

# **Jisc Services Limited**

## **Annual Report and Financial Statements**

**Year ended 31 July 2021**

Company registration number: 02881024

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# Strategic Report

The directors present their strategic report for the year ended 31 July 2021. Jisc Services Limited (JSL) is a subsidiary of Jisc and delivers services to the sector on Jisc's behalf.

## Jisc's vision and aim

Jisc is the UK's digital agency for lifelong learning and research.

**Vision:** for the UK to be a world leader in technology for education and research

**Mission:** to power and empower our members with the technology and data they need to succeed

Our work is UK wide, providing services and support to universities, colleges, schools, research institutes and many other national institutions. We are a membership organisation, working to deliver considerable collective digital advantage, financial savings and efficiencies for our members, ensure these benefits are sustained and enhanced and to do all this as affordably, efficiently and as cost effectively as possible.

We support our members by providing services in a range of areas critical to their success:



**Cloud** – consultancy, support and reseller of cloud services



**Libraries, learning resources and research** – shared services, infrastructure and advice



**Connectivity** – network connection services and infrastructure



**Student experience** – tools to enrich learning and employability



**Cyber security** – protecting the network and member organisations



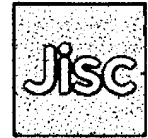
**Trust and identity** – manage access to systems efficiently and effectively



**Data analytics** – address strategic challenges through data



**Advice and guidance** – guides, training and consultancy



## Activities and performance 2020-21

Our strategy and the key activities through which we deliver it are supported by Jisc (the charity) and its subsidiary companies working together across the Group structure (see the legal status of JSL section on page 6 for more information about the Jisc Group and subsidiary companies). Full information about our performance is included in the Jisc Trustees' Report and Financial Statements 2020-21.

Our strategy for 2020-21 applies across the Jisc group – this is included in the Jisc Trustees' Report and Financial Statements 2020-21.

### Companies Act 2006 section 172 statement

As described above, JSL works within the overall strategy and priorities set by the Board of Trustees of Jisc and implemented across the Jisc Group. As such, the section 172 statement for Jisc applies (see the Jisc Trustees' Report and Financial Statements 2020-21). The JSL board discussions include reviews of financial performance, approval of the annual business plan and budget, review of the Annual Report and Financial Statements and other necessary business.

The JSL board receives health and safety reports which provides information and data relevant to the small number of employees employed by the company. Employee wellbeing and engagement matters are managed through the Jisc Group.

## Financial performance and strategy

Total income for the year was £154.4m (2020: £147.9m). The major constituent elements of this income are presented in note 5 accompanying these financial statements. Subscription income has increased by £14.1m to £75.9m, this has been driven by JSL negotiating more agreements with publishers and increasing the content available to members and customers. The offsetting decrease is due to Jisc reducing funding to JSL, as the performance of JSL has improved.

Total direct expenditure in the year was £143.7m (2020: £138.3m). The breakdown of this expenditure (cost of sales) is presented in note 6 of these financial statements. This increase is made up of a £12.5m relating directly to the increase in subscriptions to £74.5m (2020: £62.1m), offset by a decrease in spend across all business areas including depreciation, support and liaison costs.

Interest received was £4k (2020: £25k). Net assets at 31 July 2021 were £5.4m (2020: £6.6m). Cash at 31 July 2021 was £6.3m (2020: £11.1m).

## Principal risks and uncertainties

The principal risks and uncertainties of JSL are integrated with the risks identified in the Jisc Trustees' Report and Financial Statements 2020-21 and can be found under the Principal Risks and Uncertainties section of the Strategic Report in that document.

Approved and authorised for issue by the Jisc Services Limited Board and signed on its behalf by:

*Heidi Fraser-Krauss*

Heidi Fraser-Krauss

Jisc Services Limited

Chair

16/12/2021



## Directors' Report

The directors present their report and audited consolidated financial statements for the year ended 31 July 2021.

Jisc and JSL share a mutuality of interest to support Jisc's charitable objectives. Jisc's work for its sectors sits in the charity, and JSL, with suitable separation from the charity, facilitates the operation of the VAT-exempt cost sharing group to ensure the group is managing tax appropriately. This structure places Jisc in the best position to deal with the challenges and harness the opportunities of the future.

The directors will act in the way they consider would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) The likely consequences of any decision in the long term
- b) The interests of the company's employees
- c) The need to foster the company's business relationships with suppliers, customers and others
- d) The impact of the company's operations on the community and the environment
- e) The desirability of the company maintaining a reputation for high standards of business conduct, and
- f) The need to act fairly as between members of the company.

## What Jisc Services Limited does

As a wholly owned subsidiary of Jisc and in the context of supporting Jisc's charitable objectives, JSL contributes to the purpose of Jisc. On behalf of Jisc, JSL delivers products and services to higher and further education organisations, as well as a range of other customers including research councils, government organisations, health providers, schools and libraries. Commercial sales of similar products and services are transacted through Jisc Commercial Limited.

Jisc may from time to time contract with third parties and will require JSL to perform certain services as its sub-contractor in order to fulfil those contracts. Further information is available in the Plans for Future Periods section of this report on page 10.

## Legal and administrative information

### Registered and principal office address

4 Portwall Lane  
Bristol  
BS1 6NB

Company registration number: 02881024  
Registered in England and Wales  
Company secretary: Alice Colban

### Independent auditors

Grant Thornton UK LLP  
1 Holly Street  
Sheffield  
South Yorkshire  
S1 2GT

### Solicitors

DAC Beachcroft  
25 Walbrook  
London  
EC4N 8AF

### Bankers

HSBC  
186 Broadway  
Didcot  
OX11 8RP



JSL is a company limited by guarantee and operates under bespoke Articles of Association.

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements (except where indicated) were:

Name	Role
<b>Dr Paul Feldman</b> (until 15 September 2021)	Chief executive officer
<b>Heidi Fraser-Krauss</b> (from 16 September 2021)	Chief executive office
<b>Nicola Arnold</b>	Chief financial officer
<b>Alice Colban</b>	Deputy chief executive and chief operating officer (company secretary)
<b>Robert Haymon-Collins</b> (until 6 November 2020)	Executive director, marketing and communications
<b>Steve Kennett</b>	Executive director, e-infrastructure

### Executive Leadership Team

The following members of the ELT are responsible for managing the day to day activities of the company:

Name	Role
<b>Dr Paul Feldman</b> (until 15 September 2021)	Chief executive
<b>Heidi Fraser-Krauss</b> (from 16 September 2021)	Chief executive
<b>Nicola Arnold</b>	Chief financial officer
<b>Jonathan Baldwin</b> (until 17 September 2021)	Interim Managing Director, higher education
<b>Mike Brooksbank</b> (until 31 December 2020)	Executive director, trust and identity
<b>Alice Colban</b>	Deputy chief executive and chief operating officer (company secretary)
<b>Jayne Davies</b>	Managing director, customer and sales enablement
<b>Liam Earney</b>	Executive director, digital resources
<b>Karen Foster</b>	Executive director, data
<b>Robin Ghurbhurun</b>	Managing director, further education and skills
<b>Robert Haymon-Collins</b> (until 6 November 2020)	Executive director, marketing and communications
<b>Steve Kennett</b>	Executive director, e-infrastructure
<b>Steve Masters</b>	Chief technology officer
<b>Jayne Rowley</b>	Executive director, student services
<b>Andrew Wood</b>	Chief of staff



## Legal status of Jisc Services Limited

Jisc Services Limited (company number 02881024) is a wholly owned subsidiary of Jisc, a charitable company limited by guarantee (company number 05747339). Both Jisc and JSL are registered in England and Wales.

The Jisc Board has overall strategic oversight of the Jisc group, which comprises Jisc as the holding company and two subsidiary companies – these are Jisc Services Limited and Jisc Commercial Limited. A number of other companies in the group are dormant and will be closed during 2021. These are Jisc Liberate Managed Services Limited, Eduserv, Eduserv Commercial Limited, Higher Education Careers Support Unit (HECSU) and Graduate Prospects Limited. All companies in the group operate under defined Articles of Association.

As charity trustees, the directors of Jisc have a duty to exercise oversight of JSL in order to safeguard, promote and achieve the charitable objectives of Jisc. In discharge of that duty, a Management and Supervision Agreement sets out how JSL will carry on its business. This Agreement exists to guide the working practices between Jisc and JSL and in no way compromises the fiduciary duties of the directors of Jisc Services Limited under the Companies Act 2006.

The liability of Jisc as a member of JSL is limited to a maximum of £1. This liability will apply for the duration of membership of the company and for one year beyond the end of membership.

As the sole member of JSL, Jisc has rights according to provisions in the Companies Act 2006. Further information on the types of decision that can be made by Jisc with regard to JSL is included in the JSL Articles of Association.

### Funding and income

JSL received just over a third of its income from Jisc in the reporting year. Jisc, in turn, received funding from the UK higher and further education funding bodies and a proportion of income from institutional subscriptions from higher education institutions across the UK and further education colleges in England. Further information on the business model is included in the Jisc Trustees' Report and Financial Statements 2020-21.

In order to carry on the business retained by JSL and other future activities, JSL requires access to certain services, resources and facilities. An Intra-group Operating Agreement is in place to describe the services that Jisc will provide to JSL in this regard, the services that JSL undertakes to deliver to Jisc's customers on behalf of Jisc and the funding associated with delivery of retained services.

### Company objects

The JSL objects are stated in the company Articles of Association and ensure that the company works within the overall strategy, priorities and allocation of responsibilities across the Jisc Group set by the Board of trustees of Jisc.

## Governance and management

Jisc operates a governance structure aligned to the principles and recommended practice of the Charity Governance Code. As a wholly owned subsidiary, the same principles and practices are applied to the governance of JSL.

### Role of directors

In discharging their responsibilities, directors must act solely in the interests of the company. Directors are subject to the directors' duties described in sections 171-178 and section 184 of the Companies Act 2006.

**Responsibilities of directors**

The directors have ultimate responsibility for directing the affairs of the company. To ensure that directors are able to appropriately discharge their duties, they are expected to make every effort to attend Board meetings and to participate fully in discussions. There have been no issues of concern regarding non-attendance at meetings in the reporting year.

**Appointment of chair and directors**

The JSL chair is the chief executive officer of Jisc. The role of chair is held by virtue of the position of Jisc chief executive officer. The directors of the company are a subset of the Executive Leadership Team (ELT) and hold their position as directors of JSL by virtue of their positions as members of the ELT.

**Remuneration of directors**

No remuneration is paid to any JSL director for holding this position. The directors are remunerated for the roles they hold within the ELT. In line with Jisc's staff travel and subsistence policy, actual costs are refunded to directors on submission of a claim with supporting receipts.

**Directors' indemnity insurance**

Directors' indemnity insurance provides insurance cover for directors against claims which may arise from their legitimate actions as directors. Insurance is in place for all directors through the course of their appointment with JSL.

**Key Board committees**

The Jisc group has four standing committees that have responsibility for all companies in the Group. Reports from the committees are regularly received by the Jisc board. Each company board remains responsible for the activity delegated to these committees. The committees are:

- Audit and Risk Management committee
- Finance and Treasury committee
- Nominations and Governance Committee
- Remuneration committee

Each committee operates under terms of reference agreed by the board and which are reviewed annually. The terms of reference and committee memberships can be found on the Jisc website at <https://www.jisc.ac.uk/about/corporate/structure-and-governance>.

**Jisc Services Limited Board and internal control**

The Jisc Board is ultimately responsible for the charitable company's system of internal control and for reviewing its effectiveness. Such a system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance of effectiveness. The internal controls in place in Jisc equally apply to JSL.

The JSL Board normally meets three times a year for formal meetings. By virtue of their positions as the ELT, and acting in that capacity, JSL directors also participate in an annual strategy-focussed away day with the Jisc Board. An annual business plan and budget for JSL is approved by the board in the context of the wider Jisc operating plan and budget and the Jisc board receives updates from JSL through the year.

As described in the Key Board Committees section above, a number of cross-Jisc Group committees exist. While authority is delegated to these committees by subsidiary company boards, responsibility continues to reside with the board of each company. The JSL Articles of Association clearly identify areas of responsibility which cannot be delegated.

Day to day running of JSL is delegated to the ELT as described in the Legal and administration section of this report.





## **Risk Management Framework**

The following key principles outline the approach to risk management in place for Jisc and JSL:

- The Jisc board has responsibility for overseeing risk management within Jisc as a whole.
- The Jisc board encourages well-managed risk taking where it has good potential to realise sustainable improvements in service delivery and value for money.
- The Jisc board encourages Jisc to use the risk assessment as a means of assessing the opportunities, as well as threats, for operations.
- An open and receptive approach to solving risk problems is adopted by the Board.
- The ELT supports, advises and implements decisions agreed by the board.
- Decision making and planning should be supported by risk assessment and management at a Jisc-wide, Jisc directorate, service or project level.

Full information on the approach to risk management, internal controls and key risks can be found in the Jisc Trustees' Report and Financial Statements 2020-21.

### *Appointment of Independent Auditors*

A procurement process was undertaken in Autumn 2019 to appoint an external auditor for the 2019-20 audit. Grant Thornton UK LLP were successful in this process and were appointed as the Jisc Group external auditor. They have continued as the Jisc Group external auditor for the 2020-21 audit. Grant Thornton UK LLP are deemed reappointed pursuant to section 487 of the Companies Act 2006.

## **Financial policies and risks**

### **Financial policies**

A number of financial policies are in place for the Jisc Group:

- Treasury – this describes the nature of the investments that Jisc holds. Neither Jisc nor its subsidiaries have a requirement for external borrowings. Any borrowings are not permitted to be taken out without the prior consent from OfS under the terms of the grant funding agreement.
- Reserves - this describes the categories of reserves that Jisc holds and the reasons for each.

Both policies were reviewed by the Finance and Treasury committee in 2020-21 and will be presented to the Jisc board for approval in November 2021.

### **Financial risk management**

JSL received just over a third of its funding from annual funding agreements with Jisc. Jisc, in turn, received funding from the UK higher and further education funding bodies. Jisc and Jisc Services Limited have agreements in place with the United Kingdom higher and further education and research funding bodies which incorporate the activities of Jisc Services Limited and which defines, inter alia, Jisc Services Limited's accountability for public funds.

JSL is a not-for-profit business, and accounts partly on a cash basis throughout the year, drawing up a balance sheet and income and expenditure account on an accruals basis at the year end. The forecast out-turn for the financial year is reviewed at every board meeting.

JSL does not use any financial instruments to manage financial risk.

#### *Price risk*

JSL leases telecommunications links on a fixed price basis and is not exposed to commodity price risk. JSL has no exposure to equity securities price risk, as it holds no listed or other equity investments. Price risk associated with subscriptions is managed by the use of fixed term contracts.

**Credit risk**

The Jisc Group's activities are primarily with state-funded education and research bodies and, as such, has minimum credit risk.

**Liquidity risk**

The historical funding regime for JSL resulted in minimal exposure to liquidity risk. The company managed the stability of its cash flows by submitting a payment profile to Jisc and drawing down cash on a monthly basis. Commitments were not made to third parties prior to the company securing the necessary funding agreement. JSL is exposed to the risk of future funding constraints as a result of Government spending cuts. Jisc continues to ensure that, as a top priority, JSL continues to receive appropriate levels of financial support. See the basis of accounting set out in note 3 to the Financial Statements.

**Interest rate cash flow risk**

Jisc may from time to time place funds on interest-bearing deposit on behalf of the Jisc group. These are short-term deposits and JSL is not exposed to risk from fluctuations in interest rates.

**Going Concern**

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation.

Jisc's funding streams are from a number of diverse sources and our services have been well received over the period of lockdown and as our members and customers start to return to normal. Revenues within Student Services did see a downturn, however this has recovered well in 2020-21, with a strong year end outturn.

Due to the nature of much of our business, high value costs are often flow through to members and customer with low margins (collections and connections) and other costs have been well controlled.

Management have undertaken a review of the business, including a three-year financial forecast, looking at a number of scenarios, including reduction in income and savings not being delivered, and how that impacts our financial sustainability. Given the strong balance sheet and healthy reserves position which Jisc has, management believe that Jisc is financially sustainable over the next three years and after that.

Overall, COVID-19 is not expected to have a significant impact on Jisc or its subsidiaries. Management has determined that there is no material uncertainty that casts doubt on Jisc's ability to continue as a going concern. Jisc provided a letter of support to JSL in October 2021 confirming continued financial and operational support in the form of grant funding, for a period of at least 12 months from the date of approval of these financial statements.

**Results and dividends**

The statement of comprehensive income is set out on page 16. The surplus for the year after tax is £nil (2020: £39k). The directors consider the results for the year and the year-end financial position, to be satisfactory. In particular, maintaining a prudent level of reserves is essential as changes to the funding strategies for the research and education sector continue to develop.

Jisc Services Limited is prohibited from paying dividends under the terms of its Articles of Association.

**Use of payments received from the Office for Students**

The directors confirm that payments received from, or on the instructions of, the Office for Students have been applied for the purposes for which they were provided.

**Payment practices**

The payment practices reports for JSL, in accordance with regulations in the Small Business, Enterprise and Employment Act 2015, can be found online<sup>1</sup>.

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<sup>1</sup> The payment practices report is available online at <https://check-payment-practices.service.gov.uk/company/02881024/reports>



## Internal organisation

### Operating model

Over the past 18 months we have continued to embed our operating model, which spans all companies in the Jisc Group. The operating model is based on the sectors that we operate within and the products and services that we offer, with underpinning shared services. On 1<sup>st</sup> Aug 2020 a formal arrangement was put in place between Jisc charity and Jisc Services Ltd to fund the working capital requirements of Jisc Services Ltd. The accounting impact of this is explained in Note 15 of the Financial Statements.

Further information can be found in the Jisc Trustees' Report 2020-21.

### Staff numbers

Jisc Services Limited employed 4 staff members (2020: 5) as at 31 July 2021. These staff are included within the staff figures described in the Jisc Trustees' Report and Financial Statements 2020-21 and are subject to the same policies and procedures as described in the Internal organisation and policies section of the Jisc Trustees' Report and Financial Statements 2020-21.

## Plans for future periods

Jisc will continue to develop to ensure that Jisc remains a trusted partner, a source of expertise and advice, and continues to provide a world class range of high-quality services for customers. JSL plays a key role in providing these services.

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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 theft and other irregularities

## Statement of disclosure of information to auditors

The directors who held office at the date of the approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director in order to



make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved and authorised for issue by the Jisc Services Limited Board and signed on its behalf by:

*Heidi Fraser-Krauss*

Heidi Fraser-Krauss  
Jisc Services Limited  
Chair  
16/12/2021



## **Independent auditor's report to the members of Jisc Services Limited**

### **Opinion**

We have audited the financial statements of Jisc Services Limited (the 'company') for the year ended, which comprise the Statement of Comprehensive Income, the Balance Sheet and Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2021 and of its nil profit / loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.



The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **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.

### **Matter on which we are required to report under the Companies Act 2006**

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 material misstatements in the strategic report or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and industry in which it operates through our commercial and sector experience, making enquiries of management and those charged with governance and inspection of the Company's key external correspondence. We corroborated our enquiries through our review of board minutes and other information obtained during the course of the audit.
- Through the understanding that we obtained, we determined the most significant laws and regulations related to the financial reporting framework, being international accounting standards in conformity with the requirements of the Companies Act 2006 and as well as other laws and regulations such as Bribery and corruption.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls, by considering management's incentives and opportunities for manipulation of the financial statements. We determined that the principal risks were in relation to the potential management bias around estimation and judgemental areas of the valuation of tangible and intangible assets; and through management override of controls.
- Our audit procedures included:
  - Making enquiries of management concerning the Company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations. We considered whether there is a culture of honesty and ethical behaviour within the Company and whether there is a strong emphasis of prevention and deterrence of fraud amongst those charged with governance. We also enquired with management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected, or alleged fraud;
  - Gaining an understanding of the controls that management has in place to prevent and detect fraud;
  - Identifying and testing journal entries, in particular manual journal entries to revenue
  - Challenging significant accounting assumptions, estimates and judgements made by management, including those relevant to: the areas of estimation and judgement in relation to the valuation of tangible and intangible assets;



- Confirming significant accounting assumptions, estimates and judgments were consistent with those used in the group audit;
- Gaining and understanding of and testing significant identified related party transactions;
- Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
  - Knowledge of the industry in which the Company operates.
- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included: the potential for fraud in relation to the areas of potential management bias around estimation and judgement in relation to the valuation of investments and intercompany debtors; and through management override of controls in the preparation of the financial statements.

### 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.

*Michael Redfern*

**Michael Redfern FCA**  
 Senior Statutory Auditor  
 for and on behalf of Grant Thornton UK LLP  
 Statutory Auditor, Chartered Accountants  
 Sheffield

20/12/2021





## Statement of comprehensive income for the year ended 31 July 2021

	Note	2021 £'000	2020 £'000
Turnover	5	154,364	147,945
Cost of sales	6	(143,759)	(138,274)
<b>Gross profit</b>		<b>10,605</b>	<b>9,671</b>
<b>Administrative expenses</b>		<b>(10,609)</b>	<b>(9,657)</b>
<b>Profit before interest and taxation</b>		<b>(4)</b>	<b>14</b>
Interest receivable and similar income	7	4	25
<b>Profit before taxation</b>	8	<b>-</b>	<b>39</b>
<b>Tax on profit</b>	9	<b>-</b>	<b>-</b>
<b>Profit for the financial year</b>		<b>-</b>	<b>39</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>39</b>

The accompanying notes are an integral part of these financial statements.

All results in the year to 31 July 2021 and in the prior year derive from continuing operations.



## Balance Sheet as at 31 July 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	12	1,262	2,028
Tangible assets	13	9,995	12,686
		<b>11,257</b>	<b>14,714</b>
<b>Current assets</b>			
Debtors	14	59,995	76,460
Cash at bank and in hand		6,323	11,056
		<b>66,318</b>	<b>87,516</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(68,906)</b>	<b>(90,571)</b>
<b>Net current liabilities</b>		<b>(2,588)</b>	<b>(3,055)</b>
<b>Total assets less current liabilities</b>		<b>8,669</b>	<b>11,659</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(3,250)</b>	<b>(5,046)</b>
<b>Net assets</b>		<b>5,419</b>	<b>6,613</b>
<b>Capital and reserves</b>			
Retained earnings		5,419	6,613
<b>Total equity</b>		<b>5,419</b>	<b>6,613</b>

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 16-32 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

*Heidi Fraser-Krauss*

Heidi Fraser-Krauss  
Jisc Services Limited  
16/12/2021

Registered Number: 02881024



## Statement of changes in equity for the year ended 31 July 2021

	<b>Retained Earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 August 2019</b>	<b>7,183</b>	<b>7,183</b>
Profit for the financial year	39	39
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<b>39</b>	<b>39</b>
Gift aid payment to Jisc	(609)	(609)
Total transactions with owners, recognised directly in equity	<b>(609)</b>	<b>(609)</b>
<b>Balance at 31 July 2020</b>	<b>6,613</b>	<b>6,613</b>
<b>Balance at 1 August 2020</b>	<b>6,613</b>	<b>6,613</b>
Profit for the financial year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Gift aid payment to Jisc	(1,194)	(1,194)
Total transactions with owners, recognised directly in equity	<b>(1,194)</b>	<b>(1,194)</b>
<b>Balance at 31 July 2021</b>	<b>5,419</b>	<b>5,419</b>



## Notes to the financial statements for the year ended 31 July 2021

### 1. General Information

Jisc Services Limited (the 'company') is a wholly owned subsidiary of Jisc, a charitable company limited by guarantee. The activities that are delivered by Jisc Services Limited on behalf of Jisc primarily fall into two categories: some aspects of the Jisc network and technology services; and the licensing, subscriptions, publishing services and legacy Jisc Collections service.

The company is a private company limited by guarantee without share capital and is incorporated and domiciled in England. The address of its registered office and principal place of operations is 4 Portwall Lane, Bristol, BS1 6NB.

### 2. Statement of compliance

The individual financial statements of Jisc Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

These financial statements are prepared on a going concern basis, under historical cost convention and certain financial assets and liabilities measured at fair value through profit and loss. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### (b) Going concern

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation.

Jisc's funding streams are from a number of diverse sources and our services have been well received over the period of lockdown and as our members and customers start to return to normal. Revenues within Student Services did see a downturn, however this has recovered well in 2020-21, with a strong year end outturn.

Due to the nature of much of our business, high value costs are often flow through to members and customer with low margins (collections and connections) and other costs have been well controlled.

Management have undertaken a review of the business, including a three-year financial forecast, looking at a number of scenarios, including reduction in income and savings not being delivered, and how that impacts our financial sustainability. Given the strong balance sheet and healthy reserves position which Jisc has, management believe that Jisc is financially sustainable over the next three years and after that.

Overall, COVID-19 is not expected to have a significant impact on Jisc or its subsidiaries. Management has determined that there is no material uncertainty that casts doubt on Jisc's ability to continue as a going concern. Jisc provided a letter of support to JSL in October 2021 confirming continued financial and operational support in the form of grant funding, for a period of at least 12 months from the date of approval of these financial statements.



### **(c) Intangible assets**

Intangible assets are stated at historic cost less accumulated amortisation, together with any incidental cost of acquisition.

Intangible assets are assessed for indications of impairment on an annual basis.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows

- Electronic content                      10 years
- Website                                      4 years

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

### **(d) Tangible assets**

All assets are capitalised and recorded at historic cost including any incidental costs of acquisition. Where appropriate, provision has been made for impairment in the value of tangible fixed assets.

Depreciation is charged on a straight-line basis to write off the cost of the tangible fixed assets over their estimated useful life. Items with a total cost of less than £1,000 are expensed in the period in which they occur.

- Network equipment                      3 years

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in Statement of Comprehensive Income.

### **(e) Research and development expenditure**

Research and development expenditure is written off in the statement of comprehensive income in the year in which it is incurred.

### **(f) Gift aid payments**

Based on technical guidance issued by the ICAEW, the gift aid payment from the company to the parent charity is to be treated as a distribution from reserves rather than an expense in the statement of comprehensive income and hence will only be recognised once declared.

### **(g) Taxation and deferred taxation**

The Company is a body corporate incorporated under the Companies Act 2006. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are not discounted.

### **(h) Pension costs**

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, 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. The Company also contributes to certain personal pension schemes and these contributions are charged to the statement of comprehensive income in the period to which they relate.

**(i) Foreign currency**

Transactions arising during the year which are denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. All monetary assets and liabilities at the balance sheet date are retranslated at rates of exchange ruling on that date. All exchange differences are taken to the statement of comprehensive income in the year in which they arise.

The company's functional and presentational currency is the pound sterling.

**(j) Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged on a straight-line basis over the period of the lease.

**(k) Financial instruments**

The company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their amortised cost. All financial assets and financial liabilities are carried at amortised cost.

**Disclosure exemptions**

Exemptions for qualifying entities under FRS 102

As permitted by FRS 102, the company has taken advantage of the following disclosure exemptions available under the standard:

- (i) the requirement to prepare a statement of cash flows. [Section 7 of FRS 102 and para3.17(d)];
- (ii) the non-disclosure of key management personnel compensation in total. [FRS 102 para33.7];
- (iii) the additional requirements with respect to the disclosure of related party transactions;
- (iv) the additional requirements with respect to the disclosure of financial instruments.

Where required, equivalent disclosures are given in the consolidated financial statements of Jisc.

**4. Income**

Income is accounted for in accordance with the purpose of the grant. Grants for running costs are credited to the statement of comprehensive income in the period in which they are applied. Grants from Jisc and grants from other funding bodies exclude any grants issued for the purchase of fixed assets. Grants for running costs are credited to the statement of comprehensive income in the period in which they are applied.

Charges for services are recognised rateably over the period when the relevant service is provided, or in line with the work being performed, whichever is most appropriate.

Subscription income is recognised in the accounting period to which the services covered by those subscriptions relate and is stated net of VAT where applicable.

Transfers from deferred grant accounts is the recognition of grants received for the purchase of fixed assets. The grants are credited to the deferred grant account on the balance sheet and are released to the statement of comprehensive income over the estimated useful life of the related assets.



## 5. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical judgements in applying the entity's accounting policies:

#### Multi-employer defined benefit pension scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions as in the judgement of the scheme's actuary, this is not possible to do on a reasonable and consistent basis and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. See note 18 for further details.

### (b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### i) Useful economic life of tangible and intangible assets

The annual depreciation charge for tangible assets and annual amortisation charge for intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 12 and 13 for the carrying amount of the intangible and fixed assets respectively. See Note 3 (e),(f) for details of the useful economic lives.

#### ii) Trade Debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

## 6. Turnover

The income, surplus and net assets are attributable to the principal activity of the provision of network and other related services to the education and research community and the provision of content and associated licensing of the Jisc Collections division. JSL operates in the UK. Income for the year to 31 July 2021 from external customers that are non-UK based was £1,599k (2020: £2,422k) with the remainder generated in the UK.

	2021 £'000	2020 £'000
Grants from Jisc	45,173	51,723
Grants from other funding bodies	1,477	1,809
Charges for services	22,910	22,196
Subscription income	75,872	61,781
Transfers from deferred grant account	8,932	10,436
	<b>154,364</b>	<b>147,945</b>



## 7. Cost of sales

	2021 £'000	2020 £'000
Subscriptions	74,526	62,099
Connectivity	41,828	42,387
Digital Analytics and Futures	3,828	4,182
Support and liaison	125	6,386
Trust and Identity	2,277	2,653
Cloud	3,341	3,590
Cyber Security	8,120	5,975
Innovation	578	298
Depreciation of fixed assets	8,369	9,681
Rights to electronic content – amortisation	767	1,023
	<b>143,759</b>	<b>138,274</b>

## 8. Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest	4	25

## 9. Profit before taxation

The profit before taxation is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	8,369	9,681
Operating lease charges	25	-
Amortisation of intangible fixed assets	767	1,023

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditors for 'Other services' as this information is included in the consolidated financial statements of Jisc. Audit fees of £60,000 (2020: £42,900 and a credit of £3,810 from previous auditors) are recognised within the company's statement of comprehensive income for the year.

## 10. Tax on profit

### a) Taxation on surplus of income less expenditure

	2021 £'000	2020 £'000
<b>Current tax</b>		
United Kingdom corporation tax due for the year	-	-
Total current tax charge	-	-

### b) Reconciliation of tax charge

The tax for the year is lower (2020: lower) than the applicable rate of corporation tax in the United Kingdom (2021 19%; 2020: 19%).





The difference is explained below:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Profit before taxation	-	39
Profit before taxation multiplied by the rate in the UK of 19% (2019: 19%)	-	7
Effects of:		
Pension contributions deductible when paid	1	(25)
Expenses not deductible/non taxable		1
Profit not taxable as transferred to parent under Gift aid multiplied by the rate in the UK of 19% (2019: 19.0%)	(227)	-
Losses surrendered as group relief	227	-
Losses carried forward	-	17
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

At 31 July 2021 the Company had no deferred tax assets or liabilities (2020: £nil). A deferred tax asset has not been recognised in respect of the losses carried forward on the basis that any future taxable profits will be gift aided to the parent. In respect of the year ended 31 July 2021, taxable profits for the year were gift aided to JSL's parent undertaking, Jisc. The donation was paid within nine months of the year end in accordance with HMRC regulations.

The tax rate for the current year is 19%.

#### 11. Employee information

The average monthly number of persons, including executive directors, employed by the company or by the parent, Jisc, during the year was:

	<b>2021</b>	2020
	<b>Number</b>	Number
<b>By activity:</b>		
Management	8	8
Technical	235	272
Administration	5	7
	<b>248</b>	<b>287</b>

Of the total staff numbers listed above, 5 (2020: 5) are directly employed by JSL. The remainder are employees of Jisc (the parent), but who perform their services for the company and so their employee costs are recharged in full to JSL.

Staff costs for the above persons:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Wages and salaries	10,169	13,654
Social security costs	1,020	1,353
Other pension costs (see Note 18)	1,949	2,525
	<b>13,138</b>	<b>17,532</b>

Included in the £13,138k (2020: £17,532k) total above, are staff costs of £12,897k (2020: £17,292k) who represent staff transferred to and now employed by Jisc as part of the Business Transformation Agreement in 2015 but still providing services to the company; the remaining costs are for the 4 (2020: 5) staff employed by the company directly.

There were 4 staff directly employed by the company at 31 July 2021 as one member left on 8<sup>th</sup> June 2021.



## 12. Directors' emoluments

The emoluments of four of the five directors (including those who resigned during the year) totalling £676,063 (2020: £657,260) have been borne by the parent company and not recharged to this entity. The amounts below reflect the recharge from the parent company for the remaining director. Retirement benefits accrued to one (2020: one) director under the Universities Superannuation Scheme. Amount of benefits under this scheme accrued to the highest paid director was an annual pension of £10,844 (2020: £9,999) and a one-off lump sum of £74,230 (2020: £57,746).

	2021 £'000	2020 £'000
Aggregate Emoluments	105	98
Company contributions to a pension scheme	22	20
	<b>127</b>	<b>118</b>

## 13. Intangible assets

	Website £'000	Rights to Electronic Content £'000	Total £'000
<b>Cost</b>			
At 1 August 2020	58	12,126	<b>12,184</b>
Disposals	(58)	(161)	<b>(219)</b>
<b>At 31 July 2021</b>	<b>-</b>	<b>11,965</b>	<b>11,965</b>
<b>Accumulated amortisation</b>			
At 1 August 2020	58	10,098	<b>10,156</b>
Disposals	(58)	(161)	<b>(219)</b>
Charge for the year	-	766	<b>766</b>
<b>At 31 July 2021</b>	<b>-</b>	<b>10,703</b>	<b>10,703</b>
<b>Net Book Value</b>			
At 31 July 2020	-	2,028	<b>2,028</b>
<b>At 31 July 2021</b>	<b>-</b>	<b>1,262</b>	<b>1,262</b>

Assets were assessed for impairment indicators in the year and no impairment indicators were noted.



#### 14. Tangible assets

	<b>Network Equipment £'000</b>
<b>Cost</b>	
At 1 August 2020	81,571
Additions	5,678
Disposals	(990)
<b>At 31 July 2021</b>	<b>86,259</b>
<b>Depreciation</b>	
At 1 August 2020	68,885
Charge for the year	8,369
Disposals	(990)
<b>At 31 July 2021</b>	<b>76,264</b>
<b>Net Book Value</b>	
At 31 July 2020	12,686
<b>At 31 July 2021</b>	<b>9,995</b>

#### 15. Debtors

	<b>2021 £'000</b>	2020 £'000
Trade debtors	11,928	9,963
Amounts owed by group undertakings	12,956	28,940
Taxation and social security	-	1,491
Other debtors	431	312
Prepayments and accrued income	34,680	35,754
	<b>59,995</b>	<b>76,460</b>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

#### 16. Creditors: amounts falling due within one year

	<b>2021 £'000</b>	2020 £'000
Trade creditors	15,605	11,563
Taxation and social security	6	-
Other creditors	1,090	198
Deferred capital grant (note 18)	7,658	9,116
Accruals and deferred income	44,547	69,694
	<b>68,906</b>	<b>90,571</b>

On 1<sup>st</sup> Aug 2020 a formal arrangement was agreed whereby Jisc charity would fund the working capital of Jisc Services Ltd. From that date Jisc Services Ltd was no longer required to account for funding income through accruals and deferred income to offset the supplier prepayments (see note 16) paid at year end. If this arrangement had been in place at 31<sup>st</sup> July 2020 the accruals and deferred income at 31<sup>st</sup> July 2020 would have decreased by £12,429k to



£57,265k.

#### 17. Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Deferred capital grant	3,250	5,046

	2021	2020
	£'000	£'000
<b>Deferred capital grant</b>		
Balance at 1 August	14,162	18,206
Received from Jisc in the year	5,678	6,392
Released to statement of comprehensive income	(8,932)	(10,436)
<b>Balance at 31 July</b>	<b>10,908</b>	<b>14,162</b>
Due within one year (note 17)	7,658	9,116
Due in more than one year	3,250	5,046
<b>Balance at 31 July</b>	<b>10,908</b>	<b>14,162</b>

#### 18. Financial commitments

At 31 July, the company had the following capital commitments:

	2021	2020
	£'000	£'000
Contracts for future capital expenditure not provided in the financial statements – equipment	745	1,196

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
	£'000	£'000
<b>Land and buildings</b>		
Not later than one year	2	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>2</b>	<b>-</b>

#### 19. Pension

##### Pension costs

The Company participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' 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 institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement



(the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution 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 profit and loss account.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

The total cost charged to the profit and loss account is £1,938k (2020: £2,518k) in respect of the USS scheme, pension costs payable to other personal pension schemes amounted to £11k (2020: £7k). There was an accrual at the end of the financial year in respect of these contributions £nil (2020 £7k).

It should be noted that the majority of these costs represent the recharge value of employees of Jisc who perform services for JSL, with an average of 5 (2020: 5) employees under USS being employed directly by JSL, the cost of whose contributions totalled £38k (2020: £38k).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole. The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases(CPI) Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

Discount rate (forward rates) Years 1-10: CPI +0.14% reducing linearly to CPI – 0.73%  
Years 11-20: CPI + 2.52% reducing linearly to CPI +1.55% by year 21  
Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

## 2018 Valuation

	Pre-retirement:
	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
Mortality base table	Post retirement:
	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00



for females

Future improvements to mortality CMI\_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2018 Valuation	2017 Valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.87%	0.73%
Pensionable salary growth	n/a	n/a

A further full valuation as at 31 March 2020 was in progress but not yet completed at 31 July 2021. The 2020 valuation was completed on 1 October 2021 and the impact of this valuation is disclosed as a non-adjusting post balance sheet event in note 21.

## 20. Related Party Disclosures

Year ended 31 July 2021	Jisc Services Limited		Balance Sheet	
	Income	Expenditure	Debtors	Creditors
	£'000	£'000	£'000	£'000
Advance HE	26	-	2	-
Birkbeck College	113	-	8	10
Coventry University	466	-	246	-
Dumfries & Galloway College	9	-	20	-
GEANT	286	1,309	-	17
Glasgow School of Art	12	-	-	11
Grimsby Institute of Further and Higher Education, part of the TEC Partnership	99	-	-	-
GuildHE	2	-	-	-
HEANet	153	-	38	-
HESA Services Limited	102	631	-	120
Higher Education Funding Council for Wales (HEFCW)	46	-	32	-
Higher Education Policy Institute (HEPI)	1	-	-	-
IDP-Connect	17	-	-	-
National Star Foundation	-	-	6	-
Office for National Statistics (ONS)	4	-	9	-
Oxford Brookes	298	-	60	-
Pearson College Governing Body	18	83	-	-
Royal Holloway, University of London	469	-	104	-



Year ended 31 July 2021	Jisc Services Limited		Balance Sheet	
	Income	Expenditure	Debtors	Creditors
	£'000	£'000	£'000	£'000
Staffordshire University	196	12	102	-
Swansea University	786	72	28	40
The Russell Group of Universities	7	-	-	-
UCAS	2	-	13	-
UCEA	5	-	-	-
Universities UK	3	-	2	-
University College of Estate Management	21	-	4	-
University of Dundee	847	43	597	14
University of Essex	1,008	3	182	1
University of Oxford	1,896	32	84	31
University of Southampton	1,451	-	30	-
West London College	15	-	19	-
	<b>8,358</b>	<b>2,185</b>	<b>1,586</b>	<b>244</b>

The Company is exempt under FRS102 from disclosing related party transactions with entities that are wholly owned subsidiaries of Jisc.

EPSRC, HEFCW and Office for Students are listed as related parties. They provide grant funding as Jisc's funding bodies. EPSRC pay the Jisc grant from Research England.

The institutions, suppliers and customers shown within the note have been declared as interests by the Trustees of Jisc, members of Executive Leadership Team and the Board of directors of its subsidiaries.

Year ended 31 July 2020	Jisc Services Limited		Balance sheet	
	Income	Expenditure	Debtors	Creditors
	£'000	£'000	£'000	£'000
Abertay University	127	-	13	53
Advance HE	6	-	-	-
Amazon Web Services	-	739	-	-
Aptum Technologies	-	-	4	-
Association of Graduate Careers Advisory Services	-	106	-	-
Birkbeck College	123	-	18	37
Forth Valley College	20	-	2	-
GEANT	671	1,586	6	32
Grimsby Institute of Further and Higher Education	39	-	5	-
HEANet	131	-	29	-
Higher Education Funding Council for Wales	29	-	-	-
HESA Services Limited	407	556	355	569
Higher Education Policy Institute	1	-	-	-
Jisc Commercial Limited	-	-	-	-
Jisc Services Limited	-	12	-	5
Lancaster University	767	6	18	360
Leeds Beckett University	154	15	204	18
National Science Museum	7	-	-	3
Office for Students	45	-	1	-



Year ended 31 July 2020	Jisc Services Limited		Balance sheet	
	Income	Expenditure	Debtors	Creditors
	£'000	£'000	£'000	£'000
Oxford Brookes University	236	7	47	115
Painless Security LLC	-	24	-	-
Pearson College Governing Body	6	27	6	211
Richmond Upon Thames College	2	-	5	-
Royal Holloway, University of London	423	-	25	203
Shibboleth Consortium	38	-	-	-
Staffordshire University	133	16	1	34
The Russell Group of Universities	1	-	-	-
The Universities and Colleges Employers Association	6	-	-	-
University College of Estate Management	16	-	3	-
University of Dundee	596	43	124	232
University of Greenwich	245	9	87	76
University of London	62	4	13	31
University of Oxford	1,414	31	111	728
University of South Wales	348	-	3	141
University of Southampton	1,052	-	144	493
Universities UK	1	-	1	-
	<b>7,106</b>	<b>3,181</b>	<b>1,225</b>	<b>3,341</b>

## 21. Controlling parties

The immediate parent undertaking is Jisc, a Charity registered in England and Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Jisc. Copies of Jisc consolidated financial statements can be obtained from the company secretary at 4 Portwall Lane, Bristol, BS1 6NB.

## 22. Post balance sheet event

At its meeting on 31 August 2021, the Joint Negotiating Committee (JNC) of the Universities Superannuation Scheme (USS) decided in favour of a package of changes put forward by Universities UK (UUK).

The primary elements of the package approved by the JNC are as follows:

- **Contributions:** the USS Trustee priced the UUK package at 31.2% of salary, which is 0.5% higher than current contribution levels – and the package decided on by the JNC incorporates default cost-sharing of the extra contribution so with employer contributions of 21.4% of salary (+0.3%) and member contributions at 9.8% (+0.2%). This is subject to a formal consultation on the Schedule of Contributions (SoC) and Recovery Plan for the 2020 valuation, followed by the formal consultation with employees and their representative bodies (which will take place from November 2021 to January 2022).
- **Changes to future benefits:** a pension accrual rate of 1/85th of salary (with 3x lump sum); a salary threshold for DB benefits of £40,000; indexation and revaluation (relating to future benefits which build up from the date of commencement of the changes) at CPI capped at 2.5% per annum; retaining DC contributions of an overall 20% of salary above the salary threshold.
- **Covenant measures:** debt monitoring, pari-passu measures which are activated when secured borrowing exceeds 10% of assets, and a rolling long-term moratorium on employers leaving the scheme without the USS trustee's consent for an initial term which will ordinarily run to 2043 (a





period of 20 years from the next scheduled valuation in 2023.

The USS 2020 valuation was signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The 2020 Valuation came into effect with a dual rate schedule of contributions:

- Leg 1, which includes a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the JNC subject to member consultation
- Leg 2, which includes more significant increases in contribution rates from the 2018 Valuation and shorter deficit recovery period, which only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022.

For both legs of the 2020 valuation, the future service cost of funding the current benefits is different than it was under the 2018 valuation.

### **Deficit recovery contributions**

As stated above, the deficit recovery contributions (DRCs) in the dual rate SoC differ in size and duration between the first and second legs.

In the first leg of the SoC:

- DRCs under the 2018 valuation (2% up to 30/9/2021) cease from 1 October 2021
- DRCs under leg 1 of the 2020 valuation commence from 1 April 2022 and include allowance for the fact that until 1 April 2022 the contributions payable under this leg of the SoC are less than the contributions required to fund the unchanged benefits accruing in that period.
- From 1 April 2022, when the proposed benefit changes are assumed to have been implemented, the DRCs are equal to 6.3% of salaries and are payable for the length of the recovery plan until 31 March 2038.
- The impact on the pension provision under the first leg would be an increase of £124k to £204k. In the second leg of the SoC, which only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022:
- DRCs commence from 1 October 2022 and include allowance for the fact that until 1 October 2022 the contributions payable under this leg of the SoC are less than the contributions required to fund the benefits accruing in that period.
- From 1 October 2022 DRCs commence at 3% then increase every 6 months (the difference between 37% required to fund future service cost and the total contributions being collected) until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. The higher DRCs and shorter recovery period reflect the lower level of covenant support provided under this leg.
- The impact on the pension provision under the second leg would be an increase of £276k to £356k.