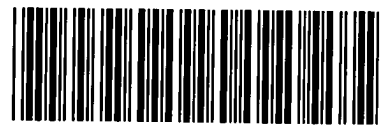


Oxford University Innovation Limited
Annual Report and Consolidated Financial Statements
Registered Number 02199542
31 July 2017

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Strategic Report

The directors present their annual report and the audited financial statements for the twelve-month period ended 31 July 2017.

Business Overview

This has been a very successful twelve-month period for Oxford University Innovation (OUI) with strong business performance achieving total sales income of £18.7m (2016 £22.1m). It should be noted that the comparative results for 2016 represent a 16 month period as the OUI financial year was aligned with that of the University.

Oxford University Innovation Limited Group comprises Oxford University Innovation Limited (the “Company”) and Oxford University Innovation (Hong Kong) Limited (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 and management service to clients around the world.

1. The Group generates a financial return from these activities. It also makes a substantial contribution to the University’s non-financial impact from transferring technologies for the benefit of the environment and 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.

Business Model

The Group has the following four main activities:

- The Company's Licensing and Ventures staff together with Oxford University researchers, 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 management 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;
- The Group provides consulting expertise and advice in technology transfer and innovation management across the public and private sectors around the world through Oxentia. With effect from 1 August 2017, Oxentia will transition from a division of Oxford University Innovation to a limited company.
- Spin-out Equity Management (OUI SEM) manages the University's shareholdings in its spinout companies and seeks ways of maximising the value of its equity stakes.

The Group adopted the financial reporting standard FRS102 in the previous financial year in line with its parent, The University of Oxford. This standard encourages the parent company and its subsidiaries to prepare its accounts on the same reporting date, unless it is impracticable to do so.

To comply with this change, Oxford University Innovation changed its financial year to coincide with the University and therefore all comparative 2016 results are for a sixteen-month financial period.

Licensing and Ventures

The Licensing & 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 3,400 patents and patent applications based on intellectual property arising from University of Oxford research. For the twelve-month period, there were 19 new spinouts created, 6 new companies supported through the start-up incubator, 406 new invention disclosures and 107 new patents filed. 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 £9.0m in income, of which £3.0m 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 £580m, to work with 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 into many spinouts and 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. Over the period, CS opened 534 new projects, concluded 500 deals with commercial clients and contracted with 341 clients. Income for the year was £5.1m, of which £4.8m was returned to the University and academics. Revenue continues to grow due to continuing support from academics in the University, an increase in Departmental Services and spinout work, increasing the number of departments CS works with, and the benefit of a change of fee structure that encourages academic engagement.

Oxentia

Isis Enterprise was re-branded as Oxentia from April 2017. Over the period, Oxentia generated turnover of £2.6m. Oxentia has operated as a separate business since 1st August 2017.

Spin-Out Equity Management (OUI SEM)

OUI SEM's role is to manage the University's shareholdings in the spinout companies, and to invest selectively in the spinouts on behalf of the University. The total value of the University's portfolio of shares at 31st July 2017 was £114m. The value of the Oxford University Founder shares was £72m from a total number of 104 companies in the portfolio. The value of UCSF and OIF shares was £4.7m and the value of investments made by OUI SEM on behalf of the University was £37m (at a total cost of £19m).

OUI Hong Kong

OUI Hong Kong has continued to build a market for and support technologies in China and the Far East, mainly from Oxford. The Hong Kong operations are 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.

Proof of Concept and Seed Funds

The Oxford Invention Fund and University Challenge Seed Fund received 16 proposals during the year, and made 11 awards totalling £0.5m.

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 2016-17, the University of Oxford Innovation Fund III invested £911,000 in five companies. Additional commitments were made to two other companies with investment expected in 2017-18.

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 Oxford Sciences Innovation 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/increase based on the trend across many sectors to embrace open innovation.

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

OUI has established a working group with members from the major functions within the organisation who review the company risk register on a quarterly basis. At its meetings it 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 to be developed and implemented. The output of this activity is an updated risk register that is reviewed at the Senior Management team on an annual basis. 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 balance sheet 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's board approved changes to the Group's funding model in June 2017. These changes included simplifying the various payments received by the Group from the University into a single Management Fee. The size of this fee is calculated based on the amount of funding required by the Group to support its operations after retention by the Group of licensing income, with an amount commensurate with the sum from licensing required to be distributed to academics ring-fenced within the University. An additional change gave the Group the ability to retain profits in order to build up reserves of the greater of £1m or 5% of income, enabling the Group to better plan for future investment in its infrastructure and capabilities.

Group income in the coming year is expected to be comparable with that delivered in financial year 2016-2017 despite loss of or reduction in certain large royalties resulting from patent expirations. Compensatory increases in revenue are expected from significant investment in Group IT systems, which will underpin improvements in efficiency and productivity in operations, freeing up more time for business groups to generate new deals.

In parallel with Group systems improvements, the Group's strategy and structure are under review, with implementation of changes expected to take effect in early 2018.

Directors' Report

Financial results and dividends

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

The Group's turnover for the period was £18.7m (2016: £22.2m). The comparative figures for 2016 were for the 16-month period from 1 April 2015 to 31 July 2016 resulting from the alignment with the University of Oxford in adopting FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Group profit for the year, before tax and Deed of Covenant payments to the University, was £1.5m (2016: £0.6m). Deed of Covenant payments to the University of Oxford were £0.3m (2016: £0.9m).

OUI achieved this result after returning £7.7m (2016: £9.6m) to the University of Oxford and academic consultants.

The directors do not recommend the payment of a dividend (2016: £nil).

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. Oxford University Innovation 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.

Three companies:

- Oxford Gene Technology (OGT), a DNA technology spinout of Oxford University launched in 1997,
- Wrapidity, an Oxford spinout using artificial intelligence for the automated extraction of data from unstructured web-based content, and
- Colwiz, a 2013 Oxford start-up supported by the Oxford University Innovation (OUI) Incubator focused on software-as-a-service for academic articles,

all completed successful trade sale exits in 2017 and the cash proceeds from these transactions have contributed to the profits for the year. In addition, the Group received income from the sale of shares in Oxford Biodynamics plc, at the point of its IPO on AIM.

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 suffer from 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.

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
Dr M. Perkins
Professor S. Davies
Mrs A.V. Hacker
G. Kerr
Professor E. McKendrick
Mrs L. Naylor (resigned 01/04/2017)
Professor L. Tarassenko
Professor I.A. Walmsley
Professor H. McShane
Professor P. Grant
Professor M. Wood

All directors are non-executive apart from M. Perkins and L. Naylor.

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:

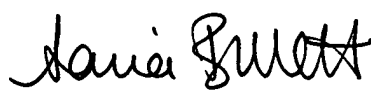
- so far as each of the directors is aware, there is no relevant audit information of which the Company's and the Group's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information 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 7 December 2017 and signed on behalf of the Board


S Billett
Secretary 29/1/18

Registered Office
University of Oxford
Wellington Square
Oxford
OX1 2JD

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.

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 company") for the year ended 31 July 2017 which comprise the Company and Consolidated Income statement, Statement of Financial position and the Consolidated Statement of Changes in Comprehensive Income 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 2017 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.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

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.

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

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.



Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

29 March 2018

Oxford University Innovation Limited
Annual Report and Consolidated Financial Statements

Consolidated Income Statement and Other Comprehensive Income

For the year ended 31 July 2017

		12 months	16 months
	Note	2017 £'000	2016 £'000
Turnover	2	18,688	22,193
Cost of sales	3	(13,125)	(16,376)
Gross Profit		5,563	5,817
Administrative expenditure	5	(7,603)	(9,832)
Other operating income	2	3,744	4,735
Share of losses in joint venture	19	(195)	(107)
Operating profit		1,509	613
Finance Income	6	6	21
Profit before taxation	4	1,515	634
Tax on profit	8	(373)	(201)
Profit for the Financial Year		1,142	433
Other Comprehensive Income			
Currency translation on foreign operations		(6)	(5)
Total comprehensive income for the period attributable to : Equity shareholders of the Company		1,136	428

The results above derive from continuing activities

Oxford University Innovation Limited
Annual Report and Consolidated Financial Statements

Company Income Statement and Other Comprehensive Income

For the year ended 31 July 2017

		12 months	16 months
	Note	2017 £'000	2016 £'000
Turnover	2	18,335	21,560
Cost of sales	3	(13,052)	(16,267)
Gross Profit		5,283	5,293
Administrative expenditure	5	(7,351)	(9,394)
Other operating income	2	3,744	4,735
Operating profit		1,676	634
Finance Income	6	28	50
Profit before taxation		1,704	684
Tax on profit	8	(369)	(185)
Profit for the Financial Year		1,335	498
Other Comprehensive Income			
Total comprehensive income		1,335	498
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		1,335	498
		1,335	498

The results above derive from continuing activities.

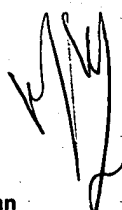
Oxford University Innovation Limited
Annual Report and Consolidated Financial Statements

Consolidated Statement of Financial Position

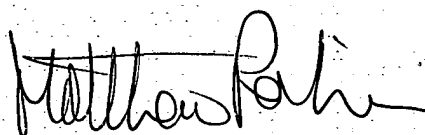
At 31 July 2017		12 months 2017 £'000	16 months 2016 £'000
	Note		
Fixed Assets			
Tangible assets	9	293	330
Investments	19	3,126	2,432
		3,419	2,762
Current Assets			
Debtors	10	6,669	6,708
Cash and Cash Equivalents	16	3,296	2,068
		9,965	8,776
Creditors: Amounts falling due within one year	11	(6,301)	(6,232)
Net Current Assets		3,664	2,544
Total Assets less Current Liabilities		7,083	5,306
Creditors: Amounts falling due in more than one year	12	(186)	(213)
Net Assets excluding pension liability and deferred taxation		6,897	5,093
Pension liability	17	(291)	(268)
Deferred Taxation	18	(582)	(434)
Net Assets including pension liability and deferred taxation		6,024	4,391
Capital and Reserves			
Called-up Share Capital	13	1,750	1,750
Revaluation Reserve		2,480	1,740
Profit and loss account		1,794	901
Total Capital Employed		6,024	4,391

These financial statements of Oxford University Innovation Limited, registered number 02199542, were approved by the Board of Directors on 7 December 2017 and were signed on its behalf on 29 January 2018 by:

N Keen
Chairman



M Perkins
Director

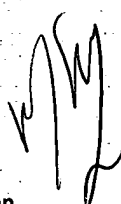


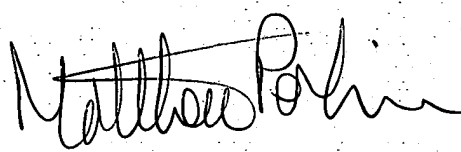
Oxford University Innovation Limited
Annual Report and Consolidated Financial Statements

Company Statement of Financial Position

		12 months	16 months
At 31 July 2017		2017 £'000	2016 £'000
	Note		
Fixed Assets			
Tangible assets	9	293	330
Investments	19	3,064	2,176
		<u>3,357</u>	<u>2,506</u>
Current Assets			
Debtors	10	6,910	6,954
Cash and cash equivalents	16	2,945	1,940
		<u>9,855</u>	<u>8,894</u>
Creditors: Amounts falling due within one year	11	(6,009)	(6,172)
Net Current Assets		<u>3,846</u>	<u>2,722</u>
Total Assets less Current Liabilities		<u>7,203</u>	<u>5,228</u>
Creditors: Amounts falling due in more than one year	12	(186)	(213)
Net Assets excluding pension liability and deferred taxation		<u>7,017</u>	<u>5,015</u>
Pension liability	17	(291)	(268)
Deferred Taxation	18	(581)	(434)
Net Assets including pension liability and deferred taxation		<u>6,145</u>	<u>4,313</u>
Capital and Reserves			
Called-up share capital	13	1,750	1,750
Revaluation reserve		2,480	1,740
Profit and loss account		1,915	823
Total Capital Employed		<u>6,145</u>	<u>4,313</u>

These financial statements of Oxford University Innovation Limited, registered number 02199542, were approved by the Board of Directors on 7 December 2017 and were signed on its behalf on 29 January 2018 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 2017

	Note	Called up share capital £'000	Revaluation Reserve	Profit and loss account £'000	Total Equity £'000
Total Comprehensive Income at 31 July 2016		1,750	1,740	901	4,391
Profit for the financial year		-	-	1,142	1,142
Currency translation on foreign operations		-	-	(6)	(6)
Gains on Investments		-	886	-	886
Gift-aid payment to the University of Oxford (See Note 7)		-	-	(299)	(299)
Current tax Credit	8	-	-	59	59
Deferred taxation on provisions	18	-	-	(3)	(3)
Deferred taxation on unrealised gains in investments	18	-	(146)	-	(146)
Total Comprehensive Income at 31 July 2017		1,750	2,480	1,794	6,024

Company Statement of Changes in Equity

Year ended 31 July 2017

	Note	Called up Share Capital £'000	Revaluation Reserve	Profit and loss account £'000	Total Equity £'000
Total Comprehensive Income at 31 July 2016		1,750	1,740	823	4,313
Profit for the financial year		-	-	1,335	1,335
Gift-aid payment to the University of Oxford (See Note 7)		-	-	(299)	(299)
Current tax Credit	8	-	-	59	59
Gains on Investments		-	886	-	886
Deferred taxation on provisions	18	-	-	(3)	(3)
Deferred taxation on unrealised gains in investments	18	-	(146)	-	(146)
Total Comprehensive Income at 31 July 2017		1,750	2,480	1,915	6,145

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 2199542 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 it operates in.

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-subsidary 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 consists of tangible assets, such as equipment having a useful economic life of greater than 1 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 University of Oxford.

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. Income from subscriptions is deferred and recognised over the period to which it relates.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Gift Aid donations will only be made if the Company has positive distributable reserves.

Notes to the Financial Statements (continued)

Accounting Policies (continued)

Deferred tax is recognised in respect of 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.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

A provision has been made for current UK taxation 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.

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 different 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.

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 at item of the Statement of Other Comprehensive Income.

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 instrument 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,

Notes to the Financial Statements (continued)

Accounting Policies (continued)

then it is measured at the present value of future payments discounted at a market rate of instrument 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 only principal pension scheme for staff is the University of Oxford Staff Pension Scheme (OSPS).

This is a multi-employer pension scheme which is in deficit. 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 2.4% p.a. and the liability is discounted at a 15 year corporate bond rate of 1.55% (2016: 1.4%). A sensitivity analysis to changes in salary and discount rate changes is shown in note 17 (Employee benefits).

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

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 recognise 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.

Notes to the Financial Statements (continued)

Accounting Policies (continued)

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.

Accounting Judgements and Estimates

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 17 (Employee benefits))
- Valuation of Spin-out Investments (note 19 (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))

Notes to the Financial Statements (continued)

2 Turnover

Revenue arises from the following classes of business:

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
Project Income	8,982	11,257	8,982	11,257
Consultancy & similar services	8,057	9,769	7,701	9,132
Sundry fees	1,472	898	1,475	902
Subscriptions	177	269	177	269
	18,688	22,193	18,335	21,560
Other income	3,744	4,735	3,744	4,735

Other income of £3.7m (2016: £4.7m) comprised £3.3m (2016: £4.1m) from the University of Oxford for investing in the protection and development of University of Oxford intellectual property; £0.4m (2016: £0.6m) from the University of Oxford's Higher Education Innovation Fund grant to support Consulting Services and the Start Up Incubator; and associate funding £5k (2016: £12k).

3 Cost of Sales

Cost of sales arise from the following

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
Investing in the protection and development of intellectual property	4,595	5,391	4,595	5,391
Distributions of royalty and consulting income to the parent and its members	7,748	9,568	7,748	9,568
Other	782	1,417	709	1,308
	13,125	16,376	13,052	16,267

4 Profit on ordinary activities before taxation

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

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
Auditor remuneration for Group financial statements	22	25	15	17
<i>Operating lease payments</i>				
Land and buildings	301	301	301	301
Plant and machinery	12	15	12	15
Net foreign exchange gains/(losses)	13	(53)	30	(79)
Depreciation of owned tangible fixed assets	37	36	37	36

^a Note that 2016 represents a 16 month period

Notes to the Financial Statements (continued)

5 Administrative Expenditure

Employees

Staff numbers

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

	Group		Company	
	2017 Number	2016 ^a Number	2017 Number	2016 ^a Number
Executive	3	3	2	2
Management and administration	90	90	87	87
	93	93	89	89

Staff costs

Their aggregated remuneration comprised:

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Wages and salaries	4,827	6,384	4,605	6,030
Social security costs	549	651	549	651
Other pension costs	482	630	460	608
Total Staff Costs	5,858	7,665	5,614	7,289

Directors' Remuneration

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Directors' emoluments	632	878	509	667
Pension contributions	34	62	23	49
	666	940	532	716

Highest paid Director

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Directors' emoluments	229	334	229	334
Pension contributions	10	32	10	32
	239	366	239	366

In the current year remuneration was paid to three (2016: three) executive directors and two non-executive directors (2016: two) in respect of their services to the Company.

6 Finance Income

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Bank Interest	6	21	5	21
Intercompany interest	-	-	23	29
	6	21	28	50

^a Note that 2016 represents a 16 month period

Notes to the Financial Statements (continued)

7 Gift Aid payable to University of Oxford

	Group and Company	
	2017	2016^a
	£'000	£'000
Gift aid payable under Deed of Covenant to the University of Oxford in respect of current year	300	902
Gift aid receivable in respect of previous years payments under Deed of Covenant	(1)	-
Net payment due to the University of Oxford	299	902

A payment of £299k (2016:£902k) is due to the University of Oxford, representing the amount agreed by the Board to be distributed from distributable profits. This amount has been set off against the intercompany creditor.

8 Tax on profit on ordinary activities

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
Current tax				
UK Corporation Tax	(373)	(201)	(369)	(185)

The tax charge in the period is lower than the standard rate of corporation tax in the UK (19.67%) (2016:20%). A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions 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.

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
The differences are explained on the following table:				
Profit on ordinary activities	1,515	634	1,704	684
Profit/Loss on ordinary activities multiplied by standard rate of corporation tax of 19% and HK tax of 16.5%	304	129	335	137
Difference between capital allowances and depreciation	3	9	3	9
Net effect of allowed and disallowed costs	38	71	6	45
Withholding tax	28	(8)	25	(5)
	373	201	369	185

Tax Included in the Statement of Other Comprehensive Income

The tax credit included in total comprehensive income is made up as follows:

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
Impact of Gift Aid payment in current year	59	180	59	180
	59	180	59	180

^a Note that 2016 represents a 16 month period

Notes to the Financial Statements (continued)

9 Tangible fixed assets

	Group & Company		
	Fixtures And Fittings £'000	Equipment £'000	Total £'000
Cost or valuation			
Balance at 1 August 2016	366	108	474
Balance at 31 July 2017	366	108	474
Depreciation			
Balance at 1 August 2016	36	108	144
Depreciation for the year	37	-	37
Balance at 31 July 2017	73	108	181
Net book value			
Balance at 1 August 2016	330	-	330
Balance at 31 July 2017	293	-	293

10 Debtors

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Amounts falling due within one year:				
Trade debtors	3,209	3,277	3,189	3,182
Amounts owed by Group undertakings	3,124	3,060	3,394	3,456
Prepayments and accrued income	336	371	327	316
	6,669	6,708	6,910	6,954

11 Creditors: amounts falling due within one year

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Trade creditors	1,075	1,022	901	1,041
Amounts owed to other group entities	1,704	2,819	1,662	2,819
Accruals and deferred income	3,402	2,263	3,334	2,192
Short-term employee benefits	120	128	112	121
	6,301	6,232	6,009	6,172

12 Creditors: amounts falling due after more than one year

	Group and Company	
	2017 £'000	2016 ^a £'000
Accruals and deferred income	186	213

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.

^a Note that 2016 represents a 16 month period

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Notes to the Financial Statements (continued)

13 Called-up share capital and reserves

	2017 £'000	2016 ^a £'000
Authorised 2,000,000 (2016: 2,000,000) ordinary shares of £1 each	2,000	2,000
Allocated, called-up and full-paid 1,750,000 (2016: 1,750,000) ordinary shares of £1 each	1,750	1,750

14 Financial instruments

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Financial assets				
Measured at undiscounted amount receivable				
Trade and other debtors	3,209	3,277	3,189	3,182
Accrued Income	164	202	156	152
Cash and cash equivalents	3,296	2,068	2,945	1,940
	6,669	5,547	6,290	5,274
Financial liabilities				
Measured at undiscounted amount payable				
Trade and other creditors	1,261	1,235	1,087	1,254
Accruals	2,194	1,612	2,167	1,586
	3,455	2,847	3,254	2,840

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	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Contracted for but not provided for				
- Operating Lease Commitments				
one year	313	316	313	316
between two to five years	1,203	1,204	1,203	1,204
more than five years	902	1,204	902	1,204
	2,418	2,724	2,418	2,724

16 Cash and cash equivalents

	Group		Company	
	2017 £'000	2016 ^a £'000	2017 £'000	2016 ^a £'000
Cash at bank and in hand	3,296	2,068	2,945	1,940

^a Note that 2016 represents a 16 month period

Notes to the Financial Statements (continued)

17 Employee benefits

Defined benefit schemes

The Company participates in one principal pension scheme for its staff - the University of Oxford Staff Pension Scheme (OSPS). The scheme is a contributory defined benefit scheme (i.e. it provides benefits based on length of service and pensionable salary) and until April 2016 was contracted out from the State Second Pension 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 defined contribution schemes. 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.

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 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) ^b
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 ^f
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

Notes to the Financial Statements (continued)

17 Employee benefits (Continued)

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 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.

	Group & Company 2017 £'000	Group & Company 2016^a £'000
Current service costs	18	99
Net interest costs	5	2
Plan introductions, changes, curtailments and settlements	-	-
	<u>23</u>	<u>101</u>

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement schemes is as follows:

	2017 £'000	2016^a £'000
Present value of defined benefit obligations	291	268
Fair value of scheme assets	-	-
Net liability recognised in the balance sheet	<u>291</u>	<u>268</u>

Movements in the present value of defined benefit obligations were as follows:

	2017 £'000	2016^a £'000
Opening balance	268	167
Service cost	18	99
Interest cost	5	2
Closing balance	<u>291</u>	<u>268</u>

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 Change in assumption	Impact on OSPS technical provisions (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%

^a Note that 2016 represents a 16 month period

Notes to the Financial Statements (continued)

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:

	OSPS
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	1.55%
Effect of 0.5% change in discount rate	£0.2k
Effect of 1% change in staff growth	£0.2k

A provision of £0.29m has been made at 31 July 2017 (2016: £0.268m) for the present value of the estimated future deficit funding element of the contributions payable under these agreements, using the assumptions shown.

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 as follows.

A copy of the full actuarial valuation report and other further details on the scheme are available on the relevant website, www1.admin.ox.ac.uk/finance/epp/pensions/schemes/osps.

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Notes to the Financial Statements (continued)

18 Deferred taxation

Deferred taxation is provided at 19% (2016 20%) in the financial statements as set out below:

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
Items recognised as Items of other comprehensive income				
Deferred Tax Asset (Included with other debtors)	64	66	64	66
Deferred Tax liability	(582)	(434)	(581)	(434)

19 Fixed asset investments

Investments in subsidiary undertakings and spin-out companies:

Cost and net book value

	Group		Company	
	2017	2016^a	2017	2016^a
	£'000	£'000	£'000	£'000
Opening balance	2,432	2,224	2,176	1,899
Share of joint venture's loss	(195)	(107)	-	-
Foreign exchange on consolidation	1	39	-	-
Investment gains recognised as earned	888	276	888	276
	3,126	2,432	3,064	2,176

The Group holds investments arising from the Start-Up Incubator in twenty nine private companies with a total valuation of £3.1m (2016: £2.4m).

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 potential spinouts emanating from the University of Oxford.

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).

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 2017	£0	£0	£8,454	£0

^a Note that 2016 represents a 16 month period

Notes to the Financial Statements (continued)

20 Transactions with Directors, Related Parties and Joint Ventures

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.

Transaction with Directors

During the year two 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	Out-standing
Professor P. Grant	Board Director	Services	Fees charged at arm's length consultancy rates	£27,191	£27,191	£0
Professor M. Wood	Board Director	Services	Fees charged at arm's length consultancy rates	£75,317	£75,317	£0

During the year fees of £12,139 (2016 £24,277) became due for reimbursement of non-executive director services from Imperialise Limited, a company of which N Keen has significant control. Since 1 April 2017 N Keen has been remunerated directly for these services within the Company payroll.

Transactions with Joint Ventures

Name of Joint Venture	Oxford University Innovation Limited	Oxford University Innovation (Hong Kong) Limited
Guangxi Liuzhou Jinhui Sci-Tech Innovation Limited	n/a	£28,764
Isis Suzhou International Technology Centre Company Limited	n/a	£7,500

There are no other related party transactions.

21 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. Therefore 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.