board.

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 statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where an identified loss event has occurred which, based on previous experience, is likely to result in a reduction in the recoverability of planned future cash flows.

**Future developments**

The Group continues to review the value and service provided to academics and the wider University community from its activities. It is recognised that Group activities provide many non-financial benefits and contribute towards University impact goals. In the future the Group is keen to devise meaningful ways to measure and report on the success of these activities.

Group income in the coming year is expected to be comparable with that delivered in financial year 2018-2019 with new income replacing the anticipated loss of or reduction in certain large royalties resulting from patent expirations.

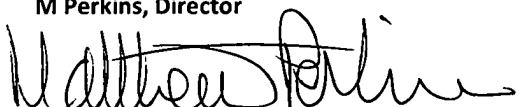
Since the year end the Group's board has approved a transfer of 2019 taxable profits by gift aid to the University of Oxford which amounts to £1.2m.

A substantial review is underway to determine how to develop and improve the innovation ecosystem centred on Oxford University. The Group is heavily involved in identifying enhancements to the commercialisation framework to help incentivise University academics and the student body to fully exercise the complete range of support services offered by OUI and similar organisations within the University.

Following on from a successful pilot exercise making University IP available to student teams for commercialisation, a Student Entrepreneurs' Programme ("StEP") will be run twice in the coming 12 months in conjunction with the Oxford Foundry, OSI and the Saïd Business School.

In August 2019 OSI agreed a £5 million contribution to UCSF fund which is managed by OUI. This ensures continuing funding for proof of concept funds for the coming years.

**M Perkins, Director**



## **Directors' Report**

### **Financial results and dividends**

The results for the year are set out in the Consolidated Income Statement on page 10.

The Group's turnover for the period was £18.2m (2018: £17.1m). The Group profit for the year, before tax and Gift Aid payments to the University, was £2.3m (2018: £1.4m). OUI achieved this result after returning £9.2m (2018: £9.8m) to the University of Oxford and academic consultants which was a higher return than the £8.3m forecast for the financial year. Gift Aid payments to the University of Oxford made during the financial year in relation to 2018 results amounted to £1.5m. Since the 2019 balance sheet date the Group's board has agreed to transfer £1.2m to the University of Oxford via Gift Aid under the Deed of Covenant. This amount has not been provided for in the 2019 financial statements and will be recognised in the following year.

The directors do not recommend the payment of a dividend (2018: £nil).

Five companies generated cash proceeds from realisations during the year. Of particular note £1.6m was received from the disposal of Nightstar Therapeutics, an Oxford spinout focussed on developing and commercialising novel one-time treatments for patients suffering from rare inherited retinal diseases.

The cash proceeds from these transactions have contributed to the profits for the year.

### **Political contributions**

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

### **Employees**

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not live with a disability.

#### **Employee involvement**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues through the in-house intranet, staff meetings, briefing groups and the distribution of the annual report.

## **Directors' Report**

### **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 amounts of cash. In addition, the Group has received committed levels of funding from its parent, the University of Oxford, for the next 12 months from the date of signing the financial statements. 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. 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:

|  |   |
|--|---|
| N. Keen - Chairman                           | Professor D. Grimley (appointed 1 July 2019)    |
| Dr M. Perkins                                | G. Kerr (resigned 23 January 2019)              |
| Dr A. Stoten (appointed 25 March 2019)       | Professor H. McShane                            |
| N. Blackwood (resigned 9 January 2019)       | Professor E. McKendrick (resigned 30 Sept 2018) |
| Professor C. Bountra (appointed 10 Dec 2018) | L. Pearson (appointed 25 March 2019)            |
| Professor S. Davies                          | Professor L. Tarassenko                         |
| Professor L. Dolan (appointed 25 March 2019) | Professor I. Walmsley (resigned 31 August 2018) |
| J. Flint                                     | Professor S. Whatmore (appointed 1 July 2019)   |
| Professor P. Grant                           | Professor M. Wood                               |

All directors are non-executive apart from Dr M. Perkins and Dr A. Stoten.  
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:

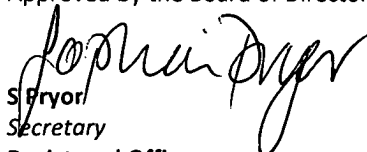
- so far as each of the directors is aware, there is no relevant audit information of which the Company's and the Group's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information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

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors on 5 December 2019 and signed on behalf of the Board

  
S. Pryor  
Secretary

### **Registered Office**

University of Oxford, Wellington Square, Oxford, OX1 2JD

**Directors' Report**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

**The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.**

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Independent Auditor's Report to the Members of Oxford University Innovation Limited**

**Opinion**

We have audited the financial statements of Oxford University Innovation Limited ("the parent company") for the year ended 31 July 2019 which comprise the Company and Consolidated Income Statement and Other Comprehensive Income, Consolidated and Company Statement of Financial Position, and the Consolidated and Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 July 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the parent company or to cease their operations, and as they have concluded that the group and the parent company'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 their 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and parent company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the parent company will continue in operation.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Independent Auditor's Report to the Members of Oxford University Innovation Limited**

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they 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 parent company'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 parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report.

Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the parent 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 parent 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 parent company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Mark Dawson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill, Snow Hill Queensway  
Birmingham, B4 6GH

13 December 2019

**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Consolidated Income Statement and Other Comprehensive Income**  
**For the year ended 31 July 2019**

|  | Note | 2019<br>£'000 | 2018<br>£'000 |
|--|------|---------------|---------------|
| Turnover   | 2    | 18,206        | 17,142        |
| Cost of sales  | 3    | (15,158)      | (14,884)      |
| <b>Gross Profit</b>  |      | <b>3,048</b>  | <b>2,258</b>  |
| Administrative expenditure   | 5    | (6,334)       | (6,076)       |
| Other operating income   | 2    | 5,598         | 5,206         |
| Share of losses in joint venture   | 18   | (20)          | (31)          |
| <b>Operating profit</b>  |      | <b>2,292</b>  | <b>1,357</b>  |
| Finance Income   | 6    | 26            | 34            |
| <b>Profit before taxation</b>  | 4    | <b>2,318</b>  | <b>1,391</b>  |
| Tax on profit  | 8    | (64)          | 50            |
| <b>Profit for the Financial Year</b>   |      | <b>2,254</b>  | <b>1,441</b>  |
| <b>Other Comprehensive Income</b>  |      |               |               |
| Currency translation on foreign operations   |      | (18)          | -             |
| <b>Total comprehensive income for the period attributable to:<br/>Equity shareholders of the Company</b> |      | <b>2,236</b>  | <b>1,441</b>  |

The results above derive from continuing activities



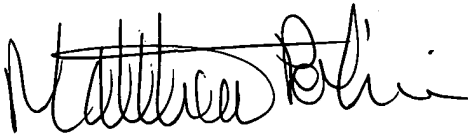
**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Consolidated Statement of Financial Position**  
**At 31 July 2019**

|   | Note | 2019<br>£'000 | 2018<br>£'000 |
|---|------|---------------|---------------|
| <b>Fixed Assets</b>   |      |               |               |
| Tangible assets   | 9    | 220           | 256           |
| Investments   | 18   | 3,991         | 3,451         |
|   |      | <u>4,211</u>  | <u>3,707</u>  |
| <b>Current Assets</b>   |      |               |               |
| Debtors   | 10   | 6,401         | 6,000         |
| Cash and Cash Equivalents   |      | 5,561         | 4,980         |
|   |      | <u>11,962</u> | <u>10,980</u> |
| Creditors: Amounts falling due within one year                      | 11   | (6,560)       | (6,194)       |
| <b>Net Current Assets</b>   |      | <u>5,402</u>  | <u>4,786</u>  |
| <b>Total Assets less Current Liabilities</b>                        |      | <u>9,613</u>  | <u>8,493</u>  |
| Creditors: Amounts falling due in more than one year                | 12   | (63)          | (169)         |
| <b>Net Assets excluding pension liability and deferred taxation</b> |      | <u>9,550</u>  | <u>8,324</u>  |
| Pension liability   | 16   | (12)          | (143)         |
| Deferred Taxation   | 17   | (744)         | (613)         |
| <b>Net Assets including pension liability and deferred taxation</b> |      | <u>8,794</u>  | <u>7,568</u>  |
| <b>Capital and Reserves</b>   |      |               |               |
| Called-up Share Capital   | 13   | 1,750         | 1,750         |
| Revaluation Reserve   |      | 3,169         | 2,613         |
| Profit and loss account   |      | 3,875         | 3,205         |
| <b>Total Capital Employed</b>                                       |      | <u>8,794</u>  | <u>7,568</u>  |

These financial statements of Oxford University Innovation Limited, registered number 02199542, were approved by the Board of Directors and authorised for issue on 5 December 2019 and were signed on its behalf by:

  
**N Keen**  
**Chairman**

  
**M Perkins**  
**Director**


**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Company Statement of Financial Position**  
**At 31 July 2019**

|   | Note | 2019<br>£'000 | 2018<br>£'000 |
|---|------|---------------|---------------|
| <b>Fixed Assets</b>   |      |               |               |
| Tangible assets   | 9    | 220           | 256           |
| Investments   | 18   | 3,979         | 3,420         |
|   |      | <u>4,199</u>  | <u>3,676</u>  |
| <b>Current Assets</b>   |      |               |               |
| Debtors   | 10   | 6,769         | 6,586         |
| Cash and cash equivalents   |      | 5,497         | 4,655         |
|   |      | <u>12,266</u> | <u>11,241</u> |
| Creditors: Amounts falling due within one year                      | 11   | (6,556)       | (6,183)       |
| <b>Net Current Assets</b>   |      | <u>5,710</u>  | <u>5,058</u>  |
| <b>Total Assets less Current Liabilities</b>                        |      | <u>9,909</u>  | <u>8,734</u>  |
| Creditors: Amounts falling due in more than one year                | 12   | (63)          | (169)         |
| <b>Net Assets excluding pension liability and deferred taxation</b> |      | <u>9,846</u>  | <u>8,565</u>  |
| Pension liability   | 16   | (12)          | (143)         |
| Deferred Taxation   | 17   | (744)         | (613)         |
| <b>Net Assets including pension liability and deferred taxation</b> |      | <u>9,090</u>  | <u>7,809</u>  |
| <b>Capital and Reserves</b>   |      |               |               |
| Called-up share capital   | 13   | 1,750         | 1,750         |
| Revaluation reserve   |      | 3,169         | 2,613         |
| Profit and loss account   |      | 4,171         | 3,446         |
| <b>Total Capital Employed</b>                                       |      | <u>9,090</u>  | <u>7,809</u>  |

These financial statements of Oxford University Innovation Limited, registered number 02199542, were approved by the Board of Directors and authorised for issue on 5 December 2019 and were signed on its behalf by:

  
**N Keen**  
 Chairman

  
**M Perkins**  
 Director

**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Consolidated Statement of Changes in Equity**  
**Year ended 31 July 2019**

|  | Note | Called<br>up Share<br>Capital<br>£'000 | Revaluation<br>Reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>Equity<br>£'000 |
|--|------|--|---------------------------------|--|--------------------------|
| <b>Total Comprehensive Income at 31 July 2017</b>    |      | <b>1,750</b>                           | <b>2,480</b>                    | <b>1,794</b>                           | <b>6,024</b>             |
| Profit for the financial year                        |      | -                                      | -                               | 1,441                                  | 1,441                    |
| Currency translation on foreign operations           |      | -                                      | -                               | -                                      | -                        |
| Gains on Investments                                 | 18   | -                                      | 164                             | -                                      | 164                      |
| Gift-aid payable to the University of Oxford         | 7    | -                                      | -                               | -                                      | -                        |
| Deferred taxation on provisions                      | 17   | -                                      | -                               | (30)                                   | (30)                     |
| Deferred taxation on unrealised gains in Investments | 17   | -                                      | (31)                            | -                                      | (31)                     |
| <b>Total Comprehensive Income at 31 July 2018</b>    |      | <b>1,750</b>                           | <b>2,613</b>                    | <b>3,205</b>                           | <b>7,568</b>             |
| Profit for the financial year                        |      | -                                      | -                               | 2,254                                  | 2,254                    |
| Currency translation on foreign operations           |      | -                                      | -                               | (18)                                   | (18)                     |
| Gains on Investments                                 | 18   | -                                      | 686                             | -                                      | 686                      |
| Gift-aid payable to the University of Oxford         | 7    | -                                      | -                               | (1,536)                                | (1,536)                  |
| Deferred taxation on provisions                      | 17   | -                                      | -                               | (30)                                   | (30)                     |
| Deferred taxation on unrealised gains in Investments | 17   | -                                      | (130)                           | -                                      | (130)                    |
| <b>Total Comprehensive Income at 31 July 2019</b>    |      | <b>1,750</b>                           | <b>3,169</b>                    | <b>3,875</b>                           | <b>8,794</b>             |

**Company Statement of Changes in Equity**

**Year ended 31 July 2019**

|  | Note | Called<br>up Share<br>Capital<br>£'000 | Revaluation<br>Reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>Equity<br>£'000 |
|--|------|--|---------------------------------|--|--------------------------|
| <b>Total Comprehensive Income at 31 July 2017</b>    |      | <b>1,750</b>                           | <b>2,480</b>                    | <b>1,915</b>                           | <b>6,145</b>             |
| Profit for the financial year                        |      | -                                      | -                               | 1,561                                  | 1,561                    |
| Gift-aid payable to the University of Oxford         | 7    | -                                      | -                               | -                                      | -                        |
| Gains on Investments                                 | 18   | -                                      | 164                             | -                                      | 164                      |
| Deferred taxation on provisions                      | 17   | -                                      | -                               | (30)                                   | (30)                     |
| Deferred taxation on unrealised gains in Investments | 17   | -                                      | (31)                            | -                                      | (31)                     |
| <b>Total Comprehensive Income at 31 July 2018</b>    |      | <b>1,750</b>                           | <b>2,613</b>                    | <b>3,446</b>                           | <b>7,809</b>             |
| Profit for the financial year                        |      | -                                      | -                               | 2,291                                  | 2,291                    |
| Gift-aid payable to the University of Oxford         | 7    | -                                      | -                               | (1,536)                                | (1,536)                  |
| Gains on Investments                                 | 18   | -                                      | 686                             | -                                      | 686                      |
| Deferred taxation on provisions                      | 17   | -                                      | -                               | (30)                                   | (30)                     |
| Deferred taxation on unrealised gains in Investments | 17   | -                                      | (130)                           | -                                      | (130)                    |
| <b>Total Comprehensive Income at 31 July 2019</b>    |      | <b>1,750</b>                           | <b>3,169</b>                    | <b>4,171</b>                           | <b>9,090</b>             |

## **Notes to the Financial Statements**

### **1. Accounting Policies**

Oxford University Innovation (the "Group") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02199542 and the registered address is:

Oxford University Innovation  
University Offices  
Wellington Square  
Oxford  
OX1 2JD

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value in accordance with the applicable accounting standard FRS 102 (Financial Reporting Standard 102).

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS102) as issued in August 2014. The amendments to FRS102 issued in July 2015 have been applied.

The Company is a wholly owned subsidiary of the University of Oxford. The functional currency of the Company is pound sterling and the United Kingdom is the primary economic environment in which it operates.

The consolidated financial statements are also presented in pound sterling and foreign operations are included in accordance with the policies set out in FRS102.

#### **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 resources. In addition, the Group has received committed levels of funding from its ultimate parent, 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 its operations for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the financial statements.

#### **Disclosure Exemptions**

##### **Related parties**

The Company is exempt under the requirement of section 33 of FRS 102 to disclose parent-subsidiary relationships (related party disclosures), insofar as they apply to transactions with group undertakings, as it is a wholly owned subsidiary of the University of Oxford (see note 19).

##### **Cash flow statement**

The Company is exempt under the requirement of section 7 of FRS 102 to prepare a cash flow statement as it is a wholly owned subsidiary of the University of Oxford. Its cash flows are included within the consolidated cash flow statement of that entity.

##### **Key Management Personnel**

The company is exempt under the requirement of section 33 of FRS 102 to disclose the compensation of key management personnel (related party disclosures) as it is a wholly owned subsidiary of the University of Oxford.



**Notes to the Financial Statements (continued)**  
**Accounting Policies (continued)**

**Consolidated Accounts**

The consolidated financial statements include the financial statements of the Company and the entities it controls at 31 July each year. It achieves control by exercising its existing right to direct financial and operating policies of an investee entity, to gain benefit from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated financial statements shall be prepared using uniform accounting policies for transactions, other events and conditions in similar circumstances. If different accounting policies are used by a group member then necessary adjustments will be made to the consolidated financial statements to align those policies.

The carrying amount of the Company's investment in each subsidiary and parent's portion of equity of each subsidiary will be eliminated.

All intragroup balances and transactions, including income and expenses are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as equipment, debtors, and inventory are eliminated in full.

The consolidated financial statements of the Company and its subsidiaries will be prepared as of the same reporting date and period.

**Fixed Assets**

Non-current assets consist of tangible assets, such as equipment having a useful economic life of greater than one year and not intended for resale.

Property, plant and equipment are depreciated using the straight-line method based on estimated useful lives.

Non-current assets are stated at cost and are depreciated on a straight-line basis over the following period.

- Office furniture and Equipment: 3 – 5 years
- Computer equipment: 3 Years
- Leasehold Improvements over the shorter of the remaining term of the lease or the expected useful life.

**Turnover**

Turnover represents income (excluding value added tax) recognised from the exploitation of ideas and consulting services emanating from the University of Oxford. Income from subscriptions is deferred and recognised over the period to which it relates.

**Royalties**

Income received from royalties is recognised on an accruals basis in accordance with the substance of the relevant agreements.

**Other Operating Income**

This represents support given by the University of Oxford towards the costs of commercialisation of intellectual property incurred by Oxford University Innovation Limited and the ongoing management of Consulting Services.

**Notes to the Financial Statements (continued)**  
**Accounting Policies (continued)**

**Taxation**

The charge for taxation is based on the profit or loss for the year and comprises current and deferred taxation. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other recognisable income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on all timing differences at the reporting date, except as otherwise indicated.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax assets are disclosed within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or difference taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

A provision is made for current UK taxation where a liability arises after the Company has transferred some of its taxable profits by gift aid to the University of Oxford. Gift aid donations will only be made if the Company has positive distributable reserves. The directors have formally approved a transfer of taxable profits arising in the year to the University and this credit has been taken into account when calculating the taxation liability.

**Leases**

**Operating Leases**

Costs in respect of operating leases are charged on a straight-line basis over the term of the lease. Future commitments under operating leases are disclosed in note 15 (Financial commitments).

**Patents and Patent rights**

The Company currently owns the patents and patent rights to a number of inventions which may give rise to future economic benefit. The costs associated with these patents are written off to the Statement of Comprehensive Income 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 Currency**

Transactions in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on the 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 the balance sheet date at the reporting period. Exchange differences arising from this translation of foreign operations are reported as an item of the Statement of Other Comprehensive Income.

**Notes to the Financial Statements (continued)**  
**Accounting Policies (continued)**

**Basic Financial Instruments**

**Trade and other debtors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

**Trade and other creditors**

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Employment Benefits**

**Short-term employee benefits**

Short-term employment benefits such as salaries and compensated absence are recognised as an expense in the year employees render services to the Company. A liability is recognised at each balance sheet date to the extent that employee holiday allowance has been accrued but not taken, the expense being recognised as staff costs in the profit and loss account.

**Post-employment benefits (Pensions)**

The Company operates two pension schemes for staff: the University of Oxford Staff Pension Scheme (OSPS) and a Company defined contribution scheme. Individual members are only eligible for one of the schemes.

OSPS is a multi-employer pension scheme which is in deficit. This scheme is a hybrid pension scheme, providing defined benefits (for members), as well as defined contribution benefits. The assets of the schemes are each held in a separate trustee-administered fund. Because of the mutual nature of the schemes, the assets are not attributed to individual companies and scheme-wide contribution rates are set. The company is therefore exposed to actuarial risks associated with other companies' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the company therefore accounts for the schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the profit and loss account represents the contributions payable to each scheme. Since the company has entered into agreements (the Recovery Plans) that determine how each employer within the schemes will fund the overall deficit, the company recognises a liability for the contributions payable that arise from the agreements (to the extent that they relate to the deficit) and therefore an expense is recognised. The Company has recognised a provision for its commitments under the agreed deficit reduction plans for each scheme; in calculating these provisions OUI has estimated that salary expense will increase at 3.0% p.a. and the liability is discounted at a 15-year corporate bond rate of 1.25% (2018: 1.95%). A sensitivity analysis to changes in salary and discount rate changes is shown in note 16 (Employee benefits).

The amount charged to the profit and loss account for both schemes represents the contributions payable to the scheme in respect of the accounting period, excluding any extra costs incurred related to clearing OSPS scheme deficits already provided for.

**Notes to the Financial Statements (continued)**  
**Accounting Policies (continued)**

As part of the pension recovery plan, a liability will be recorded as a provision for any contractual commitments to fund past deficits within the multi-employer scheme as determined by the scheme management. The associated expense is recognised in the profit and loss account.

**Accounting for Jointly Controlled Entities, Assets, and Operations**

**Jointly Controlled Entities**

The Group accounts for its share of jointly controlled entities using the equity method. Investments in jointly controlled entities are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the Profit or Loss and Other Comprehensive Income of the Joint Operation.

**Jointly Controlled Assets and Operations**

The Group 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 Group's share.

**Investments**

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. The following considerations are used when calculating the fair value of unlisted securities.

**Cost**

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.

**Price of recent investment**

The Group considers that fair value estimates based entirely on observable market data will be of greater reliability than those based on assumptions. Accordingly, where there has been any recent investment by third parties the price of that investment will generally provide a basis of the valuation. The length of period for which is remains appropriate to use the price of recent investment depends on the specific circumstances of the investment and the stability of the external environment.

**No reliable estimate**

Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is objective evidence that the investment has since been impaired.

**Notes to the Financial Statements (continued)**  
**Accounting Policies (continued)**

**Material significant judgements and uncertainties**

In the preparation of the Financial Statements the Company has made material judgements, estimates, and assumption. Discussion of these judgements, estimates and assumptions and their impact is included in relevant note disclosures, the main areas being;

**Judgements**

- Income recognition (note 2 (Turnover))
- Calculation of short term-employee benefit accrual (note 11 (Creditors: amounts falling due within one year))
- Calculation of the provision for funding of pension deficits (note 16 (Employee benefits))
- Valuation of Start-Up Investments (note 18 (Fixed asset investments))

**Estimation, uncertainties and assumptions**

- Depreciation of property, plant and equipment (note 9 (Tangible fixed assets))
- Provisions for irrecoverable debt (note 10 (Debtors))
- Going concern (note 1 (Accounting policies))

**Oxford University Innovation Limited**  
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**Notes to the Financial Statements (continued)**

**2 Turnover**

Revenue arises from the following classes of business:

|                                | <b>Group</b>  |               | <b>Company</b> |               |
|--------------------------------|---------------|---------------|----------------|---------------|
|                                | <b>2019</b>   | <b>2018</b>   | <b>2019</b>    | <b>2018</b>   |
|                                | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>  |
| Project income                 | 10,665        | 10,799        | 10,665         | 10,799        |
| Consultancy & similar services | 4,892         | 5,244         | 4,892          | 5,176         |
| Sundry fees                    | 2,476         | 919           | 2,479          | 922           |
| Subscriptions                  | 173           | 180           | 173            | 180           |
|                                | <b>18,206</b> | <b>17,142</b> | <b>18,209</b>  | <b>17,077</b> |
| Other income                   | <b>5,598</b>  | <b>5,206</b>  | <b>5,598</b>   | <b>5,206</b>  |

Other income of £5.6m (2018: £5.2m) comprised £5.6m (2018: £5.2m) management fee from the University of Oxford and associate funding £5k (2018: £5k).

**3 Cost of Sales**

Cost of sales arise from the following:

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2019</b>   | <b>2018</b>   | <b>2019</b>    | <b>2018</b>   |
|  | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>  |
| Investing in the protection and development of intellectual property         | 5,935         | 5,070         | 5,935          | 5,070         |
| Distributions of royalty and consulting income to the parent and its members | 9,223         | 9,803         | 9,223          | 9,803         |
| Other  | -             | 11            | -              | -             |
|  | <b>15,158</b> | <b>14,884</b> | <b>15,158</b>  | <b>14,873</b> |

**4 Profit on ordinary activities before taxation**

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

|   | <b>Group</b> |              | <b>Company</b> |              |
|---|--------------|--------------|----------------|--------------|
|   | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|   | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Auditors' remuneration for Group financial statements | 19           | 18           | 12             | 11           |
| <i>Operating lease payments</i>                       |              |              |                |              |
| Land and buildings                                    | 307          | 292          | 307            | 292          |
| Plant and machinery                                   | 19           | 16           | 19             | 16           |
| Net foreign exchange (gains)/losses                   | (16)         | 87           | 8              | 89           |
| Depreciation of owned tangible fixed assets           | 37           | 37           | 37             | 37           |

**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Notes to the Financial Statements (continued)**

**5 Administrative Expenditure**

**Employees**

**Staff numbers**

The average monthly number of employees (including executive directors) was:

|                               | <b>Group</b> |              | <b>Company</b> |              |
|-------------------------------|--------------|--------------|----------------|--------------|
|                               | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|                               | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Executive                     | 2            | 1            | 2              | 1            |
| Management and administration | 74           | 74           | 74             | 72           |
|                               | <b>76</b>    | <b>75</b>    | <b>76</b>      | <b>73</b>    |

**Staff costs**

Their aggregated remuneration comprised:

|                          | <b>Group</b> |              | <b>Company</b> |              |
|--------------------------|--------------|--------------|----------------|--------------|
|                          | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|                          | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Wages and salaries       | 4,149        | 3,634        | 4,149          | 3,552        |
| Social security costs    | 469          | 438          | 469            | 438          |
| Other pension costs      | 271          | 387          | 271            | 382          |
| <b>Total Staff Costs</b> | <b>4,889</b> | <b>4,459</b> | <b>4,889</b>   | <b>4,372</b> |

**Directors' Remuneration**

|                       | <b>Group</b> |              | <b>Company</b> |              |
|-----------------------|--------------|--------------|----------------|--------------|
|                       | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|                       | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Directors' emoluments | 417          | 302          | 417            | 302          |
| Pension contributions | 30           | 21           | 30             | 21           |
|                       | <b>447</b>   | <b>323</b>   | <b>447</b>     | <b>323</b>   |

**Highest paid Director**

|                       | <b>2019</b>  | <b>2018</b>  | <b>2019</b>  | <b>2018</b>  |
|-----------------------|--------------|--------------|--------------|--------------|
|                       | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| Directors' emoluments | 246          | 266          | 246          | 266          |
| Pension contributions | 17           | 21           | 17           | 21           |
|                       | <b>263</b>   | <b>287</b>   | <b>263</b>   | <b>287</b>   |

In the current year remuneration was paid to two executive directors (2018: one) and three non-executive directors (2018: three) in respect of their services to the Company.

**6 Finance Income**

|                       | <b>Group</b> |              | <b>Company</b> |              |
|-----------------------|--------------|--------------|----------------|--------------|
|                       | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|                       | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Bank interest         | 26           | 34           | 26             | 34           |
| Intercompany interest | -            | -            | 22             | 24           |
|                       | <b>26</b>    | <b>34</b>    | <b>48</b>      | <b>58</b>    |

**Oxford University Innovation Limited**  
**Annual Report and Consolidated Financial Statements**

**Notes to the Financial Statements (continued)**

**7 Gift Aid payable to University of Oxford**

|  | <b>Group and Company</b> |              |
|--|--------------------------|--------------|
|  | <b>2019</b>              | <b>2018</b>  |
|  | <b>£'000</b>             | <b>£'000</b> |
| Gift aid payable under Deed of Covenant to the University of Oxford in respect of current year | 1,536                    | 300          |
| Gift aid receivable in respect of previous years payments under Deed of Covenant               | -                        | (1)          |
| <b>Net payment due to the University of Oxford</b>   | <b>-</b>                 | <b>-</b>     |

Since the balance sheet date the Group's Board have agreed a payment of £1,267k (2018: £1,536k to be transferred to the University of Oxford in relation to the 2019 results. This transfer will be made from distributable profits. These amounts have not been included within the 2019 financial statements as the Board agreements were not made until after the balance sheet date.

**8 Tax on profit on ordinary activities**

**Current tax**

|   | <b>Group</b> |              | <b>Company</b> |              |
|---|--------------|--------------|----------------|--------------|
|   | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|   | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| UK Corporation Tax on income for the period | 147          | -            | 147            | -            |
| Withholding tax                             | 4            | -            | 4              | -            |
| Adjustments in respect of prior periods     | (87)         | 50           | (87)           | 50           |
|   | <b>64</b>    | <b>50</b>    | <b>64</b>      | <b>50</b>    |

The tax charge in the period is lower than the standard rate of corporation tax in the UK of 19.00% (2018:19.00%). The differences are explained below:

|   | <b>Group</b> |              | <b>Company</b> |              |
|---|--------------|--------------|----------------|--------------|
|   | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|   | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Profit on ordinary activities before tax  | 2,318        | 1,391        | 2,355          | 1,511        |
| Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% and Hong Kong tax of 16.5% | 447          | 287          | 447            | 287          |
| Difference between capital allowances and depreciation  | (19)         | 3            | (19)           | 3            |
| Net effect of allowed and disallowed costs  | (25)         | 1            | (25)           | 1            |
| Withholding tax   | (1)          | -            | (1)            | -            |
| Impact of proposed Gift Aid transfer  | (255)        | (291)        | (255)          | (291)        |
|   | <b>147</b>   | <b>-</b>     | <b>147</b>     | <b>-</b>     |

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.



**Oxford University Innovation Limited**  
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**Notes to the Financial Statements (continued)**

**9 Tangible fixed assets**

|   | Group and Company            |                    |                |
|---|------------------------------|--------------------|----------------|
|   | Fixtures & Fittings<br>£'000 | Equipment<br>£'000 | Total<br>£'000 |
| <b>Cost or valuation</b>                  |                              |                    |                |
| Balance at 1 August 2018 and 31 July 2019 | 366                          | 108                | 474            |
| <b>Depreciation</b>                       |                              |                    |                |
| Balance at 1 August 2018                  | 110                          | 108                | 218            |
| Depreciation charged during the year      | 36                           | -                  | 36             |
| <b>Balance at 31 July 2019</b>            | <b>146</b>                   | <b>108</b>         | <b>254</b>     |
| <b>Net book value</b>                     |                              |                    |                |
| As at 31 July 2019                        | 220                          | -                  | 220            |
| As at 31 July 2018                        | 256                          | -                  | 256            |

**10 Debtors**

Amounts falling due within one year:

|                                    | Group         |               | Company       |               |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | 2019<br>£'000 | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 |
| Trade debtors                      | 2,191         | 2,297         | 2,191         | 2,296         |
| Amounts owed by Group undertakings | 3,061         | 3,070         | 3,431         | 3,657         |
| Prepayments and accrued income     | 1,149         | 633           | 1,147         | 633           |
|                                    | <b>6,401</b>  | <b>6,000</b>  | <b>6,749</b>  | <b>6,586</b>  |

**11 Creditors: amounts falling due within one year**

|                                      | Group         |               | Company       |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2019<br>£'000 | 2018<br>£'000 | 2019<br>£'000 | 2018<br>£'000 |
| Trade creditors                      | 620           | 660           | 620           | 652           |
| Amounts owed to other group entities | 3,041         | 2,981         | 3,046         | 2,986         |
| Accruals and deferred income         | 2,775         | 2,457         | 2,766         | 2,449         |
| Short-term employee benefits         | 124           | 96            | 124           | 96            |
|                                      | <b>6,560</b>  | <b>6,194</b>  | <b>6,556</b>  | <b>6,183</b>  |

**12 Creditors: amounts falling due after more than one year**

|                              | Group and Company |               |
|------------------------------|-------------------|---------------|
|                              | 2019<br>£'000     | 2018<br>£'000 |
| Accruals and deferred income | 63                | 169           |

Deferred income relates to long-term contracts held by the Group and is recognised over the period to which the income relates. Long-term accruals relate to commitments undertaken by the Group at the balance sheet date.

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**Notes to the Financial Statements (continued)**

**13 Called-up share capital and reserves**

|  | Group and Company |       |
|--|-------------------|-------|
|  | 2019              | 2018  |
|  | £'000             | £'000 |
| Authorised 2,000,000 (2018: 2,000,000) ordinary shares of £1 each                          | 2,000             | 2,000 |
| Allocated, called-up and fully-paid 1,750,000 (2018: 1,750,000) ordinary shares of £1 each | 1,750             | 1,750 |

**14 Financial instruments**

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2019         | 2018         | 2019         | 2018         |
|   | £'000        | £'000        | £'000        | £'000        |
| <b>Financial assets</b>                     |              |              |              |              |
| Measured at undiscounted amount receivable: |              |              |              |              |
| Trade and other debtors                     | 2,191        | 2,297        | 2,191        | 2,297        |
| Accrued income                              | 715          | 279          | 715          | 279          |
| Cash and cash equivalents                   | 5,561        | 4,980        | 5,497        | 4,655        |
|   | <b>8,467</b> | <b>7,556</b> | <b>8,403</b> | <b>7,231</b> |
| <b>Financial liabilities</b>                |              |              |              |              |
| Measured at undiscounted amount payable:    |              |              |              |              |
| Trade and other creditors                   | 868          | 896          | 868          | 887          |
| Accruals                                    | 1,947        | 1,864        | 1,939        | 1,864        |
|   | <b>2,815</b> | <b>2,760</b> | <b>2,807</b> | <b>2,751</b> |

**15 Financial commitments**

Other financial commitments include lease commitments relating to operating leases on property and items of equipment. Total minimum lease payments under non-cancellable operating leases are analysed by due date as follows:

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2019         | 2018         | 2019         | 2018         |
|   | £'000        | £'000        | £'000        | £'000        |
| Contracted but not provided for on operating lease commitments: |              |              |              |              |
| One year  | 326          | 324          | 326          | 324          |
| Between two to five years                                       | 1,230        | 1,230        | 1,230        | 1,230        |
| More than five years  | 308          | 615          | 308          | 615          |
|   | <b>1,864</b> | <b>2,169</b> | <b>1,864</b> | <b>2,169</b> |

**16 Employee benefits**

The Company participates in two principal pension schemes for its staff - the University of Oxford Staff Pension Scheme (OSPS) and a Company defined contribution scheme. The OSPS scheme is a contributory mixed benefit scheme (i.e. it provides 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 OSPS are held in a separate trustee-administered fund. The scheme is a multi-employer scheme and the Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, the Company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

**Notes to the Financial Statements (continued)**  
**16 Employee benefits (continued)**

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

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

**Actuarial valuations**

Qualified actuaries periodically value the OSPS scheme using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in the 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 statements of the University of Oxford:

|  | OSPS   |
|--|--|
| Date of valuation:   | 31/03/16   |
| Date valuation results published:  | 28/04/2017   |
| Value of liabilities:  | £661m  |
| Value of assets:   | £528m  |
| Funding surplus / (deficit):   | (£133m)  |
| Principal assumptions:   |  |
| • Investment return  | -  |
| • Rate of interest (periods up to retirement)                            | 'Gilts' + 1.2%pa                                   |
| • Rate of interest (periods up after retirement)                         | 'Gilts' + 1.2%pa                                   |
| • Rate of increase in salaries   | RPI + 1%pa   |
| • Rate of increase in pensions   | Average RPI/CPI pa                                 |
| Mortality assumptions:   |  |
| • Assumed life expectancy at age 65 (males)                              | 22.4 yrs   |
| • Assumed life expectancy at age 65 (females)                            | 24.7 yrs   |
| Funding Ratios:  |  |
| • Technical provisions basis   | 80%  |
| • Statutory Pension Protection Fund basis                                | 67%  |
| • 'Buy-out' basis  | 42%  |
| • Estimated FRS 102 Total Funding level                                  | 82%  |
| Recommended employer's contribution rate (as % of pensionable salaries): | 23% decreasing to 19% from 01/08/2017 <sup>1</sup> |
| Effective date of next valuation:  | 31/03/19   |

Notes to the above table:

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

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

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**Notes to the Financial Statements (continued)**

**16 Employee benefits (continued)**

**Movement in pension provision**

|                              | <b>Group and Company</b> |              |
|------------------------------|--------------------------|--------------|
|                              | <b>2019</b>              | <b>2018</b>  |
|                              | <b>£'000</b>             | <b>£'000</b> |
| Opening balance              | 143                      | 291          |
| Unwinding of discount factor | 3                        | 5            |
| Deficit contributions paid   | (5)                      | (2)          |
| Change in provision value    | (129)                    | (151)        |
|                              | <b>12</b>                | <b>143</b>   |

**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:

| Assumption                 | OSPS<br>Change in assumption                                   | Impact on OSPS technical provisions<br>(from 80% funded at 31/03/2016) |
|----------------------------|--|--|
| Valuation rate of interest | decrease by 1.0%   | 68%  |
| Rate of pension increases  | increase by 1.0%   | 69%  |
| Life expectancy            | more prudent assumption (life expectancy increases by 3 years) | 72%  |

**Deficit Recovery Plans**

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

|  | <b>OSPS</b> |
|--|-------------|
| Finish Date for Deficit Recovery Plan  | 30/06/27    |
| Average staff number increase          | 0%          |
| Average staff salary increase          | 3.00%       |
| Average discount rate over period      | 1.25%       |
| Effect of 0.5% change in discount rate | £0.2k       |
| Effect of 1% change in staff growth    | £0.2k       |

A provision of £0.01m has been made at 31 July 2019 (2018: £0.14) 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 Company during the accounting period (excluding pension finance costs) was equal to the contributions payable after allowance for the deficit recovery plan.

A copy of the full actuarial valuation report and other further details on the scheme are available on the relevant website, <https://finance.web.ox.ac.uk/osps>.

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**Notes to the Financial Statements (continued)**

**17 Deferred taxation**

Deferred taxation is provided at 19% (2018: 19%) in the financial statements as set out below:

|  | <b>Group</b> |              | <b>Company</b> |              |
|--|--------------|--------------|----------------|--------------|
|  | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|  | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Items recognised as Items of other comprehensive income: |              |              |                |              |
| Deferred tax asset (Included with other debtors)         | 3            | 33           | 3              | 33           |
| Deferred tax liability                                   | (744)        | (613)        | (744)          | (613)        |

**18 Fixed asset investments**

Investments in subsidiary undertakings and spin-out companies:

**Cost and net book value**

|                                       | <b>Group</b> |              | <b>Company</b> |              |
|---------------------------------------|--------------|--------------|----------------|--------------|
|                                       | <b>2019</b>  | <b>2018</b>  | <b>2019</b>    | <b>2018</b>  |
|                                       | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Opening balance                       | 3,451        | 3,126        | 3,420          | 3,064        |
| Share of joint venture's loss         | (20)         | (31)         | -              | -            |
| Foreign exchange on consolidation     | -            | -            | -              | -            |
| Investment gains recognised as earned | 688          | 164          | 687            | 164          |
| Net acquisition of shares in year     | -            | 192          | -              | 192          |
| Net disposal of shares in year        | (128)        | -            | (128)          | -            |
|                                       | <b>3,991</b> | <b>3,451</b> | <b>3,979</b>   | <b>3,420</b> |

The Group holds investments arising from the Start-Up Incubator in thirty private companies with a total valuation of £3.9m (2018: £3.4m).

The Group has a 50% interest in Oxford Angels Network, a company limited by guarantee. The company is incorporated in the UK and its principal activity is to inform potential investors of spinouts emanating from the University of Oxford. There has been no active trade in Oxford Angels Network during the year (2018: £nil) and there are no assets to include on consolidation.

The Company has a 100% interest in Oxford University 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 (£10).

The Company holds non-voting shares in Oxentia Limited received as part consideration following the divestment of the division on 1 August 2017. These shares are valued at £64k at the balance sheet date (2018: £192k).

| Name of JV                         | Isis Changzhou International Technology Transfer Centre Co. Ltd   | Jinhui Guangxi Liuzhou International Technologies Co., Ltd  | Shenzhen Zhongjin International Technology Transfer Center Limited  | Isis Suzhou International Technology Centre Company Limited   |
|------------------------------------|---|---|---|---|
| Nature of business                 | Development, intellectual property protection and exploiting of research outputs from the University of Oxford and elsewhere in China | Development, intellectual property protection and exploiting of research outputs from the University of Oxford and elsewhere in China | Development, intellectual property protection and exploiting of research outputs from the University of Oxford and elsewhere in China | Development, intellectual property protection and exploiting of research outputs from the University of Oxford and elsewhere in China |
| Proportion of shares               | 40%   | 1%  | 25%   | 30%   |
| Trading balances at 31st July 2019 | £0  | £0  | £0  | £0  |

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**Notes to the Financial Statements (continued)**

**19 Transactions with Directors, Related Parties and Joint Ventures**

The Company has taken advantage of the exemption in FRS 102 section 33 and has not disclosed transactions with other group companies.

**Transactions with Directors**

During the year three members of the board were reimbursed for the provision of consultancy services at rates charged on an arm's length basis.

| Name               | Position       | Transaction | Details  | Value (£) | Paid (£) | Outstanding at 31 July 2019 |
|--------------------|----------------|-------------|--|-----------|----------|-----------------------------|
| Professor L. Dolan | Board Director | Services    | Fees charged at arm's length consultancy rates | 33,625    | 33,625   | -                           |
| Professor P. Grant | Board Director | Services    | Fees charged at arm's length consultancy rates | 27,043    | 33,625   | -                           |
| Professor M. Wood  | Board Director | Services    | Fees charged at arm's length consultancy rates | 74,000    | 33,625   | -                           |

**Transactions with Joint Ventures**

There were no transactions with Joint Ventures during the year (2018: nil).

**Transactions with Related Parties.**

During the year £360 (inclusive of VAT) was received from Syncona Investment Management Ltd for provision of consultancy services at rates charged on an arm's length basis (2018 – nil).

There are no other related party transactions.

**20 Ultimate parent undertaking and controlling party**

The Group is a wholly owned subsidiary of the University of Oxford. The Group is a limited company and the University of Oxford is its sole shareholder, exercising a dominant influence over its operating and financial policies as a result. The Group is consolidated within the group financial statements of the University of Oxford, which is the only group including the Company for which consolidated financial statements are produced. Copies of the Financial Statements of the University of Oxford may be obtained from:

**University Offices, Wellington Square, Oxford, OX1 2JD**