

Oxford University Trading Limited
Registration No. 04070835

Annual Report and Financial
Statements
31 July 2017

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Strategic Report

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 July 2017.

Business Overview

The principal activity of Oxford University Trading Limited ('the Company') is to manage and record the commercial trading activities of the departments of the University of Oxford.

The University's primary charitable purpose activities are those that advance education and have a public benefit, either through teaching or research. Certain external, commercial trading activities fall outside this and therefore are subject to tax.

The University therefore needs to verify that the treatment of commercial trading activities is accurate, complete and consistent across all departments, to ensure that the most appropriate treatments are adopted in respect of tax, accounting, pricing and costing. This verification process is undertaken by the Company, and the results of the commercial trading activities are included in its Financial Statements.

Business Model

The Directors aim to present a balanced and comprehensive review of the development and performance of the Company during the year and its position at the year end. This review is consistent with the size and nature of the Company and is written in the context of the risks the Company faces.

As a subsidiary of the University of Oxford, the Company continues to manage the University's trading activity. The Company's key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, profit before taxation, cash at bank and in hand, and net assets.

These key financial performance indicators are as follows:

	2017	2016
	£'000	£'000
Turnover	18,565	17,571
Profit before taxation	5,393	5,290
Cash at bank and in hand	8,948	11,473
Net assets	847	847

Revenue has slightly increased compared with last year, reflecting the complex and varied trading environment in which the Company operates, as well as some new and expanded trading activities. Profit before taxation has also increased, giving the Directors confidence that the Company can continue to operate sustainably for the foreseeable future.

As a subsidiary of the University, the Company is similarly committed to reducing the environmental impact of its activities.

Principal Risks and Uncertainties

The commercial trading activities of the University are subject to regular review to ensure that they are captured within the results of the Company. The review mitigates the risk that University guidelines are not adhered to and significant movements in activity are not identified and accounted for correctly.

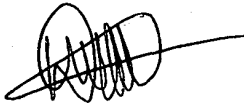
The Board maintains a risk register which is reviewed annually.

Strategic Report (continued)

Future Plans

There have not been any significant changes in the Company's activities in the year under review. The Directors are not aware, at the date of this report, of any likely significant changes in the Company's activities in the forthcoming year.

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



W. Colquhoun.

Secretary

Date: 05/12/2017

Registered Office
University Offices
Wellington Square
Oxford, OX1 2JD

Directors' Report

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 July 2017. The Directors' Report has been prepared in accordance with the provisions applicable to medium-sized companies under section 417(7) of the Companies Act 2006.

Financial results and dividends

As shown in the Profit and Loss Account on page 9, sales have increased by 5.7% from £17.6m in 2015-16 to £18.6m in 2016-17, and gross profit has increased by 7.2% from £14.6m to £15.6m. The profit for the year before Gift Aid payments was £4.3m (2016: £4.2m). The Directors do not recommend the payment of a dividend (2016: £nil).

Going concern

The Financial Statements have been prepared on the assumption that the Company will continue as a going concern. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. In addition, the Company has received assurance of financial support from its ultimate parent undertaking, the University of Oxford. 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 up to the date of this report were as follows:

S. L. Purbrick (Chairman)

N. B. Heath

N. S. Anderson

The Company is wholly owned by the University of Oxford.

Political and charitable donations

The Company made no political contributions during the period. Any charitable donations made by the Company are paid by Gift Aid to the University of Oxford. The Company made charitable donations of £5.4m in the period (2016: £4.2m) and will make further donations of £1.1m following the year end (2016: £1.1m).

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 auditor is unaware; and
- Each of the Directors has taken all 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.

Auditor

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

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



W. Colquhoun

Secretary

Date: 05/12/2017

Registered Office
University Offices
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 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 Company and of the profit or loss of the Company for that period. In preparing these 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 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 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 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 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 Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Member of Oxford University Trading Limited

Opinion

We have audited the Financial Statements of Oxford University Trading Limited ('the Company') for the year ended 31 July 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 4.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2017 and of its 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 Company 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, 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 these respects.

Independent Auditor's Report to the Member of Oxford University Trading Limited (continued)

Directors' Responsibilities

As explained more fully in their statement set out on page 6, 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 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 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 member, 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 member 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 member, 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

Date: 8 December 2017

Profit and Loss Account and Other Comprehensive Income

<i>for the year ended 31 July 2017</i>	Note	2017 £'000	2016 £'000
Turnover	5	18,565	17,571
Cost of sales		<u>(2,955)</u>	<u>(3,004)</u>
Gross profit		15,610	14,567
Administrative expenses		<u>(10,230)</u>	<u>(9,305)</u>
Profit before interest and taxation		5,380	5,262
Interest receivable	8	<u>13</u>	<u>28</u>
Profit before taxation		5,393	5,290
Taxation	9	<u>(1,068)</u>	<u>(1,062)</u>
Profit for the financial year		<u>4,325</u>	<u>4,228</u>

There were no items of comprehensive income other than those included in the Profit and Loss Account above.

The profit for the current year arose from continuing operations.

The notes on pages 12 to 16 form part of these Financial Statements.

Oxford University Trading Limited
Directors' Report and Financial Statements
31 July 2017

Balance Sheet

as at 31 July 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Current Assets					
Stock	11	906		803	
Debtors	12	2,671		2,855	
Cash at bank and in hand		8,948		11,473	
		<u>12,525</u>		<u>15,131</u>	
Creditors: amounts falling due within one year	13	<u>(11,678)</u>		<u>(14,284)</u>	
			847		847
Net assets			<u>847</u>		<u>847</u>
Capital and reserves					
Called up share capital	15		-		-
Profit and loss account	16		847		847
Shareholder's funds			<u>847</u>		<u>847</u>

These Financial Statements of Oxford University Trading Limited, registered number 04070835, were approved by the Board of Directors and authorised for issue on 8 November 2017 and were signed on its behalf on 5 December 2017 by:



S. L. Purbrick
Chairman

The notes on pages 12 to 16 form part of these Financial Statements.

Statement of Changes in Equity

		Called up share capital £'000	Profit and loss account £'000
<i>for the year ended 31 July 2017</i>	Note		
At 1 August 2015		-	1
Profit for the year		-	4,228
Gift Aid payable to the University of Oxford	10	-	(4,228)
Current tax credit	9	-	846
At 31 July 2016		-	847
Profit for the year		-	4,325
Gift Aid payable to the University of Oxford	10	-	(5,388)
Current tax credit	9	-	1,063
At 31 July 2017		-	847

The notes on pages 12 to 16 form part of these Financial Statements.

Notes to the Financial Statements

1 Company information

Oxford University Trading Limited ('the Company') is a private company incorporated, domiciled and registered in England and Wales. Its registered number is 04070835 and its registered address is University Offices, Wellington Square, Oxford, OX1 2JD.

2 Basis of preparation

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* as issued in August 2014, and with the Companies Act 2006. The amendments to FRS 102 issued in July 2015 have been applied. The Financial Statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Financial Statements are presented in thousands of pounds Sterling (£'000).

The Company's ultimate parent undertaking, the University of Oxford, includes the Company in its consolidated Financial Statements. The consolidated Financial Statements are prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the Statement of recommended practice: on accounting for further and higher education (SORP). In these Financial Statements, the Company is considered to be a qualifying entity, and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The requirements of Section 7 'Statement of Cash Flows' and Section 3 'Financial Statement Presentation' paragraph 3.17(d); and
- The requirements of Section 33 'Related Party Disclosures' paragraph 33.7.

Going concern

The Financial Statements have been prepared on the assumption that the Company will continue as a going concern. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. In addition, the Company has received assurance of financial support from its ultimate parent Company, University of Oxford. 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.

3 Significant judgements and estimates

In the preparation of the Financial Statements the Company has made material judgements, estimates, and assumptions, the main areas being:

Estimation, uncertainties and assumptions

- A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but necessarily requires a degree of estimation. Specific provision is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.
- A provision for stock is calculated based on the age of the stock held and any known issues. This method is applied consistently each year but necessarily requires a degree of estimation.

4 Accounting Policies

Turnover

Turnover represents income (excluding value added tax) derived from the provision of goods and services to customers during the year. Turnover is recognised when the risks and rewards are transferred to the customer, or in line with contracts for services provided. All turnover is derived in the United Kingdom.

Notes to the Financial Statements (continued)

4 Accounting Policies (continued)

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Gift aid

Under the Deed of Covenant in place between the Company and the University, the Company is required to make an annual payment to the University equal to its profits for the purpose of corporation tax. A liability in respect of this payment is recognised in the year in which the profits are generated.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

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 instrument for a similar debt instrument.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

5 Turnover

Revenue arises from the following class of business:

	2017	2016
	£'000	£'000
Sale of goods and services	<u>18,565</u>	<u>17,571</u>

Notes to the Financial Statements (continued)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2017 £'000	2016 £'000
Auditor's remuneration		
- Audit fee	<u>13</u>	<u>12</u>

7 Employees and Directors

The Company had no employees during either the current or preceding period.

The Directors are all non-executive and receive remuneration from other entities within the Oxford University group. The amount allocated to the Company in respect of their services to the Company is £nil (2016: £nil).

8 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest receivable	<u>13</u>	<u>28</u>

9 Taxation

Tax on profit on ordinary activities

	2017 £'000	2016 £'000
Current Tax		
UK Corporation Tax	<u>1,068</u>	<u>1,062</u>

The tax charge in the period is higher than the standard rate of corporation tax in the UK of 19.67% (2016: 20.00%). The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	<u>5,393</u>	<u>5,290</u>
Profit on ordinary activities multiplied by the tax rate of 19.67% (2016: 20.00%)	1,061	1,058
Impact of: Expenditure not deductible for tax purposes	<u>7</u>	<u>4</u>
Total	<u><u>1,068</u></u>	<u><u>1,062</u></u>

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.

Notes to the Financial Statements (continued)

9 Taxation (continued)

Tax included in the Statement of Changes in Equity

The tax credit included in the Statement of Changes in Equity is made up as follows:

	2017	2016
	£'000	£'000
Impact of gift aid payments on current year tax charge	847	846
Impact of gift aid payments on prior year tax charge	<u>216</u>	<u>-</u>
	<u>1,063</u>	<u>846</u>

10 Gift Aid payable to the University of Oxford

The Gift Aid included in the Statement of Changes in Equity is as follows:

	2017	2016
	£'000	£'000
Gift Aid payable	<u>5,388</u>	<u>4,228</u>

11 Stocks

	2017	2016
	£'000	£'000
Finished goods and goods for resale	728	747
Work in progress	<u>178</u>	<u>56</u>
	<u>906</u>	<u>803</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

12 Debtors

Amounts falling due within one year:

	2017	2016
	£'000	£'000
Trade debtors	2,056	2,072
Other debtors	<u>615</u>	<u>783</u>
	<u>2,671</u>	<u>2,855</u>

Notes to the Financial Statements (continued)

13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts due to group undertakings	9,965	12,223
Corporation tax payable	221	216
Accruals and deferred income	1,492	1,845
	<u>11,678</u>	<u>14,284</u>

14 Financial instruments

	2017 £'000	2016 £'000
Financial assets		
Measured at undiscounted amount receivable		
Trade debtors	2,056	2,072
Accrued income	575	686
	<u>2,631</u>	<u>2,758</u>
Financial liabilities		
Measured at undiscounted amount payable		
Amounts due to group undertakings	9,965	12,223
Accruals	260	130
	<u>10,225</u>	<u>12,353</u>

15 Called up share capital

	2017 £'000	2016 £'000
Allotted, called-up and fully paid		
One ordinary share of £1	<u>-</u>	<u>-</u>

Ordinary shares carry full voting and dividend rights, and rights to participate in the assets of the Company in case of a winding up.

16 Reserves

Called-up share capital – represents the nominal value of the shares that have been issued

Profit and loss account – includes all current and prior period retained profits and losses

17 Ultimate parent undertaking

The Company is a 100% subsidiary of, and is controlled by, the University of Oxford, which heads the only group including the Company for which consolidated accounts are produced. Copies of the accounts of the University of Oxford are available to the public and may be obtained from:

University Offices,
Wellington Square,
Oxford,
OX1 2JD