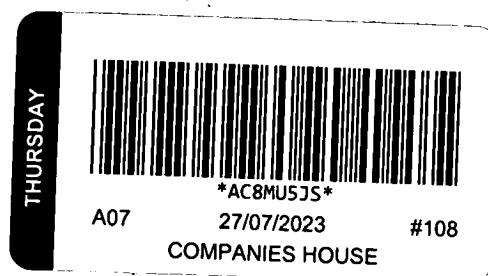


Oxford University Innovation Limited
Annual Report and Financial Statements
Registered Number 02199542
31 July 2022



Oxford University Innovation Limited
Annual Report and Financial Statements

Contents

Strategic Report	2
Directors' Report	6
Directors' Responsibilities Statement	9
Independent Auditor's Report to the Members of Oxford University Innovation Ltd	10
Income Statement and Other Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17

Strategic Report

The directors present their annual report and the audited financial statements for the year ended 31 July 2022.

Business Overview

Oxford University Innovation Limited (the "Company" or "OUI") is a wholly owned subsidiary of, and controlled by, the University of Oxford.

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

The Company 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 OUI as a successful model of university technology transfer, for which Oxford is well known and well regarded.

OUI is responsible for managing the formation of new spinout companies from the University with the academic founders, on behalf of the University. 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 Company is entitled to a percentage of the proceeds due to the University from the sale of its equity holdings.

OUI provides support services and funding to Oxford University students and alumni who wish to create a new startup company. These companies fall outside the University regulations for staff and academics who create spinout companies. In return for OUI providing support services and funding, the startup company's founders agree to give OUI a 5% founding share in the startup company. OUI holds these startup founder shares as OUI has provided the support. More details of the support can be found on OUI's website.

OUI has achieved an exceptional year of strong business performance, reporting total revenue of £152.1m (2021 £19.0m). 2022 income includes unprecedented revenues from a significant licence which are not anticipated to repeat to the same extent in future years. If reviewing performance without the revenue from this project 2022 performance still exceeds 2021 demonstrating growth in the underlying business activity.

OUI has a strong Balance Sheet with Cash at bank of £11.1m and Net assets of £15.7m at the financial year end. Debtors at the financial year end have increased by circa £20m relative to prior year driven by movement in Accrued income. Creditors have also increased relative to prior year by circa £25m. This is as a result of a circa £10m increase in amounts owed to other Group entities and an increase of circa £16m in Trade creditors. This is consistent with increased revenues in relation to a significant licence in the year.

OUI appointed a new chair of the board of directors, Baroness Blackwood in November 2021.

Business Model

OUI's vision is a world leading innovation ecosystem with the University at its heart. As architects of creative solutions, OUI enables the University community to maximise the global impact of Oxford's research and expertise. OUI 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.

OUI has the following three main activities:

- The Licensing and Ventures team collaborate with the University's 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, spinout companies, and social ventures. The Company returns the majority of income generated from this activity to the University for distribution under its revenue sharing rules;

Strategic Report

- 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 for maximising the value of its equity stakes. The Investments and New Ventures team also manages the Company's shareholdings in start-up companies and proof of concept funds on behalf of the University.

Licensing and Ventures

The Licensing and Ventures team's vision is for OUI and the University 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 4,995 patents and patent applications based on intellectual property arising from University research (2021 – 4,500). During the year to 31 July 2022 there were 15 new entities created (2021 – 31), 323 new invention disclosures (2021 – 307) and 73 new patents filed (2021 – 85). The team continues to build on the close and highly valued working relationship with colleagues in the University's Research Services office to ensure that intellectual property is correctly assigned and handled. The team generated £145.3m in income (2021 - £12.3m), of which £136.0m (2021 - £4.6m) has been distributed to the University of Oxford and its academic researchers.

In May 2015, the University and the Company launched a partnership with a newly created company Oxford Sciences Innovation Plc (subsequently re-named as Oxford Science Enterprises Plc on 30 September 2021), which has raised capital of approximately £850m, 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 continuing number of new companies formed by the University academic community.

Consulting Services

Consulting Services ("CS") vision is for the University 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 concluded 531 deals with commercial clients (2021 – 531). Income for the year was £6.0m (2021 - £5.2m), of which £5.5m (2021 - £4.6m) was returned to the University and academics, by way of intercompany recharge and direct payment. During the year, a new Head of Consulting Services was appointed, and the team has been reinvigorated, delivering its best financial performance to date.

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 University reported a total holding in spin-out investments of £182m (2021 £198m) as at 31 July. Of this total holding, £8.8m (2021 £6.4m) represents OUI's own holdings in spin-out and seed fund companies.

The University Challenge Seed Fund awarded 5 proposals during the year (2021 – 9) to a total of £0.54m (2021 – £0.6m).

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 the 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 V committed funds of £0.49m (2021 - £0.8m) to companies. OUI has an advisory-only relationship with Parkwalk UOIF. Parkwalk is the manager. Parkwalk is regulated by the Financial Conduct Authority. The Parkwalk UOIF forms part of the Parkwalk funds under management and does not form any part of the OUI balance sheet.

Investments and New Ventures generated OUI income arising from equity realisations of £0.51m (2021 - £1.2m) during the year.

Strategic Report

Principal risks and uncertainties

The Company depends on the output of innovative research from the University and the continued commercial demand for products and services derived from that research. The very strong research base of the University 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 Science Enterprises Plc in recent years, this has resulted in strong growth in technology transfer and the establishment of new companies based on the University's research. External demand for innovations from the University is expected to remain high based on the trend across many sectors to embrace open innovation.

OUI has established a working group comprised of senior members from the major functions within the Company who review the Company's risk register on a regular basis. The working group identifies new risks, updates the ratings for likelihood and impact and retires risks that no longer apply. Mitigating actions are identified on the risk register and systems are in place to manage these risks. The output of this activity is an updated risk register that is reviewed by the OUI Management team. This risk register is also reviewed on an annual basis by the OUI Board of Directors ("Board").

Key risks noted in OUI's risk register are as follows:

- Inflationary pressures and cost of living rises – OUI, its employee base and key stakeholders are all subject to the impact of rising inflation. OUI has budgetary and performance controls in place and is entering this challenging time with a significant cash reserve.
- Employee retention risk – OUI is reliant upon its employee base to deliver services to the University community and high levels of employee turnover can result in decreased productivity and short-term loss of knowledge. Management is reviewing retention tools, workload management, succession planning and internal structure to minimise the impact of employee turnover as far as possible.
- Changes to National Policy regarding commercialisation of University Intellectual Property and international trade – OUI's core business of licencing Intellectual Property is established within the existing framework of National Policy. Business could be materially impacted if changes to these policies are made. OUI provides significant input into consultations and maintains active engagement in key forums.
- Changes to University Intellectual Property and Innovation policies – OUI enacts the Intellectual Property and commercialisation policies as set by the University of Oxford. Changes to these can materially impact OUI's activity, process, and funding model. OUI holds an active role in policy reviews and University working groups.
- Data security and confidentiality – OUI receives and processes confidential and/or sensitive data during its business operations. As such OUI depends upon secure data systems and informed use of these systems to comply with data regulations and to manage commercial risk. Appropriate security tools and accreditations are maintained, and employees are routinely trained on data compliance.
- Material liabilities associated with legal action – challenges to Intellectual Property ownership and/or contractual disputes can be disruptive to business activity and can present material financial risk. OUI maintains robust business operations and internal policies to mitigate litigation risk and closely liaises with the legal services team within the University to ensure a unified stance.
- Failure to adequately manage key stakeholders in relation to exceptional licences which could result in detriment to future trading relationships. OUI has managed a licence with unprecedented revenue streams this year and has introduced enhanced stakeholder management in recognition of the breadth of interest connected to the licence.
- University employees challenging University Intellectual Property policies – disagreement in the interpretation of University policies can result in time consuming disputes and potential leakage of Intellectual Property. OUI closely engages with Heads of Division, Heads of Department and with 'Innovation Champions' to provide consistent messaging.

Strategic Report

Future developments

The Company continues to review the value and service provided to academics and the wider University community from its activities. It is recognised that Company activities provide many non-financial benefits and contribute towards University impact goals. A method has been developed to collect data from spinout companies and licensees to quantify impact and this will be further developed in the coming months and years.

Underlying Company income (excluding non-recurring licencing income) is expected to grow in the coming year relative to that delivered in financial year 2021-2022. The Company has produced a more ambitious five-year financial plan that will also result in a reduced management fee charged to the University for the services that OUI provides. This new plan shows income growth and significant financial returns to the University over the next five years.

Another key element of OUI's activities in the coming year is driven by the University's IP and Commercialisation Review. OUI's strategic implementation plan is structured under headers of Global Impact, Engagement, Financial Sustainability, Productivity and Resilience. The recommendations of the Review are being woven into this document as it is being updated for 2023.

Specific actions from the IP and Commercialisation Review that are receiving attention include:

- Expansion of OUI's Startup Incubator
- Financial Reporting to Departments
- Placing OUI close to researchers: new office OUI Central on Little Clarendon St, and hotdesking around the University
- Communications and PR about innovation: working closely with comms team in the University on press, briefings and conference/event organisation
- Increased focus on income: additional 1 FTE for business development is now in place and OUI is recruiting a further FTE manager to provide increased focus on licensee management.

Since the year end the Company's Board has approved a transfer of 2021 taxable profits by gift aid to the University which amounts to £3.9m.

Another area of activity resulting from the above review is the focus on improved engagement with the University community. With this in mind, OUI has opened a satellite office in a more central location within the University.

OUI operates an incubator and the review has identified this successful activity should be expanded to better support the University's planned entrepreneurship training programme. A bid for additional HEIF funding will be made with the target of doubling the size of the incubator for the next three years.

The Company has a 100% interest in Oxford University Innovation (Hong Kong) Limited. This subsidiary no longer benefits from any material trading activity and now only holds interests in 3 small joint ventures. The investment is held at nominal value and hence no impairment of the investment is required. The Board of Oxford University Innovation (Hong Kong) Limited have decided to formally wind up this entity and are taking steps to close the subsidiary once joint venture ownership is resolved.



A Kukula, Director
Dated: 7 July 2023

Directors' Report

Financial results and dividends

The results for the year are set out in the Income Statement on page 14.

The Company's turnover for the period was £152.1m (2021: £19.0m). 2022 income includes unprecedented revenues from a significant licence. The profit for the year, before tax and Gift Aid payments to the University, was £4.2m (2021: £1.1m). OUI achieved this result after distributing £141.5m (2021: £9.2m) to the University of Oxford, inventors and academic consultants. Gift Aid payments to the University made during the financial year in relation to 2021 results amounted to £1.1m. Since the 2022 balance sheet date the Board has agreed to transfer £3.9m to the University via Gift Aid under the Deed of Covenant. This amount has not been provided for in the 2022 financial statements and will be recognised in the following year.

The directors do not recommend the payment of a dividend (2021: £nil).

Political contributions

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

Employees

Equality, diversity and inclusion

The Company is committed to fostering an inclusive culture which promotes equality, values diversity and maintains a supportive working, learning and social environment in which the rights and dignity of all its staff are respected. This commitment is linked to and reinforces the OUI values of integrity, collaboration and empowerment.

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 Company as a whole. Communication with all employees continues through weekly company catch ups, the in-house intranet, staff meetings, briefing groups and the distribution of the annual review.

Research and development

Details of research and development can be found in the Strategic Report on p 4 and form part of this report by cross-reference.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The management forecast foreign currency cash flow based on contractual obligations and ensure Company has sufficient foreign currency reserves to meet working capital needs.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Directors' Report

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, management reviews working capital and cashflow forecast to ensure sufficient funds are available to meet demands.

Going concern

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

The activity of the Company derives from commercialising research outputs on behalf of its ultimate parent, the University, and income is generated from external parties together with a management fee from the University. The ability of the Company to continue as a going concern is therefore linked to the ability of the University to continue as a going concern and continue its research activity.

The directors have reviewed forecasts for the Company for a period of 12 months from the date of signing these financial statements. The Company is expected to operate within the levels of its retained profit and available cash reserves for the foreseeable future. In preparing these forecasts, the potential impacts of Covid-19 on the University's research activity and on OUI's operations have been considered. The Company has a strong balance sheet position, with access to significant amounts of cash. In addition, the Company has received committed levels of funding from its parent, the University, for the next 12 months from the date of signing the financial statements and the University's commitment to research and commercialisation activity remains strong.

Having considered these circumstances, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors

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

Baroness Blackwood – Chair (appointed 1 November 2021)
N. Keen – (resigned 31 October 2021)
Dr M. Perkins
S. Boddie (appointed 3 May 2022)
Professor C. Bountra
Professor S. Davies (resigned 31 October 2021)
Dr R. Easton
D. J. Flint (resigned 16 June 2022)

Professor P. Grant
Professor D. Grimley
S. Gyimah
Dr A. Kukula
Professor H. McShane
Professor L. Tarassenko
Professor H. Viles (appointed 19 October 2020)
Professor M. Wood

All directors are non-executive apart from Dr M. Perkins.

N. Keen was Chair until 31 October 2021 and was succeeded by Baroness Blackwood with effect from 1 November 2021.

The Company is wholly owned by the University.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Oxford University Innovation Limited
Annual Report and Financial Statements

Directors' Report

Auditors

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 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 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.

A resolution in relation to the appointment of auditors for the next financial year will be proposed at OUI's Board Meeting.

Approved by the Board of Directors on 6 July 2023 and signed on behalf of the Board on 7 July 2023



S Pryor
Secretary
Registered Office
University of Oxford, Wellington Square, Oxford, OX1 2JD

Directors' Report

DIRECTORS' RESPONSIBILITIES STATEMENT

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 company financial statements in accordance with United Kingdom 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 company and of their profit or loss for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Oxford University Innovation Limited
Annual Report and Financial Statements

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Oxford University Innovation Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 19.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Oxford University Innovation Limited
Annual Report and Financial Statements

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Patent Rules 2007, Council Regulations 7 of 2002 and The Environment Act 2021.

Oxford University Innovation Limited
Annual Report and Financial Statements

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

We discussed among the audit engagement team including relevant internal specialists such as pensions and valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our procedures performed to address it are described below:

- Recognition, occurrence and accuracy of revenue earned from the Royalties and Licensing income revenue streams was considered a fraud risk due to complexity and materiality of some contracts. We performed procedures to understand the overall contractual arrangements and related accounting treatment. These procedures included understanding milestone within the contract, corroborating the completion of milestones to third party evidence (i.e. regulatory approval) and assessing the recoverability by testing cash after date.
- Valuation of unlisted investment holdings, was considered a fraud risk due to judgmental nature and materiality of the balance. We performed procedures to challenge management's assumptions with respect to the valuation methodology and tested the carrying values of a sample of the unlisted investment portfolio. These procedures include obtaining managements methodology and calculation. Challenging the assumption based on market data, latest financial information that contradicts managements' valuation methodology and calculation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

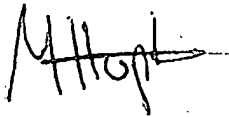
We have nothing to report in respect of these matters.

Oxford University Innovation Limited
Annual Report and Financial Statements

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

Use of our report

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.



Michelle Hopton, ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

Dated: 21 July 2023

Oxford University Innovation Limited
Annual Report and Financial Statements

Income Statement and Other Comprehensive Income
For the year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Turnover	2	152,107	19,058
Cost of sales	3	(146,419)	(16,361)
Gross Profit		5,688	2,697
Administrative expenditure	5	(7,590)	(7,684)
Other operating income	2	6,080	6,080
Operating profit		4,178	1,093
Finance Income	6	39	19
Profit before taxation	4	4,217	1,112
Tax on profit	8	(49)	(29)
Profit for the Financial Year attributable to: Equity shareholders of the Company		4,169	1,083

The results above derive from continuing activities.

The Company has no other comprehensive income or recognised gains and losses other than those included in the income statement above and therefore, no statement of other comprehensive income has been presented.

Oxford University Innovation Limited
Annual Report and Financial Statements

Statement of Financial Position
At 31 July 2022

	Note	2022 £'000	2021 £'000
Fixed Assets			
Tangible assets	9	110	147
Investments	17	8,762	6,396
		<u>8,872</u>	<u>6,543</u>
Current Assets			
Debtors	10	31,793	10,346
Cash and cash equivalents		11,078	4,122
		<u>42,871</u>	<u>14,468</u>
Creditors: Amounts falling due within one year	11	(34,293)	(9,038)
Net Current Assets		<u>8,578</u>	<u>5,430</u>
Total Assets less Current Liabilities		<u>17,450</u>	<u>11,973</u>
Creditors: Amounts falling due after more than one year			
Accruals and deferred income	12	(76)	(34)
Pension liability	15	(13)	(8)
Deferred Taxation	16	(1,678)	(1,233)
Net Assets		<u>15,683</u>	<u>10,698</u>
Capital and Reserves			
Called-up share capital	13	1,750	1,750
Revaluation reserve		7,095	5,179
Profit and loss account		6,838	3,769
Total Capital Employed		<u>15,683</u>	<u>10,698</u>

These financial statements of Oxford University Innovation Limited, registered number 02199542, were approved by the Board of Directors and authorised for issue on 6 July 2023 and were signed on its behalf on 7 July 2023 by:



A Kukula
Director

Oxford University Innovation Limited
Annual Report and Financial Statements

Statement of Changes in Equity
Year ended 31 July 2022

	Note	Called up Share Capital £'000	Revaluation Reserve £'000	Profit and loss account £'000	Total Equity £'000
Total Comprehensive Income at 31 July 2020		1,750	3,060	4,050	8,860
Profit for the financial year		-	-	1,083	1,083
Gains on Investments	16	-	2,617	-	2,617
Gift-aid payable to the University of Oxford	7	-	-	(1,389)	(1,389)
Deferred taxation on provisions	16	-	-	(1)	(1)
Deferred taxation on unrealised gains in Investments	16	-	(498)	26	(472)
Total Comprehensive Income at 31 July 2021		1,750	5,179	3,769	10,698
Profit for the financial year		-	-	4,169	4,169
Gains on Investments	16	-	2,365	-	2,365
Gift-aid payable to the University of Oxford	7	-	-	(1,100)	(1,100)
Deferred taxation on provisions	16	-	-	-	-
Deferred taxation on unrealised gains in Investments	16	-	(449)	-	(449)
Total Comprehensive Income at 31 July 2022		1,750	7,095	6,838	15,683

Notes to the Financial Statements
Accounting Policies

1. Accounting Policies

OUI, is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales and the registered address is:

Oxford University Innovation Ltd
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. In preparing these financial statements the Company has adopted the amendments to FRS102 as set out in the Triennial review of 2017, amendments published in December 2017.

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

Going Concern

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

The activity of the Company derives from commercialising research outputs on behalf of its ultimate parent, the University of Oxford, and income is generated from external parties together with a management fee from the University of Oxford. The ability of the Company to continue as a going concern is therefore linked to the ability of the University of Oxford to continue as a going concern and continue its research activity.

The directors have reviewed forecasts for the Company for a period of 12 months from the date of signing these financial statements. The Company is expected to operate within the levels of its retained profit and available cash reserves for the foreseeable future. In preparing these forecasts, the potential impacts of Covid-19 on the University of Oxford's research activity and on OUI's operations have been considered. The Company has a strong balance sheet position, with access to significant amounts of cash. In addition, the Company has received committed levels of funding from its parent, the University, for the next 12 months from the date of signing the financial statements and the University's commitment to research and commercialisation activity remains strong.

Having considered these circumstances, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements
Accounting Policies

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 (see note 19). The Company also qualifies for exemption from the requirement to prepare consolidated financial statements as it is not the ultimate parent undertaking of The Group.

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.

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.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Notes to the Financial Statements
Accounting Policies

Financial assets

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

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

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Turnover

Turnover represents income (excluding value added tax) from the exploitation of ideas and consulting services emanating from the University and is recognised on an accruals basis.

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 towards the costs of commercialisation of intellectual property incurred by OUI and the ongoing management of Consulting Services.

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 Company 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. 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.

Notes to the Financial Statements
Accounting Policies

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.

Basic Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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.

Notes to the Financial Statements
Accounting Policies

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 hybrid pension scheme, providing defined benefits as well as benefits based on defined contributions. The assets of OSPS are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual employers and scheme-wide contribution rates are set. The Company is therefore exposed to actuarial risks associated with other employers' 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 scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme. Since the Company has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the Company recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of Comprehensive Income.

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 Company 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 it 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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are

Notes to the Financial Statements

Accounting Policies

based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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)): as revenue from royalties can be dependent on the performance of associated drugs / vaccination judgement required in determining if revenue recognition criteria satisfied.
- Valuation of Start-Up Investments (note 18 (Fixed asset investments)), in particular judgement required by management in determining if market data is reliable or if cost less impairment methodology is more suitable.

Estimation, uncertainties and assumptions

- Depreciation of property, plant and equipment (note 9 (Tangible fixed assets)), in particular the estimation of the useful economic life of assets.
- Provisions for irrecoverable debt (note 10 (Debtors)), in particular when estimating the proportion of bad debt recoverable based on going negotiations.
- Calculation of the provision for funding of pension deficits (note 16 (Employee benefits)), in particular the assumption used by the actuary in estimating the valuation.

Oxford University Innovation Limited
Annual Report and Financial Statements

Notes to the Financial Statements (continued)

2 Turnover

Revenue arises from the following classes of business:

	2022 £'000	2021 £'000
Project income	145,352	12,292
Consultancy & similar services	6,021	5,232
Sundry fees	718	1,534
Subscriptions	16	-
	152,107	19,058

Other income	6,080	6,080
--------------	--------------	--------------

Other income of £6.1m (2021: £6.1m) comprised £6.1m (2021: £6.1m) management fee from the University of Oxford and associate funding £5k (2021: £5k).

3 Cost of Sales

Cost of sales arise from the following:

	2022 £'000	2021 £'000
Investing in the protection and development of intellectual property	4,946	7,117
Distributions of royalty and consulting income to the parent and its members	141,473	9,244
	146,419	16,361

4 Profit on ordinary activities before taxation

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

	2022 £'000	2021 £'000
Auditors' remuneration for audit services	20	12
<i>Operating lease payments</i>		
Land and buildings	427	427
Plant and machinery	-	-
Net foreign exchange (gains)/losses	(367)	6
Depreciation of owned tangible fixed assets	37	37

Notes to the Financial Statements (continued)

5 Administrative Expenditure

Employees

Staff numbers

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

	2022	2021
	<u>1</u>	<u>2</u>
Executive	79	73
Management and administration	<u>80</u>	<u>75</u>

Staff costs

Their aggregated remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	4,719	4,360
Social security costs	557	505
Other pension costs	438	392
Total Staff Costs	<u>5,714</u>	<u>5,257</u>

Directors' Remuneration

	2022 £'000	2021 £'000
Directors' emoluments	325	462
Pension contributions	5	10
	<u>330</u>	<u>472</u>

Highest paid Director

	2022 £'000	2021 £'000
Directors' emoluments	325	327
Pension contributions	5	-
	<u>330</u>	<u>327</u>

In the current year remuneration was paid to one executive director (2021: two) and five non-executive directors (2021: five) in respect of their services to the Company.

6 Finance Income

	2022 £'000	2021 £'000
Bank interest	23	3
Intercompany interest	17	16
	<u>40</u>	<u>19</u>

Oxford University Innovation Limited
Annual Report and Financial Statements

Notes to the Financial Statements (continued)

7 Gift Aid payable to University of Oxford

	2022 £'000	2021 £'000
Gift aid payable under Deed of Covenant to the University of Oxford in respect of current year	3,931	1,100
Gift aid receivable in respect of previous years payments under Deed of Covenant		
Net payment due to the University of Oxford	<u>3,931</u>	<u>1,100</u>

Since the balance sheet date the Company's Board have agreed a payment of £3.9m (2021: £1.1m) to be transferred to the University of Oxford in relation to the 2022 results. This transfer will be made from distributable profits. These amounts have not been included within the 2022 financial statements as the Board agreements were not made until after the balance sheet date.

8 Tax on profit on ordinary activities

Current tax

	2022 £'000	2021 £'000
UK Corporation Tax on income for the period	53	-
Withholding tax	(5)	-
Adjustments in respect of prior periods	-	29
	<u>49</u>	<u>29</u>

The tax charge in the period is lower than the standard rate of corporation tax in the UK of 19.00% (2021:19.00%). The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	4,217	1,112
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19%	801	211
Difference between capital allowances and depreciation	(41)	-
Net effect of allowed and disallowed costs	40	7
Impact of proposed Gift Aid transfer	(747)	(218)
	<u>53</u>	<u>-</u>

The enacted rate of UK corporation tax at 30 April 2022 was 19%. However, it was confirmed in the Finance Bill 2021 that the UK corporation tax rate will be increased to 25% with effect from 1 April 2023.

Oxford University Innovation Limited
Annual Report and Financial Statements

Notes to the Financial Statements (continued)

9 Tangible fixed assets

	Fixtures & Fittings £'000	Equipment £'000	Total £'000
Cost or valuation			
Balance at 1 August 2021 and 31 July 2022	366	108	474
Depreciation			
Balance at 1 August 2021	219	108	327
Depreciation charged during the year	37	-	37
Balance at 31 July 2022	256	108	364
Net book value			
As at 31 July 2022	110	-	110
As at 31 July 2021	147	-	147

10 Debtors

Amounts falling due within one year:

	2022 £'000	2021 £'000
Trade debtors (net of bad debt provision)	4,083	3,153
Amounts owed by group undertakings	6,124	6,082
Prepayments & other debtors	319	461
Accrued income	21,267	650
	31,793	10,346

Amounts owed by group undertakings is cash held on deposit by the parent on behalf of the company. Funds are repayable on demand and interest is accrued at a commercial savings rate.

11 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	17,304	1,257
Amounts owed to other group entities	15,525	5,092
Accruals and deferred income	1,302	2,517
Short-term employee benefits	162	172
	34,293	9,038

Amounts owed to group undertakings is payable in line with University regulations and is interest free.

12 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Accruals and deferred income	76	34

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

Notes to the Financial Statements (continued)

13 Called-up share capital and reserves

	2022 £'000	2021 £'000
Authorised 2,000,000 (2021: 2,000,000) ordinary shares of £1 each	2,000	2,000
Allocated, called-up and fully-paid 1,750,000 (2021: 1,750,000) ordinary shares of £1 each	1,750	1,750

14 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:

	2022 £'000	2021 £'000
Contracted but not provided for on operating lease commitments:		
One year	468	427
Between one and five years	1,035	1,280
More than five years		
	1,503	1,707
Lease payments made during year	427	427
	427	427

15 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 assets of each scheme are held in separate trustee-administered funds. OSPS 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). OSPS is a multi-employer scheme and the Company is therefore exposed to actuarial risks associated with other employers' employees and is unable to identify its share of the underlying assets and liabilities relating to defined benefits of each scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", 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. Since the Company has entered into an agreement (the Recovery Plan) to determine how each employer within the scheme will fund the overall deficit, the Company recognises a liability for the contributions payable that arise from the agreement (to the extent they relate to the deficit) with related expenses being recognised through the Statement of Comprehensive Income. In the event of the withdrawal of any of the participating employers in OSPS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of the employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

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

Actuarial valuations

Qualified actuaries periodically value OSPS defined benefits 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:

Notes to the Financial Statements (continued)

Employee benefits note (continued)

	OSPS
Date of valuation:	31/03/19
Date valuation results published:	19/06/20
Value of liabilities:	£848m
Value of assets:	£735m
Funding surplus / (deficit):	(£113m)
Principal assumptions:	
• Discount rate	Gilts +0.5% - 2.25%
• Rate of increase in salaries	RPI
• Rate of increase in pensions	Average RPI/CPI
Mortality assumptions:	
• Assumed life expectancy at age 65 (males)	21.7 yrs
• Assumed life expectancy at age 65 (females)	24.4 yrs
• Assumed life expectancy at age 45 (males)	23.0 yrs
• Assumed life expectancy at age 45 (females)	25.8 yrs
Funding Ratios:	
• Technical provisions basis	87%
• Statutory Pension Protection Fund basis	74%
• 'Buy-out' basis	60%
Recommended employer's contribution rate (as % of pensionable salaries):	19%
Effective date of next valuation:	31/03/22

The discount rate for the OSPS valuation was:

Pre-retirement: Equal to the UK nominal gilt curve at the valuation date plus 2.25% p.a. at each term
Post-retirement: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

Increases to pensions in payment for the OSPS valuation were:

RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. at each term. CPI inflation is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and the CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019).

For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time:

The OSPS employer contribution rate includes provisions for the cost of future accrual of defined benefits, deficit contributions, administrative expenses and defined contributions.

Notes to the Financial Statements (continued)

Employee benefits note (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	30/01/28
Average staff number increase	-15%
Average staff salary increase	4.00%
Average discount rate over period	3.19%
Effect of 0.5% change in discount rate	£0.2k
Effect of 1% change in staff growth	£0.4k

A provision of £0.01m has been made at 31 July 2022 (2021: £0.01m) 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:

Scheme – pension charge

	2022 £'000	2021 £'000
OSPS	30	51
Company defined contribution scheme	403	341
Change in provision value	5	-
	438	392

Movement in pension provision

	2022 £'000	2021 £'000
Opening balance	8	9
Unwinding of discount factor	-	2
Deficit contributions paid	(2)	(3)
Change in provision value	7	-
	13	8

Oxford University Innovation Limited
Annual Report and Financial Statements

Notes to the Financial Statements (continued)

16 Deferred taxation

Deferred taxation is provided at 19% (2021: 19%) in the financial statements as set out below:

	2022 £'000	2021 £'000
Deferred tax asset (Included with other debtors)	3	3
Deferred tax liability	(1,678)	(1,233)

17 Fixed asset investments

Investments in subsidiary undertakings and spin-out companies:

Cost and net book value

	2022 £'000	2021 £'000
Opening balance	6,396	3,780
Investment gains recognised as earned	2,366	2,616
Net acquisition of shares in year	-	-
Net disposal of shares in year	-	-
	8,762	6,396

The Company holds investments arising from the Start-Up Incubator in thirty private companies with a total valuation of £8.8m (2021: £6.4m).

The Company 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 (2021: £nil) and there are no assets to include on consolidation. Oxford Angels Network was dissolved on 14th February 2023.

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 to facilitate the growth and presence of the company throughout the Asia region. Initial investment was HK\$100 (£10). Oxford University Innovation (Hong Kong) Ltd is presently dormant, excepting holding shares in 3 joint ventures as listed below.

Name of JV	Oxford University Innovation Technology Transfer (Changzhou) Co. Ltd (Previously Isis Changzhou International Technology Transfer Centre Co. Ltd)	Shenzhen Zhongjin International Technology Transfer Center Limited	Oxford University Innovation Technology Transfer (Suzhou) Co. Ltd (Previously 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
Address	Oxford University Innovation Technology Transfer (Changzhou) Co., Ltd. Room B403, Building No. 1, Chuangyan Harbor, Changzhou Kejiao City, No 801 Middle Changwu Road, Wujin District, Changzhou. P. R. of China	Shenzhen Zhongjin International Technology Transfer Centre Co., Ltd. 22/F Building C, Shenzhen International Innovation Center (Futian Science and Technology Plaza), No. 1006 Shen Nan Road, Futian District, Shenzhen. P. R of China	Oxford University Innovation Technology Transfer (Suzhou) Co., Ltd. Block A, Suzhou Nanotech National University Science Park, 388 Ruoshui Road, Suzhou Industrial Park, Jiangsu. P. R of China
Proportion of shares	40%	25%	30%

Oxford University Innovation Limited
Annual Report and Financial Statements

Notes to the Financial Statements (continued)

Trading balances at 31st July 2022	£0k	£0	£0
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Oxford University Innovation Limited
Annual Report and Financial Statements

Notes to the Financial Statements (continued)

18 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 2022
Professor c. Bountra	Board Director	Services	Fees charged at arm's length consultancy rates	3,825	3,825	-
Professor P. Grant	Board Director	Services	Fees charged at arm's length consultancy rates	2,527	2,527	-

Transactions with Joint Ventures

There were no transactions with Joint Ventures during the year (2021: nil).

Transactions with Related Parties.

There are no other related party transactions.

19 Ultimate parent undertaking and controlling party

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

University Offices, Wellington Square, Oxford, OX1 2JD