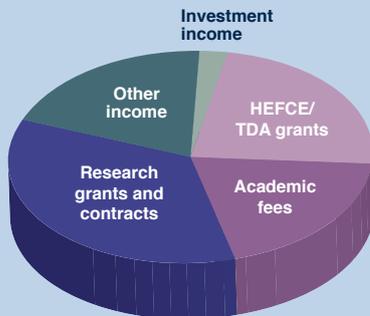


## FINANCIAL REVIEW

University income 2011/12



University expenditure 2011/12



The University generated a surplus for the year of £52.3 million (2010/11: £15.4 million). Income growth has accelerated in 2011/12 with total income reaching £1 billion for the first time; however, the upward pressure on costs and the need to invest for the future continue to be significant. Whilst the University generated a surplus for 2011/12 of £52.3 million, at 5% of income, this is not sufficient to maintain the long-term sustainability of the University.

Compared with the previous year, income to the University rose by 10.5%, from £919.6 million to £1,016.1 million. Research grants and contracts continue to be the largest source of income to the University and increased by 8.6% to £409 million. Grants from the Higher Education Funding Council for England amounted to £203.6 million, up by 1.6%. Academic fees and support grants totalled £173.3 million, up by 13.5% as a result of increased fee levels and student numbers. Donation income for current use increased from £23 million in 2010/11 to £26.3 million in 2011/12. Donations received during the year for capital projects and endowments, two of the main priorities of the Oxford Thinking Campaign, are for capital purposes and are not part of donation income; these totalled £40.5 million. Endowment and investment income increased by 17.3% to £36.7 million. The main reason for the increase was inclusion of a full year's investment income arising from an endowment of £203.5 million from Oxford University Press, received in mid-year 2010/11.

The University's expenditure of £971.8 million was 7%

higher than in 2010/11. Staff costs totalled £499.1 million, an increase of 4.1%. This resulted from an annual negotiated pay settlement of 0.4%, annual promotional salary increments, and a 4.3% increase in the average number of staff, offset by a reduction in early retirement charges. Other operating expenses amounted to £415.7 million, an increase of 9%. The largest component of the increase related to externally funded research grants and contracts. The increase in surplus for the year led to an increase in net cash flow from operating activities of £34.6 million. After capital expenditure of £139.2 million and the net cash impact of investment activities of £87.6 million, the increase in cash for the year was £42.3 million.

The balance sheet position remains strong, with net assets at 31 July 2012 of £2.2 billion, up £86 million on the prior year position of £2.1 billion. Tangible fixed asset costs increased by £91 million, reflecting the continued building programme to support the University's expanding research base. Projects achieving completion include Phase 2 of the Saïd Business School for Executive Education and the Oxford Centre for Functional MRI of the Brain at the John Radcliffe Hospital, enabling installation of new 3T and 7T magnets, providing the most advanced research facilities of their kind.

The University will continue to seek to manage its sources of revenue effectively and its costs efficiently, in order to generate the positive long-term cash flow needed to ensure that Oxford maintains its pre-eminent position amongst the world's leading universities.