

Jisc

Trustees' Report and Financial Statements

Year Ended: 31 July 2015

Charity Registration number: 1149740

Company registration number: 05747339



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Trustees' Report for the year ended 31 July 2015

The trustees are pleased to present their report and audited consolidated financial statements for the year ended 31 July 2015.

Report from the Chair – Professor David Maguire, Vice Chancellor, University of Greenwich

The last year has been challenging for the education sectors in many ways. These challenges will not lessen in the next few years as we face yet more disruptive change in increasingly difficult financial times.

These coming years will reinforce the fact that digital technologies are no longer an add-on or a luxury but an absolute essential across all parts of the enterprise in all universities and colleges. Without appropriate digital technologies, institutions, whatever their size and shape, will not be able to achieve or sustain the improvements in quality - and the efficiencies and financial savings - that all will need if they are to thrive and prosper.

It remains our challenge at Jisc to make sure that we continue to provide, at the very lowest possible cost, those services that are so critical to the business functions of universities, colleges and learning providers. We have continued to make sure we reduce our costs to make us leaner and more efficient. So far we've been able to do this without losing or damaging any of those critical services on which our customers rely and which save the sectors money – more than £200m last year.

Under the tenure of chief executive Professor Martyn Harrow, Jisc has made dramatic and substantial transformational change. Jisc is led by a highly motivated and highly engaged board of trustees, who take the governance of the sector-owned organisation as seriously as universities, colleges and learning providers demand. In line with good practice we are conducting a review of the effectiveness of the board and look forward to identifying how we can further develop our governance to continue to maintain the confidence of the sector in managing the services on which they depend.

The organisation is now set and ready for its next phase of development under its new chief executive, Dr Paul Feldman. We will continue to concentrate on providing the very best products and services to our customers, making the benefits absolutely clear and demonstrating that these are best achieved through a single national strategic organisation such as Jisc, working for the advancement of education for the public benefit.

We have changed and will continue to evolve our approach to the way we engage with universities, colleges and learning providers through our customer services team, ensuring a renewed and reinforced priority focused on their needs, making sure that they get the fullest benefit out of what we currently do. Through our engagement architecture and our co-design innovation process, universities, colleges and learning providers are an integral part of deciding and shaping what we do for our sectors in the future.

In 2015 we launched and established new products and services in response to our customers' needs and direct requests, from the award winning cloud data services to our Financial X-Ray cost-capturing product. Looking ahead, we are working with key stakeholders to bring to market important new services around business

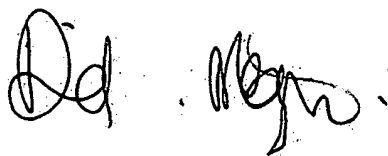
Trustees' Report for the year ended 31 July 2015 continued

Report from the Chair – Professor David Maguire, Vice Chancellor, University of Greenwich continued

intelligence, learner analytics and research data management. We will continue with our determined support for the FE and skills sector, especially during the forthcoming area review process to restructure the FE sector currently underway across England.

Jisc is the sectors' own organisation under the sectors' oversight and direction and dedicated entirely to its collective needs. We look forward to continuing to work with all our colleagues in 2016 and beyond to harness the unique advantage of Jisc for their further collective benefit.

The board offers its sincere thanks to the previous chair, Professor Martin Hall, previous Chief Executive, Professor Martyn Harrow and to all Jisc employees for continuing to strive to make Jisc the very best organisation it can be.



Professor David Maguire
25 November 2015

Trustees' Report for the year ended 31 July 2015 continued

What Jisc does

Jisc champions the importance and potential of digital technologies for UK education and research; and does three main things:

1. It provides shared digital infrastructure and services for universities and colleges.
2. It makes sector-wide deals with IT vendors and commercial publishers that all universities and colleges can draw on.
3. It provides expert and trusted advice and practical assistance on the use and potential of digital technologies.

Working closely with colleagues and agencies across the sectors the aim is to:

1. Deliver considerable collective digital advantage and financial savings for UK universities and colleges today.
2. Ensure these benefits are sustained and intelligently further enhanced ahead.
3. Do all this as affordably, efficiently and cost effectively as possible.

Further information about future plans can be found in the Plans for Future Periods on page 38.

Legal and administrative information

Trustees

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

Professor Robin Baker, OBE – Director and Chief Executive, Ravensbourne (appointed by GuildHE – until 7 January 2015)

Professor Chris Brink - Vice Chancellor, Newcastle University (appointed by Universities UK - until 8 January 2015)

Dr Paul Feldman – Chief Executive, Jisc (from 19 October 2015)

Professor Philip Gummett, CBE – retired Chief Executive, Higher Education Funding Council for Wales (appointed by funders)

Professor Martin Hall (Chair and trustee until 14 May 2015) – Vice Chancellor, University of Salford (retired from University of Salford 31 December 2014)

Trustees' Report for the year ended 31 July 2015 continued

Legal and administrative information continued

Trustees continued

Professor Martyn Harrow – Chief Executive, Jisc¹

Professor Paul Layzell – Principal, Royal Holloway University of London

Professor Noel Lloyd CBE – Retired Vice Chancellor, Aberystwyth University (until 30 November 2014)

Ms Heather MacDonald – Chief Executive, The Sheffield College (appointed by Association of Colleges, retired from The Sheffield College 19 June 2015, but remains a trustee of Jisc)

Professor David Maguire – Vice Chancellor, University of Greenwich (trustee from 3 July 2014, appointed as chair from 15 May 2015)

Professor Calie Pistorius - Vice Chancellor, University of Hull (appointed by Universities UK - from 11 May 2015)

Professor Nigel Seaton – Principal and Vice Chancellor, Abertay University (appointed by GuildHE - from 28 January 2015)

Professor Mark Smith – Vice Chancellor, Lancaster University (from 10 December 2014)

Dr Ken Thomson – Principal, Forth Valley College (from 9 December 2014)

Professor Anne Trefethen – Chief Information Officer, University of Oxford

Jisc's trustees, with the exception of Jisc's Chief Executive, are all considered to be independent non-executive directors. The nature of Jisc's business, and its relationship with UK higher education institutions and further education colleges through institutional membership and the delivery of services means that Jisc does have a relationship with the employing organisations of the majority of trustees. However, this is reflective of the membership structure of the organisation and the purposeful approach to ensuring Jisc's activities are guided by the customers we exist to serve and does not affect the independence of trustees.

¹ Professor Harrow left the organisation on 19 October 2015 and was no longer a trustee at the time of signing the Trustees' Report and Financial Statements

Trustees' Report for the year ended 31 July 2015 continued

Legal and administrative information continued

Jisc Executive Group

The following members of the Jisc Executive Group are responsible for managing the day to day activities of the charitable company:

Professor Martyn Harrow, Chief Executive²

Ms Alice Colban, Chief Operating Officer and Deputy Chief Executive (Company Secretary)

Mr Mark Wright, Chief Financial Officer

Ms Lorraine Estelle, Executive director, Digital Resources (until 31 March 2015)

Mr Keith Cole, Interim Executive director (from 1 April 2015)

Mr Robert Haymon-Collins, Executive director, Customer Experience

Mr Timothy Marshall, Executive director, Jisc Technologies (until 25 November 2014)³

Mr Timothy Kidd, Executive director, Jisc Technologies (from 26 November 2014)

Dr Phil Richards, Chief Innovation Officer

Registered and head office address

One Castlepark

Tower Hill

Bristol, BS2 0JA

Company registration number: 05747339

Charity registration number: 1149740

Company Secretary: Ms Alice Colban

² From 19 October 2015, Dr Paul Feldman will take up the position of Jisc Chief Executive

³ With effect from 1 October 2014, Mr Timothy Marshall was appointed Chief Executive of Jiscom, Jisc's new wholly owned commercial trading subsidiary company, established in autumn 2014. Further information on Jiscom is included in the Jisc Commercial Limited section on page 32.

Trustees' Report for the year ended 31 July 2015 continued

Legal and administrative information continued

Independent Auditors

PricewaterhouseCoopers LLP
One Reading Central
23 Forbury Road
Reading
Berkshire
RG1 3JH

Bankers

Lloyds Bank Plc
39 Threadneedle Street
The City
London
EC2R 8AU

Solicitors

DAC Beachcroft
100 Fetter Lane
London
EC4A 1BN

Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Legal status of Jisc

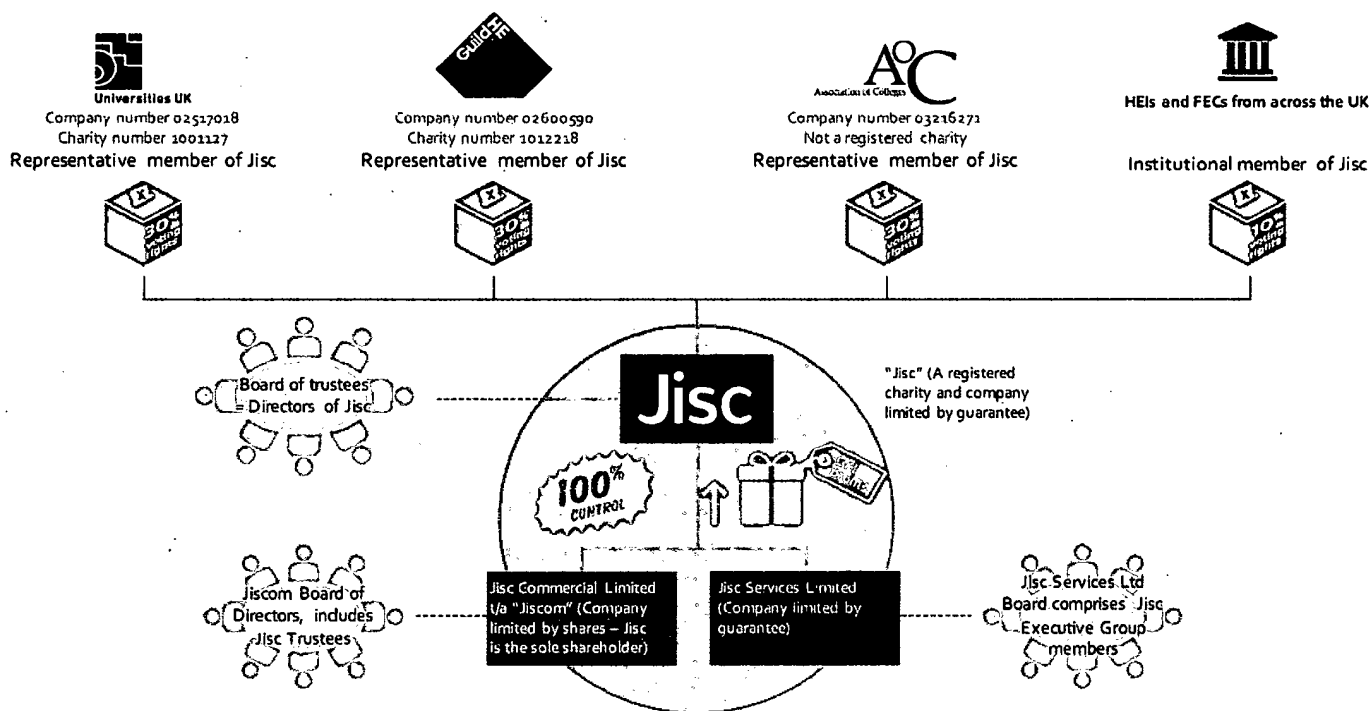
Jisc is a charitable company limited by guarantee (CLG). Jisc's constitution allows for two classes of membership. One class comprises *Representative Members*, which includes the original members and guarantors - the Association of Colleges, GuildHE and Universities UK. Each of these Representative Members holds 30% of the voting rights. The other class of membership comprises *Institutional Members*, who together hold 10% of the voting rights. This class of membership is limited to UK education, learning and research providers for which Jisc receives central funding from the UK higher and further education funding bodies. A full list of Jisc's members can be found in the Register of Members at <https://www.jisc.ac.uk/about/institutional-membership>.

Jisc is a holding company, with two wholly owned subsidiary companies – Jisc Commercial Limited and Jisc Services Limited.

Trustees' Report for the year ended 31 July 2015 continued

Legal and administrative information continued

Legal status of Jisc continued



Jisc Commercial Limited (company number 09316933) was incorporated in November 2014 as a commercial vehicle through which Jisc could maximise the exploitation of its assets to provide income to reinvest in the development and delivery of Jisc services to its customers. Further information can be found later in this report (see page 32).

Jisc Services Limited (company number 02881024) was previously known as Jisc Collections and Janet Limited. For the period August 2014 – March 2015, the Jisc board also acted as the board of Jisc Collections and Janet Limited, with a small change in the composition of the directors, in line with Charity Commission guidance. In March 2015, the name of the company was changed, new Articles of Association agreed and a new board was appointed. Further information on these changes and the governance of Jisc Services Limited can be found later in this report (see page 29) and in the Jisc Services Limited Annual Report and Financial Statements 2014-15.

The Jisc board has overall strategic oversight of the Jisc group. All three companies in the group operate under defined Articles of Association. The Jisc Articles are available from the Jisc website at <http://www.jisc.ac.uk/about/corporate/company-and-charity-details>.

Trustees' Report for the year ended 31 July 2015 continued

Legal and administrative information continued

Membership structure and VAT Cost Sharing Group

Jisc institutional membership is open to all eligible higher education institutions and further education colleges across the UK. Eligibility is determined by the core funding received from the higher and further education funding bodies. With Jisc membership comes automatic membership of the VAT Cost Sharing Group, which means that members will not pay VAT on their Jisc subscription (where this applies) and a range of other services that Jisc provides. The Jisc VAT Cost Sharing Group has been approved by the VAT Policy Unit at HM Revenue & Customs and is one of the largest VAT Cost Sharing Groups in the UK. At 31 July 2015, 149 higher education institutions and 119 FE, Sixth Form or Specialist colleges in the UK were Jisc members.

Role of the members

Institutional Members are represented by the most appropriate Representative Member (Association of Colleges, GuildHE or Universities UK) to act on their behalf in governance matters of Jisc. Institutional Members are free to choose to represent themselves, though none have elected to do so. This approach saves Institutional Members the overhead costs associated with discussing governance and compliance activities with Jisc, and saves Jisc the cost of discussing procedural matters with a significant number of members. Jisc's Representative Members therefore also act in the interests of their nominating members.

The liability of each member (both Institutional and Representative) is limited to a maximum of £1. This liability will apply for the duration of membership of the charitable company and for one year beyond the end of membership.

Jisc's members have the following rights according to provisions in the Companies Act 2006:

- To receive a copy of the annual report and financial statements
- To agree changes to the Articles of Association and company name
- To be sent a proposed written resolution
- To require circulation of a written resolution
- To require Trustees' to call a general meeting
- To receive notice of a general meeting
- To require circulation of a statement
- To appoint a proxy to act at a meeting

Each Representative Member is the same class of member, each having one vote on resolutions proposed to members. Ordinary resolutions specific to members meetings can be passed by a simple majority vote. Further information on the types of decision to be proposed to members through a resolution is included in the Articles of Association.

Trustees' Report for the year ended 31 July 2015 continued

Legal and administrative information continued

Charitable status

Jisc is a registered charity and as such, its purposes must be exclusively charitable. A charitable purpose is a purpose which comes within the descriptions listed in the Charities Act 2011 and which is for the public benefit. The Charity Commission says that to advance education means to "promote, sustain and increase individual and collective knowledge and understanding of study, skills and expertise" and that the types of charity capable of advancing education include "organisations supporting the work of educational establishments".

As a charity, Jisc uses Charity SORP for its financial reporting and applies this for both the Jisc group and the charitable company.

Charitable company objects

The Charity's objects ("Objects") are specifically restricted to the advancement of education for the public benefit through the provision to the Education, Learning and Research Community in the United Kingdom and elsewhere of services in the following key areas:

Digital Infrastructure and Technology

The provision and maintenance of technology expertise; world-class, cost effective and value-adding shared networks; and other information and communications technology (ICT) infrastructure, applications, systems and services.

Digital Content and Discovery

The procurement and provision of simple and fast access to a wealth of high-quality digital information resources and discovery environments.

Value Realisation

The provision of guidance, tools and practical assistance in relation to the exploitation of digital content and new technologies and information management practices.

Futures

The provision of foresight, evaluation, experimentation, co-development and prototyping in order to identify potential opportunities.

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management

Role of trustees

The trustees are also the directors of the charitable company for the purposes of company law. In discharging their responsibilities, trustees must act solely in the interests of the charitable company - they are not the delegates or representatives of any nominating body.

Until March 2015, Jisc's trustees also acted as the board of the then subsidiary company, Jisc Collections and Janet Limited, with a small change in the composition of the board to reflect Charity Commission guidance. Further information can be found in the Jisc Services Limited (previously Jisc Collections and Janet Limited) governance section of this report on page 29.

Two trustees act as co-chairs of the Jisc Stakeholder Forum, a key mechanism for engaging with stakeholders. Trustees also act as chair of three board committees (Nominations & Governance; Audit and Risk Management; Remuneration). The chairs of these committees are appointed by the board based on recommendations from the Nominations and Governance committee.

The Jisc chair also chairs the Funders and Owners Group, which brings together representatives from Jisc's funders and Representative Members. The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Governance Manager attend these meetings with other colleagues from the Jisc Executive Group attending as and when appropriate.

Responsibilities of trustees

The trustees of a charitable company have ultimate responsibility for directing the affairs of the charitable company. They must ensure that the charitable company is and remains solvent, they must use the charitable company's funds prudently and only in furtherance of the charitable company's objects and they must avoid undertaking activities that might place the charitable company's funds at undue risk.

To ensure that trustees are able to appropriately discharge their duties, trustees are expected to make every effort to attend board meetings and the annual away day, and to participate fully in discussions. The following table indicates attendance of trustees at meetings throughout 2014-15:

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Trustee	Eligibility to attend (based on term of office)	Actual attendance
Professor Robin Baker OBE	2	2
Professor Chris Brink	2	1
Professor Philip Gummatt CBE	5	5
Professor Martin Hall	4	4
Professor Martyn Harrow	5	5
Professor Paul Layzell	5	4
Professor Noel Lloyd CBE	2	2
Ms Heather MacDonald	5	4
Professor David Maguire	5	5
Professor Calie Pistorius	2	2
Professor Nigel Seaton	3	3
Professor Mark Smith	3	3
Dr Ken Thomson	3	3
Professor Anne Trefethen	5	5

Appointment of chair and trustees

Jisc chair

The Jisc chair is appointed by the Representative Members (see Legal Status of Jisc section on page 8). This is a separate role to that of the Jisc Chief Executive and there is no intention to alter this structure.

In February 2015 an advertisement was placed in the national media for a new Jisc chair to take up post from May 2015 following the retirement of Professor Martin Hall. A shortlisting and interview panel was established to manage the appointment process, which comprised a current Jisc trustee and two independent members. As a result of this process, a recommendation was made to the Representative Members, who agreed the appointment of Professor David Maguire, Vice Chancellor, University of Greenwich for an initial period of three years from 15 May 2015. The appointment comes with the option for renewal for a further three years subject to a satisfactory review of performance and the approval of Jisc's Representative Members.

Jisc trustees

Jisc's trustees are senior leaders working in UK further and higher education. These experts determine strategic direction and priorities to reflect the present and future needs of the education and research communities. The Nominations and Governance committee has defined a skills set for trustees which brings together a range of

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Appointment of chair and trustees continued

experience and skills to ensure that the Jisc board remains a highly functioning group. Individuals are drawn from across the UK to provide an appropriate balance of experience from the respective countries and from the sectors we serve. The composition of the board is also guided by equality and diversity considerations.

One trustee is nominated by each Representative Member (AoC, GuildHE and UUK) and one nominated by Jisc's funders. These trustees are identified in the Legal and administration section on page 5. During 2014-15, GuildHE and UUK nominated new trustees to the Jisc board. Trustees nominated by these organisations remain subject to the approval and recommendation of the Nominations and Governance committee. These trustees act solely in the interest of Jisc and not as the delegates or representatives of any nominating body.

The remaining trustees are elected by the board on the recommendation of the Nominations and Governance committee. A phased approach to turnover of trustees is in place, overseen by the Nominations and Governance committee. All new trustees are appointed for an initial period of three years, with the option for appointment for a further three years subject to a satisfactory review of performance and the approval of the Nominations and Governance committee.

Further information on the work of the Nominations and Governance committee can be found under Key Board committees on page 17.

An induction is provided to new trustees on Jisc's activities, financial position and risks as well as their duties and responsibilities in the context of the charitable company. A seminar is held annually on varying aspects of the duties and responsibilities of trustees and updates to relevant legislation is provided. Good practice documentation from the Charity Commission is shared with all trustees upon appointment and when new or updated documents are published.

Remuneration of trustees

Remuneration is paid to Professor Martyn Harrow for his role as Chief Executive of Jisc and Professor David Maguire (and until May 2015, Professor Martin Hall) for the role of Chair. No other trustees are remunerated. The details of this remuneration are shown in note 8 in the Financial Statements on page 53. The level of remuneration has been approved by the Remuneration committee, and Jisc's Articles of Association give express authority for this payment. Travel and subsistence costs are refunded to trustees and committee members on submission of a claim with supporting receipts.

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Trustees' indemnity insurance

Trustee indemnity insurance provides insurance cover for charitable company trustees against claims which may arise from their legitimate actions as trustees. Insurance is in place for all trustees through the course of their appointment with Jisc. As a matter of law, charities require authority to purchase this type of insurance.

Key Board committees

The board has three standing committees that undertake key activities on its behalf. Each committee has responsibility across the Jisc group. Reports from the committees are regularly received by the board and the board remains responsible for the activity it has delegated to these committees.

Audit and Risk Management committee

The Audit and Risk Management committee meets three times a year. The Terms of Reference for the committee, reviewed and updated in July 2015, are as follows:

- i. Advise the Board on the appointment of external auditors for Jisc and its subsidiary companies and to monitor the performance and effectiveness of auditors;
- ii. Ensure that Jisc's internal auditors have access to the information necessary to discharge their duties. Auditors are expected to be in attendance at each committee meeting and have the right to call a committee meeting without Jisc staff present;
- iii. Satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness;
- iv. Oversee the formal risk management frameworks and risk appetites in place in the Jisc Group and advise the board on the adequacy and effectiveness of the risk management structures and the risk status of Jisc;
- v. Capture and consider the identified risks and their scores to ensure a complete and robust picture of the risk environment;
- vi. Ensure that an appropriate system of internal control is in place;
- vii. Periodically review the controls in place and reflect on the level of assurance given;
- viii. Oversee the work on the efficiency and value of Jisc and act as primary governance contact for the Strategic Support Unit; and
- ix. Review and recommend the annual financial statements and report for the Jisc Group and subsidiary companies to the board.

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Key board committees continued

The following table includes details of the members of the Audit and Risk Management committee and their attendance at meetings during 2014-15:

Committee member	Eligibility to attend (based on term of office)	Actual attendance
Ms Heather MacDonald, Jisc trustee (Chair)	3	3
Professor Philip Gummatt CBE, Jisc trustee	3	3
Mr Stephen Large, Director of Finance, King's College London	3	3
Ms Nicola Owen, Chief Administrative Officer, Lancaster University	3	2
Vacancy ⁴	N/A	N/A

Members of the Jisc Executive Group and the Governance Manager attend meetings of the committee but are not members thereof. Jisc's internal auditors are in attendance at each meeting to discuss audit findings and recommendations for the improvement of Jisc's system of internal controls, together with management's responses. Jisc's external auditors join the committee for one meeting a year to discuss the Annual Reports and Financial Statements for all companies in the Jisc group. The committee has the option of meeting the external and internal auditors on their own for independent discussions without the presence of Jisc staff.

Audit and Risk Management committee: Key activities 2014-15

- extension of the Risk Management Framework to include risk registers for each directorate and the development of the risk appetite for Jisc (see Risk management and internal control on page 20)
- consideration of the risk management framework and risk appetite of Jisc Commercial Limited
- consideration of the value and efficiency of Jisc and associated metrics
- consideration of a comprehensive range of internal audits
- review of the Scheme of Delegation and financial policies
- consideration of Jisc's stakeholder engagement approach, disaster recovery planning and health and safety approach

⁴ A vacancy has existed on the committee and following a recent advert, an individual has been identified who will bring the expertise required.

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Key board committees continued

The Audit and Risk Management committee provides a high level review of the internal control arrangements of the charitable group and reports on this to the board. One element of the system of internal controls is Internal Audit, which undertakes a programme of work, agreed with and reported to the Audit and Risk Management Committee. The programme of internal audits is considered and agreed by the committee and the Jisc board each year and is designed in the context of a wider assurance framework.

Nominations and Governance Committee

The Nominations and Governance committee meets at least once annually and discusses issues via email throughout the year. In 2015-16 it is expected that the committee will meet in person more frequently to discharge their responsibility for the Jisc Fellowship scheme⁵ which was launched in August 2015.

The Terms of Reference for the committee, reviewed and updated in June 2015, are as follows:

- i. Make recommendations to the board in relation to the appointment of members of the board;
- ii. Agree, and keep under review, an appropriate mix of skills and expertise amongst members, and ensuring appropriate country and sector representation for the Jisc board;
- iii. Ensure that amongst the chairs and any vice chairs of the Jisc board, subsidiary company boards, Stakeholder Forum and supporting committees, that the mix and balance of chairs should be constituted to broadly reflect the sectors Jisc serves and the respective financial contributions;
- iv. Ensure a formal, transparent and effective system for the nomination and election of Non-Executive Directors to the Jisc board and for nominations to the Jisc Commercial Limited board and supporting committees, and to recommend appointments in line with this system;
- v. Oversee the establishment and management of the Jisc Fellows scheme, making recommendations to the board for the award of the title as necessary;
- vi. Consider the equality and diversity of Jisc board and supporting committee members;
- vii. Monitor and manage conflicts of interest;

⁵ The Jisc Fellowship Scheme is intended to recognise distinguished innovators or practitioners in the effective use and application of modern digital technology and digitally enabled practice, primarily in research and education, and in other relevant areas. Nominations for the award of the title of "Jisc Fellow" are invited from a range of Jisc's stakeholders.

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Key board committees continued

- viii. Monitor the attendance of board, subsidiary company boards and supporting committees and take appropriate action to address non-attendance;
- ix. Ensure a sensible approach to succession planning;
- x. Ensure that the board and supporting committees undertake a review of their performance and effectiveness as a group, and individually (with external expertise as deemed appropriate); and
- xi. Ensure that the Jisc Stakeholder Forum is appropriately planned and managed, and ensure that the Jisc board considers and responds to issues raised at the meeting

Committee member	Eligibility to attend (based on term of office)	Actual attendance
Professor Martin Hall - Jisc and committee chair (until 14 May 2015)	1	1
Professor David Maguire – Jisc and committee chair (from 15 May 2015)	1	1
Professor Robin Baker OBE - Jisc trustee and committee member (until 7 January 2015)	0	0
Professor Chris Brink - Jisc trustee and committee member (until 8 January 2015)	0	0
Professor Philip Gummatt CBE - Jisc trustee and committee member	2	1
Ms Heather MacDonald - Jisc trustee and committee member	2	2
Professor Calie Pistorius - Jisc trustee and committee member (from 11 May 2015)	1	0
Professor Nigel Seaton – Jisc trustee and committee member (from 28 January 2015)	2	2

The Chief Executive, Chief Operating Officer and Governance Manager are in attendance at meetings of the Committee but are not members thereof.

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Key board committees continued

Nominations and Governance committee: Key activities 2014-15

- Consideration of the skills matrix for trustees and associated recommendations for appointment to the Jisc board
- Oversight of the recruitment of the Jisc Chair
- Oversight of the appointment process for new trustees and associated recommendation to the board
- Consideration of approach to filling Audit and Risk Management committee vacancy
- Review of Jisc Governance Framework
- Consideration of the approach to the 2015 board effectiveness review
- Design of the new Jisc Fellows scheme
- Consideration of diversity issues

Remuneration committee

The committee usually meets once a year and holds email discussions as necessary to discharge their duties. The Terms of Reference are as follows:

- i. to propose and review the remuneration (if any) of members of the board and members of the boards of the Charity's subsidiaries;
- ii. to propose and review the remuneration of the senior staff of the Charity and the Charity's subsidiaries;
- iii. to monitor and evaluate the performance of the Executive Directors and the senior management of the Charity and the Charity's subsidiaries; and
- iv. to advise the board, as necessary, on standardisation of remuneration and terms and conditions of employment across the Charity and its subsidiaries.

Committee member	Eligibility to attend (based on term of office)	Actual attendance
Professor Martin Hall - Jisc and committee chair until 14 May 2015	2	2
Professor David Maguire – Jisc and committee chair from 15 May 2015	3	2
Professor Paul Layzell – Jisc trustee and committee member	3	2
Ms Heather MacDonald - Jisc trustee and committee member	1	1

Trustees' Report for the year ended 31 July 2015 continued

Corporate structure, governance and management continued

Key board committees continued

The Chief Executive and Chief Operating Officer are in attendance when it is appropriate and are absent when issues of direct relevance to their positions are discussed. An external Human Resources consultant supports the committee.

Remuneration committee: Key activities 2014-15

- Appointment of the new Jisc Chief Executive
- Appointments to senior roles in the Jisc Group
- Oversight of changes to Jisc's customer services function
- Consideration of performance management scheme for the Jisc group
- Review of pay and reward for staff
- Review of the performance of executive directors

Risk management and internal control

Jisc 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 board normally meets four times a year for formal meetings, with an annual strategy-focussed away-day. Since September 2014 the board also meets for a strategic discussion the day prior to formal board meetings to focus on a specific issue in more detail. As described in the Key Board Committees section on page 15, the board has an Audit and Risk Management committee, Nominations and Governance committee and a Remuneration committee. There are agreed terms of reference for these committees which include the authority delegated to the committee by the board. While authority is delegated, responsibility continues to reside with the board. The Jisc Articles of Association clearly identify areas of responsibility which cannot be delegated.

Day to day running of Jisc is delegated to the Chief Executive and Executive Group as described in the Legal and administration section of this report (page 7).

Trustees' Report for the year ended 31 July 2015 continued

Risk management and internal control continued

Risk Management Framework

The following key principles outline the approach to risk management:

- 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 Jisc Executive Group 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.

There is a formal risk management framework in place. The framework allows assessment of strategic and operational risks and the implementation of risk management strategies. A strategic (corporate) risk register, including key high level operating risks is owned by the Executive Group, and is reviewed every two months or more frequently as necessary. The risk register covers commercial, financial, political, environmental, cultural, acquisition and quality risks. Each Jisc directorate has its own risk register related to the strategic register as appropriate, with more specific service and project related risk registers as necessary. Comprehensive risk management training is provided to all managers and appropriate staff and supporting documentation is available for all staff across the organisation. The principal risks associated with Jisc can be found in the Principal Risks and Uncertainties section on page 40.

The framework also includes a risk appetite, in the context of Jisc's approach to "well-managed risk taking". Attitude to risk is communicated to the whole organisation and applied in decision making regarding the prioritisation of policies, work streams, programmes, projects, operational service delivery and the funding that goes with them.

A separate risk management framework and risk appetite exist for Jisc Commercial Limited to reflect the role of the company within the Jisc group. Further information can be found in the Jisc Commercial Limited Report and Financial Statements Year Ended 31 July 2015.

Internal control

A system of internal control has been developed to provide reasonable assurance against inappropriate use of resources and against the risk of errors or fraud. It also supports the achievement of policies, aims and objectives. Internal control processes include:

- a strategic framework, approved by the board, which describes ten impact areas;

Trustees' Report for the year ended 31 July 2015 continued

Risk management and internal control continued

Internal control continued

- a Jisc-wide business plan;
- an annual budget approved by the board;
- consideration of the financial results of the group by the board including variance from budgets and benchmarking reviews;
- delegation of authority and segregation of duties;
- identification and management of risks or potential risks through a strategic risk register;
- an internal auditor reporting to the Audit and Risk Management Committee and trustees;
- processes in place for identifying and managing compliance with relevant legislation and with the requirements of regulatory bodies; and;
- operational policies and procedures for staff including a Whistleblowing policy and Anti-bribery and corruption policy.

The internal auditors are responsible for the planning and completion of a programme of risk-based audits designed to review the effectiveness of internal control processes across the Jisc group and to provide recommendations on the strengthening of the control environment. An assurance map has been created to ensure appropriate coverage of risk areas through either internal audits or management reporting.

Jisc internal audit opinion 2014-15

The opinion from Internal Audit, based on the reviews undertaken completed during the period, and in the context of materiality is as follows:

"The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance objectives in the key areas. Based on our sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were achieved by the end of the period under review."

The Audit and Risk Management committee provides an independent oversight of the effectiveness of the systems of internal control and is responsible for reviewing and approving the annual internal audit programme, reviewing the key findings of the audit reports as well as monitoring the implementation of accepted recommendations.

Trustees' Report for the year ended 31 July 2015 continued

Internal control continued

Appointment of Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office. A review of audit provision for the Jisc Group will be conducted during 2015-16.

Internal organisation and policies

Directorate structure and staff numbers

Jisc now employs 498 staff across 6 directorates which span Jisc and Jisc Services Limited. The workforce has increased in the last year, which is primarily due to the bringing in house of former regional service centre staff into the Jisc customer experience directorate, along with associated increases in support staff.

The six directorates are as follows:

- Jisc Customer Experience
- Jisc Digital Futures
- Jisc Digital Resources
- Jisc Finance and Commercial
- Jisc Operations and Governance
- Jisc Technologies

The gender and age breakdown of staff across the organisation is as follows:

		Number	% Total
Gender	Male	266	53
	Female	232	47
	TOTAL	498	100
Age	16-24	12	2.4
	25-34	101	20.3
	35-44	182	36.5
	45-54	130	26.1
	55-64	68	13.7
	65+	5	1.0
	TOTAL	498	100
Age	16-24	6	2.6
Females	25-34	54	23.3
	35-44	87	37.5
	45-54	61	26.3
	55-64	23	9.9
	65+	1	0.4
	TOTAL	232	100

Trustees' Report for the year ended 31 July 2015 continued

Internal organisation and policies continued

Directorate structure and staff numbers continued

Age	16-24	6	2.3
Males	25-34	47	17.7
	35-44	95	35.7
	45-54	69	25.9
	55-64	45	16.9
	65+	4	1.5
	Total	266	100

Jisc is in the process of collecting full diversity data in a consistent way across the entire workforce.

People and development

The aim is to create a productive and supportive environment where the contributions of all staff are recognised and valued and everyone has an equal chance to succeed. A key part of this commitment is creating and maintaining a positive work environment where everyone can make their contribution with confidence. The objective is a working environment that encourages all employees to fulfil their potential and be confident that any problems that might arise will be resolved promptly and fairly.

A key element of this is ensuring effective communication across the organisation and a number of channels and initiatives exist to support this. Work is undertaken closely with staff and their representatives, including our trade union to ensure that the best proposition can be offered for staff, customers and funders.

Diversity is highly valued and applications are welcomed from all sections of the community for our roles. In line with this policies and procedures have been developed and implemented to ensure that fair and transparent recruitment and selection processes are in place that meet equality and diversity principles. All recruitment takes place on the basis of fair and open competition. All disabled candidates for roles who meet the essential criteria are selected for interview in line with our commitment to equality and the Equality Act 2010. Adjustments will be made to the selection arrangements wherever possible to accommodate any applicant who would otherwise be unable to apply. To support this the make-up of the workforce is monitored to ensure that the commitment is reflected in practice.

As an employer Jisc will not discriminate unfairly against any person and we have implemented policies and procedures to ensure that this is implemented in practice. Where an employee becomes ill or disabled during the course of their employment we will identify and implement, wherever possible and appropriate, any reasonable adjustments that need to be made to the workplace or job in order for the staff member to contribute fully to our work and remain in employment. Where this is not possible the individual will be supported and managed on a case by case basis with dignity and respect.

Trustees' Report for the year ended 31 July 2015 continued

Internal organisation and policies continued

People and development continued

A core set of employment policies are in place and these are periodically reviewed to ensure that they meet the needs of a developing organisation in line with employment legislation. A range of training and development opportunities are supported and specific training is provided to all managers on our performance management processes. This is underpinned by supporting tools and guidance for both managers and staff. A range of support for staff in relation to development and to support health and well-being is also available, including an employee assistance programme and occupational health advice. Work on our policies, procedures and training will continue in light of learning and experience, and improvements to these services are welcomed.

A series of policies for staff are maintained as follows:

- Anti-bribery and corruption policy
- Career break policy
- Data protection policy
- Designated home workers policy
- Disciplinary policy and procedure
- Equality and diversity policy
- Flexible working policy
- Grievance policy
- Health and safety policy
- Induction policy and procedure
- Lone working policy
- Management of probationary periods
- Maternity, paternity and adoption leave policy
- Prevention of harassment and bullying policy
- Special leave policy
- Whistleblowing policy

Health, Safety and Environmental Committee

A Health and Safety Committee is chaired by Professor Noel Lloyd, a previous Jisc trustee and retired Vice Chancellor, Aberystwyth University. A Jisc Group Health and Safety Manager oversees the Health and Safety policy and an action plan, and the committee ensures these are reviewed on an appropriate timescale. Jisc has an objective to ensure that all staff carry out their duties as safely as possible and are not exposed to any unacceptable risks. Training is provided for all staff via an e-learning platform on fire safety awareness and manual handling training, and completion is mandatory.

Trustees' Report for the year ended 31 July 2015 continued

Internal organisation and policies continued

Financial policies

Treasury

A treasury management policy is in place and reviewed by the Audit and Risk Management committee annually. The most important consideration is security. 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 HEFCE under the terms of the grant funding agreement.

Credit risk

The Jisc group's activities are primarily with state-funded education and research bodies and, as such, has minimum credit risk. Jisc Commercial Limited's activities will be with bodies with good credit ratings.

Liquidity risk

Jisc ensures that there are sufficient cash balances to meet day-to-day needs of the organisation.

Reserves

The board reviews the reserves of the charitable company each year to determine the level of funds required to invest in future developments and the amounts to be distributed by way of educational research. The board has determined that the Group should maintain unrestricted reserves of at least four months of operational costs. The Jisc Reserves Policy is reviewed annually by the Audit and Risk Management committee and any changes recommended to the board.

On 31 July 2015 the unrestricted reserves of the Jisc Group were £87.9m (charitable company: £77.6m) of which £42.7 million was held within designated funds (charitable company: £16.4m).

In order to comply with the requirements of Charities SORP 2005, grants are accounted for on a commitments basis (where a commitment to another party has been communicated in a sufficiently specific manner to raise a valid expectation on the part of the recipient that the amount will be received and any conditions associated with the grant fall outside of control of Jisc). The value of funds committed to third parties at 31 July 2015 is included within creditors in the financial statements in Notes 15 and 16.

The total funds which are not restricted nor designated for specific purposes are £45.2m as at 31 July 2015. A full analysis of the fund is shown in the financial statements in Note 19.

The restricted funds of the Group relate to the surplus of recognised income over expenditure of capital and specific project funding.

Trustees' Report for the year ended 31 July 2015 continued

Internal organisation and policies continued

Grant-making policies

In some cases, Jisc provides grants to organisations to provide services on its behalf. Grants are managed through specific agreements, which set out the conditions of the grant, including reporting requirements and when and how disclosure will happen. The agreement also outlines Jisc's responsibilities. Grants are usually disbursed in instalments to ensure that agreed timings and results are being met and managed. Jisc staff monitor and evaluate progress throughout the period of the grants. The nature of these activities will depend on the size and complexity of the grant and the perceived level of risk.

Responsibilities of the Board in relation to the Trustees' Report

The trustees (who are also directors of Jisc for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Report for the year ended 31 July 2015 continued

Responsibilities of the Board in relation to the Trustees' Report continued

The Trustees' responsibilities regarding the HEFCE grant reporting

The Trustees are responsible for ensuring that all terms of The Funding Agreement have been complied with or varied in writing with HEFCE. The trustees are also responsible for providing relevant financial information to HEFCE.

Statement of disclosure of information to auditors

In so far as each of the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- each trustees has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Trustees' Report for the year ended 31 July 2015 continued

Jisc Services Limited (previously Jisc Collections and Janet Limited; company number 02881024)

Jisc Services Limited (previously Jisc Collections and Janet Limited) is a wholly owned subsidiary of Jisc. During 2014-15, Jisc reviewed the approach to delivering services to its customers to optimise the efficiency and effectiveness of its structure. In March 2015, internal changes were effected which resulted in some activity previously delivered through Jisc Collections and Janet Limited being transferred to Jisc itself under a Business Transfer Agreement (see note 30). Jisc Collections and Janet Limited was renamed Jisc Services Limited and new Articles of Association were created. Jisc and Jisc Services Limited share a mutuality of interest to support Jisc's charitable objectives, subject to implementation of UK GAAP and the applicable Charities SORP.

A small number of staff and some activities remained in Jisc Services Limited, where there was a clear benefit for these to do so. Jisc Services Limited optimises the legal structure so that our work for our sectors sits in the charity, and that we have two subsidiaries with suitable separation from the charity to facilitate the operation of the VAT Cost Sharing Group, to ensure we manage tax appropriately, and to carry out commercial income generation activity. This structure will place Jisc in the best position to deal with the challenges and exploit the opportunities of the future. The full objects of the company can be found in the Jisc Services Limited Annual Report and Financial Statements 2014-15.

Governance

In order to ensure appropriate and coherent governance of Jisc's subsidiary company when it operated as Jisc Collections and Janet Limited, the Jisc board acted as the board of Jisc Collections and Janet Limited. In line with Charity Commission guidance, there were some differences in the directors of Jisc and those of Jisc Collections and Janet Limited. When the company changes were enacted in March 2015, the Jisc board resigned as the board of Jisc Collections and Janet Limited. A new board, comprised of members of Jisc's Executive Team, were appointed.

The following are the directors of Jisc Services Limited from 19 March 2015 (unless stated otherwise):

Professor Martyn Harrow, Jisc Chief Executive (until 19 October 2015)

Ms Alice Colban, Jisc Chief Operating Officer and Deputy Chief Executive (Company Secretary)

Dr Paul Feldman, Jisc Chief Executive (from 19 October 2015)

Mr Robert Haymon-Collins, Jisc Executive director, Customer Experience

Mr Timothy Kidd, Jisc Executive director, Jisc Technologies (from 1 May 2015)

Dr Phil Richards, Jisc Chief Innovation Officer

Mr Mark Wright, Jisc Chief Financial Officer (a director of Jisc Collections and Janet Limited from and therefore a continuing director through the company changes)

Company Secretary: Ms Alice Colban

Trustees' Report for the year ended 31 July 2015 continued

Jisc Services Limited (previously Jisc Collections and Janet Limited; company number 02881024) continued

Governance continued

The following were directors between 1 August 2014 and 19 March 2015:

Professor Robin Baker, OBE – Director and Chief Executive, Ravensbourne (until 7 January 2015)

Professor Chris Brink - Vice Chancellor, Newcastle University (until 8 January 2015)

Ms Lorraine Estelle, Executive director, Digital Resources (until 19 March 2015)

Professor Philip Gummett, CBE – retired Chief Executive, Higher Education Funding Council for Wales (until 19 March 2015)

Professor Martin Hall – Vice Chancellor, University of Salford (until 19 March 2015)

Professor Paul Layzell – Principal, Royal Holloway University of London (until 19 March 2015)

Professor Noel Lloyd CBE – Retired Vice Chancellor, Aberystwyth University (until 30 November 2014)

Ms Heather MacDonald – Chief Executive, The Sheffield College (until 19 March 2015)

Professor David Maguire – Vice Chancellor, University of Greenwich (until 19 March 2015)

Mr Timothy Marshall, Executive director, Jisc Technologies (until 25 November 2014)

Professor Nigel Seaton – Principal and Vice Chancellor, Abertay University (from 28 January 2015 until 19 March 2015)

Professor Mark Smith – Vice Chancellor, Lancaster University (from 10 December 2014 until 19 March 2015)

Dr Ken Thomson – Principal, Forth Valley College (from 9 December 2014 until 19 March 2015)

Professor Anne Trefethen – Chief Information Officer, University of Oxford (until 19 March 2015)

Mr Mark Wright, Chief Financial Officer (continuing as a director of Jisc Services Limited)

As trustees, the directors of Jisc have a duty to exercise oversight of Jisc Services Limited 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 Jisc Services Limited will carry on its business. This Agreement exists to guide the working practices between Jisc and Jisc Services Limited and in no way compromises the fiduciary duties of the directors of Jisc Services Limited under the Companies Act 2006.

With the business re-organisation, Jisc Services Limited transferred part of its business, assets and staff to Jisc under a Business Transfer Agreement with an effective date of 1 April 2015. In order to carry on the business retained by Jisc Services Limited and other future activities, Jisc Services Limited requires access to certain services, resources and facilities. A Memorandum of Understanding exists to describe the services that Jisc will

Trustees' Report for the year ended 31 July 2015 continued

Jisc Services Limited (previously Jisc Collections and Janet Limited; company number 02881024) continued

provide to Jisc Services Limited in this regard, and the services that Jisc Services Limited undertakes to deliver to Jisc's customers on behalf of Jisc.

Principal activities of Jisc Services Limited

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 services. These services are delivered through Jisc Services Limited to ensure the Jisc group supports the VAT cost sharing group and manages tax appropriately.

This is not an exhaustive list of the activities of Jisc Services Limited and further activities may be added to the portfolio of services at the request of Jisc as necessary to ensure that the group continues to operate effectively. Jisc may from time to time contract with third parties and will require Jisc Services Limited to perform certain services as its sub-contractor in order to fulfil those contracts.

Business review and future developments

In the context of Jisc Services Limited as an integral part of the Jisc group, the business review and future developments are described in the Jisc Strategic Report section from page 34 and in the Jisc Services Limited Annual Report and Financial Statements 2014-15.

Trustees' Report for the year ended 31 July 2015 continued

Jisc Commercial Limited (company number 09316933)

Trading as "Jiscom", this new part of the Jisc group (incorporated on 18 November 2014) helps to ensure that the services we provide to our customers remain high quality and competitive. It opens up the benefits of public investment in digital technologies to a range of UK organisations, sectors and public enterprises. In doing so, Jiscom will help us to achieve our vision to make the UK the most digitally advanced education and research nation in the world.

Through Jiscom, the Jisc group is building on Jisc's reputation for affordable, practical business solutions and providing new customers with the infrastructure, digital assets and quality of service that education and research benefit from every day.

Governance

The Jiscom Articles of Association specify that the Jiscom board includes two directors who are either employees or directors of Jisc, three directors who are not employees or directors of Jisc and other Non-Executive Directors to bring appropriate experience and knowledge as deemed necessary.

The following are the directors of Jisc Commercial Limited from incorporation of the company on 18 November 2014 (unless stated otherwise):

Professor David Maguire, Vice Chancellor, University of Greenwich and Jisc trustee (Non-Executive Director and Chair of Jiscom until 15 May 2015)

Professor Paul Layzell, Principal, Royal Holloway University of London and Jisc trustee (Non-Executive Director until 14 May 2015 and chair of Jiscom since 15 May 2015)

Professor Mark Smith, Vice Chancellor, Lancaster University and Jisc trustee (from 1 June 2015)

Mr Timothy Marshall, Jiscom Chief Executive (Executive director)

Mr Stuart Curzon (Non-Executive Director)

Mr Philip Male (Non-Executive Director from 19 January 2015)

Mr Tim Wright (Non-Executive Director)

Company Secretary: Ms Alice Colban

Principal activities of Jisc Commercial Limited

Jiscom offers the core products developed by Jisc and used effectively by Jisc's core customers to a wider range of public or private enterprises. Jiscom's purpose is to maximise the public investment made in Jisc services; making them available to a wider customer base that will deliver a financial contribution to support the running of Jisc and its services.

Trustees' Report for the year ended 31 July 2015 continued

Jisc Commercial Limited (company number 09316933) continued

Principal activities of Jisc Commercial Limited continued

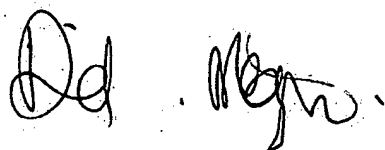
Jiscom has established its own risk appetite. The guiding principle is that as a new company Jiscom needs to have an appetite for risk that reflects its commercial objectives and position as a new company whilst not materially increasing the risk exposure of the registered charity parent company. The Jiscom risk management process has been derived by reference to the Jisc risk management framework. A strategic risk register has been developed and is monitored regularly.

Business review and future developments

Jiscom is a relatively new development. The pipeline and opportunities are growing rapidly, a clear company strategy has been developed and aligned with Jisc to ensure the activities remain focused on targeting the right opportunities, not compromising Jisc's private network status and ensuring the uninterrupted high quality service is delivered to the existing customer base.

Jiscom has a clear indication of the addressable markets and the revenues associated with each, which should allow the company to deliver against its target contributions through the rest of 2015/2016 and into 2016/17.

Signed on behalf of the board:



Professor David Maguire, Jisc Chair

25 November 2015

Strategic Report

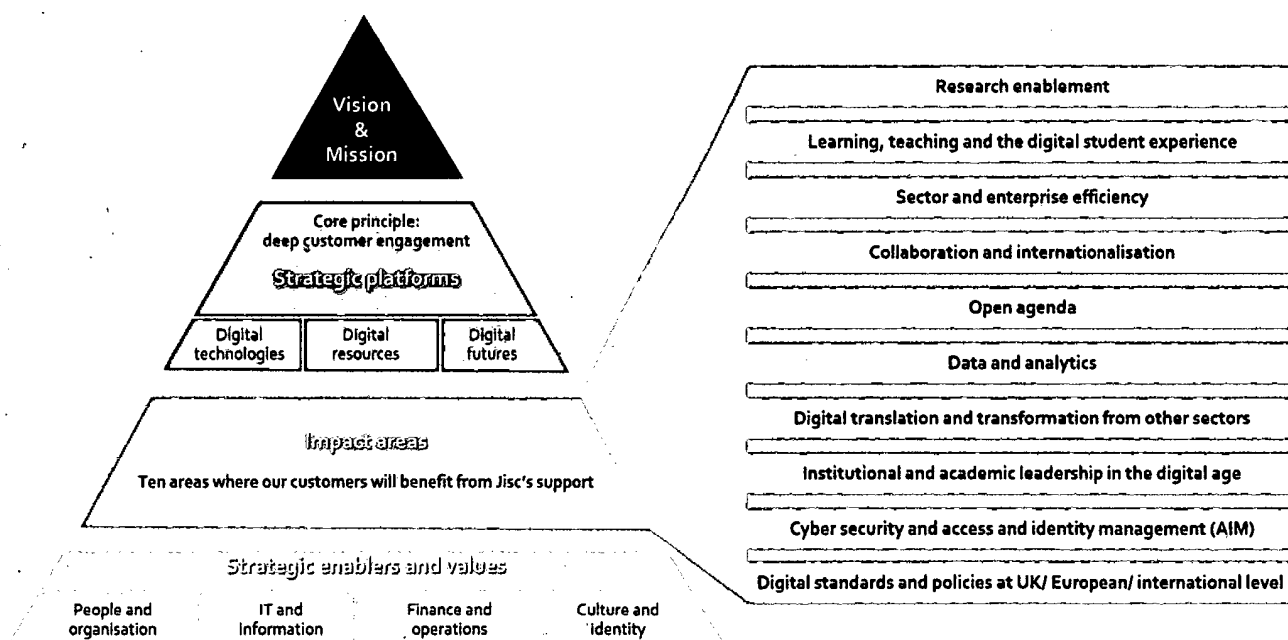
The trustees present their strategic report for the year ending 31 July 2015.

Vision: To make the UK the most digitally advanced education and research nation in the world.

Mission: To enable people in higher education, further education and skills in the UK to perform at the forefront of international practice by exploiting fully the possibilities of modern digital empowerment, content and connectivity

Achievements and Performance

The Jisc strategic framework describes how Jisc delivers against ten impact areas in support of Jisc's vision and mission. This is a cogent statement for customers regarding the purpose of Jisc, capabilities, commitments, priorities and values in terms of what and how Jisc will deliver for them. Delivery of the ten impact areas form the foundation for the operating plans of each directorate. The ten impact areas are represented in the diagram below:



Strategic Report continued

Achievements and Performance continued

Alongside the ten external-facing impact areas exist strategic enablers and values, which are primarily internally-facing priorities that are crucial in creating a single conceptual organisation, enabling Jisc to not only operate effectively but also effectively deliver sector/customer priorities. The strategic enablers are centred around the following four key areas:

- People and organisation
- Information Management and IT
- Finance and operations
- Culture and identity

Key performance indicators

Jisc has provided a report every 6 months to its funders on progress in meeting the key priorities outlined in the Jisc funding letter. Jisc has provided a range of tailored reports to specific funders and sectors addressing key performance indicators set by individual funders. Service levels with our customers exist for our core services which are reported against. Our innovation pipeline shows the range of projects in development and the different stages of the development process and target service launch dates. We measure our own performance thoroughly. We report our performance on factors such as the value, savings and efficiencies we generate—both in absolute terms, and in terms of the return on the funding that we receive.

Given the nature of the business and the way in which it is managed, the Trustees are of the opinion that analysis using standard financial KPIs is not necessary or appropriate for an understanding of the development, performance or position of the business. A variety of indicators are measured, including relevant financial and operational indicators such as % variance forecast outturn against budget, in order to ensure operational efficiency as well as to ensure that appropriate service levels are being met.

Jisc Services Limited Business Transfer Agreement

Jisc Services Limited is a wholly owned subsidiary of Jisc. In March 2015, internal changes were effected which resulted in some activity previously delivered through the vehicle of Jisc Collections and Janet Limited being transferred to Jisc itself. Jisc Services Limited transferred part of its business, assets and staff to Jisc under a Business Transfer Agreement with an effective date of 1 April 2015. In order to carry on the business retained by Jisc Services Limited and other future activities, Jisc Services Limited requires access to certain services, resources and facilities. A Memorandum of Understanding exists to describe the services that Jisc will provide to Jisc Services Limited in this regard, and the services that Jisc Services Limited undertakes to deliver to Jisc's customers on behalf of Jisc. Further information can be found in the Jisc Services Limited section on page 29.

Strategic Report continued

Financial Performance and Strategy

Jisc is committed to ensuring that, in all that it does, it is accountable to all its stakeholders, including funders, members, customers, staff and any project partner with whom it works. Success in achieving this commitment to accountability is measured through Funders and Owners meetings, Stakeholder meetings and internally through the Internal Audit programme.

Jisc has adopted a clear and prudent financial approach since Jisc's transformation into a corporate body in December 2012 in preparation for financial reductions from core funders and the introduction of a Jisc subscription from 2014-15, in higher education at least. The prudent approach is demonstrated to be essential when considering Jisc's financial forecast for the coming year.

This approach has led to the following financial position at 31 July 2015.

Total income for the year was £137.9m (2014: £161.0m). This comprises £118.3m and £19.6m of unrestricted funds and restricted funds respectively (2014: £125.4m and £35.6m respectively).

Income of £39.2m (2014: £58.4m) was core funding received from the devolved countries funding bodies for higher and further education. Income from charitable activities, which includes funding that flows through from Jisc into Jisc Collections and Janet Limited (now Jisc Services Limited), was £97.5m (2014: £101.9m). Interest and other income was £1.2m (2014: £0.7m).

Total resources expended in the year was £128.9m and consequently there was a net increase in funds in the year of £9.0m (2014: £25.0m). Of this increase, £5.0m related to restricted funds and £4.0m related to unrestricted activities.

The in-year expenditure is made up of £118.1m (2014: £109.0m) expended on charitable activities, with the balance being grants of £9.7m and governance costs of £1.1m.

The breakdown of the expenditure on charitable activities is:

Digital infrastructure and technology	£59.9m
Digital resources	£39.0m
Digital Futures	£5.7m
Value realisation	£13.1m
Fundraising trading (Jiscom)	£0.4m
Total	<u>£118.1m</u>

Strategic Report continued

Financial Performance and Strategy continued

Restricted Funds

Jisc has consolidated restricted income funds of £26.5m. These funds, which are subject to special terms specified by the grantors can only be used for the purpose to which they are given and the trustees fully intend to utilise these funds. They do not form part of Jisc's reserves available for day to day use. Jisc sets aside cash to cover these funds.

Unrestricted funds

The starting point for assessing the amount of reserves held of any charity, including Jisc is normally the amount of unrestricted funds held. Part of the unrestricted funds of a charity, however, may not always be readily available for spending. These are:

- Tangible fixed assets: the Charities SORP specifically allows funds held as tangible fixed assets for charity use to be excluded from unrestricted reserves. This recognizes that certain assets will be used operationally and their disposal may adversely impact on a charity's ability to deliver its aims.
- Programme-related investments: where a charity makes programme-related investments solely to further its charitable purposes, then such investments can be excluded from unrestricted reserves.
- Designated funds: where unrestricted funds are earmarked or designated for essential future spending, for example, to fund a project that could not be met from future income alone they can be excluded from unrestricted reserves. For Jisc on a consolidated basis, at 31 July 2015, these elements amounted to:
 - Tangible fixed assets £24.1m
 - Programme-related investments £6.1m
 - Other designated Funds of £12.5 m, being a pensions contribution fund of £10.4m, and a transition/transformation fund of £2.1m.

The balance of Jisc's unrestricted funds is £45.2m and is Jisc's general reserve. This is broken down between a short-term self-funding buffer of four months required to cover operations in the event that normal funding receipts were delayed which equates to £38.1m, and the balance of £7.1m, which represents funds available for future priorities.

The consolidated unrestricted reserve increase (surplus) before transfers in the year stands at £4.0m (3.4% of unrestricted income).

Strategic Report continued

Financial Performance and Strategy continued

Cash

The Group's cash position for 31 July 2015 stands at £67.2m (2014: £58.7m), excluding restricted funds. The need for £50.6 m of this is made up of the 4 months cover of £38.1m plus £12.5m for the pension and transition elements of the designated funds.

2015/16 Budget

A Budget has been approved by the Board for Jisc for the 2015/16 year.

An overall deficit of £9.4m is predicted for 2015-16. This has two major components. Expenditure exceeding income by £9.8m on restricted activities is as a consequence of Jisc spending against previously recognised income. It is therefore a timing effect and reflects a catching up of deferred projects. The second component, the £0.4m surplus on unrestricted activities indicates that Jisc would be operating at close to break-even in this area.

Financial Forecast

A financial forecast has been prepared that also looks ahead to 2019-20. It assumes income in 2016-17 to 2019-20 will be in line with that in 2015-16. Whilst such a forecast may be unrealistic given the current financial uncertainty, the figures demonstrate the need to operate extremely prudently in 2015-16 and justify the approach adopted since 2012. Even with the above assumption on income, Jisc's funds available for new priorities declines throughout the forecast period, despite significant savings and efficiencies being incorporated within the forecast. This is of concern given the need for Jisc to provide essential infrastructure services to universities and colleges which they depend on to operate.

The forecast is an initial step in Jisc formally preparing a set of strategic responses against a range of future funding scenarios. Jisc will be working to develop further medium term projections and models. It should be noted that the financial forecast has, in addition to the secured savings to date, further identified forecast savings and efficiencies. Any slippage on these will have a direct impact on Jisc, reserves and funding available for new priorities.

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. In 2015-16, Jisc will continue to work to deliver against the ten impact areas and strategic enablers identified in the strategic framework (see diagram on page 34).

Strategic Report continued

Plans for Future Periods continued

Planned developments from Jisc in the next year include:

- i) A learning analytics shared service – helping institutions boost retention rates and improve the student experience. Projected return of c. £20m per annum.
- ii) A better infrastructure and shared service for business intelligence, including redevelopment of the existing HEIDI data service and a platform for universities to link HESA data with their own datasets, support cost benchmarking and collaborate on the development of new methods of analysis. Projected return of £3.75m over the next 5 years.
- iii) A shared datacentre in the north, to deliver efficiencies for institutions that choose to make use of the shared service.
- iv) A suite of solutions, building on existing work, to help institutions comply with open access requirements in support of both funder mandates and HEFCE's own policy, and to reduce the costs and burden of compliance.
- v) Brokering new procurement deals to enable universities to buy the software solutions most used across the sector at lower cost; a potential for further savings of £m's.
- vi) Brokering of better value insurance of institutional hardware, software and data.
- vii) Support for college mergers to deliver significant efficiency savings through technology.
- viii) Proven approach to shared corporate systems in FE (Jisc in a box) to deliver efficiencies.

In the longer term, planned developments include:

- i) Scoping out a new set of shared non-academic corporate applications (Finance, HR etc.) which would remove duplication of efforts and could deliver an saving of more than £100m per annum.
- ii) Shifting institutional data storage to cloud/phasing out of wasteful institutional data centres, with potential saving of more than £100m per annum.
- iii) A shared service for research data management that offers support for data creation and sharing during the active research process, and that provides the curation services to responsibly archive data in the longer term, reducing costs and duplication in the sector.
- iv) Further analytics development to inform a national shared service and exploration of possible shared next generation learning platform; delivering both savings and enhanced quality.

Strategic Report continued

Plans for Future Periods continued

- v) Scoping and delivering a shared, digital only platform for monographs.
- vi) Review of the Janet6 network and options for future delivery of an education and research network in the context of technological developments.

Principal Risks and Uncertainties

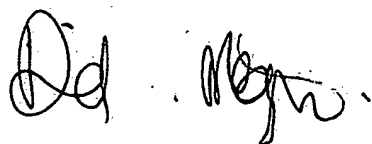
The principal risks for Jisc are considered under five headings:

- i. Governance and funding
 - a. Collapse in the UK's 'corporate model' of funding, via, for example, BIS and HEFCE beyond 2015
 - b. Ongoing financial pressure on institutions and the shift in the business model from mandated to voluntary subscriptions from 2017 onwards and potential breakaway by some institutions
- ii. Stakeholders and customers
 - a. Case for Jisc not made effectively to all Jisc stakeholders but especially institutions
 - b. Lack of understanding, belief, trust, sponsorship and support with key players across multiple stakeholders including the corridors of power (Whitehall and the devolved nations), not built.
- iii. Products and services
 - a. Jisc does not offer the appropriate breadth of technology expertise, infrastructure or digital services that customers expect
 - b. Jisc is not able to maintain the relevance of its services in a rapidly changing environment – particularly in the area of scholarly communications and open access
 - c. Insufficient new and pertinent innovation to justify Jisc's value in the medium to long term
- iv. Internal resources
 - a. Failure to carry through the continued re-profiling, portfolio tuning, customer-centric culture and integration of Jisc fast enough and certainly enough
 - b. Failure to provide an integrated information management approach and IT systems across Jisc
 - c. Failure to govern Jiscom appropriately leading to a negative impact on services to our core customers
- v. External issues
 - a. Other bodies, private and public seek to enter Jisc's space, especially in terms of digital territory
 - b. Cabinet Office considers the education & research network (Jisc's network, Janet) to be an appropriate backbone to use to deliver to other public bodies, leading to potential loss of control of and negative impact on education and research sectors

There is a formal risk management framework in place. The framework allows assessment of strategic and operational risks and the implementation of risk management strategies. The framework also includes a risk appetite, in the context of Jisc's approach to "well-managed risk taking". A range of mitigations are in place to

manage the corporate risks outlined above and these are reviewed on a regular basis by the Executive Group, Audit and Risk Management committee and board.

Signed on behalf of the board:

A handwritten signature in black ink, appearing to read 'Dd Maguire', is written over a horizontal line.

Professor David Maguire, Jisc Chair

25 November 2015

Independent Auditor's Report to the Members and Trustees of Jisc

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2015 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure and the group's cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent charitable company financial statements (the "financial statements"), which are prepared by Jisc, comprise:

the group and parent charitable company balance sheet as at 31 July 2015;

the group statements of financial activities and the group summary income and expenditure account for the year then ended;

the group cash flow statement for the year then ended; and

the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;

the reasonableness of significant accounting estimates made by the trustees; and

the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Jisc Trustees' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Members and Trustees of Jisc continued

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the parent charitable company for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the terms and conditions attached to them.

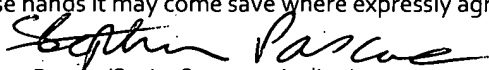
Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Stephen Pascoe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

27 November 2015

Consolidated Statement of Financial Activities for the year ending 31 July 2015 (including income and expenditure account)

	Note	Unrestricted fund £'000	Restricted fund £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Core funding	2	29,626	9,570	39,196	58,400
<i>Investment income</i>					
Interest received		374	-	374	423
Incoming resources from charitable activities					
Funding	3	46,695	9,013	55,708	60,269
Primary purpose trading	3	40,774	1,039	41,813	41,660
Other incoming resources					
Other income		786	-	786	259
Total incoming resources		118,255	19,622	137,877	161,011
Resources expended					
Charitable activities					
Digital infrastructure and technology	4	51,638	8,236	59,874	65,044
Digital content and discovery	4	36,520	2,525	39,045	31,619
Futures	4	4,162	1,492	5,654	5,723
Value realisation	4	13,152	1	13,153	6,593
Fundraising trading; cost of goods sold and other costs					
		363	-	363	-
Grants	5	7,390	2,337	9,727	25,902
Governance costs	7	1,060	-	1,060	1,102
Tax		-	-	-	(23)
Total resources expended		114,285	14,591	128,876	135,960
Net incoming resources before transfers		3,970	5,031	9,001	25,051
Transfers					
Gross transfers between funds		4,656	(4,656)	-	-
Net movement in funds		8,626	375	9,001	25,051
Reconciliation of funds					
Fund balances brought forward at 1 August 2014		79,242	26,084	105,326	80,275
Fund balances carried forward at 31 July 2015		87,868	26,459	114,327	105,326

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

All results in the year to 31 July 2015 and in the prior year derive of continuing operations.

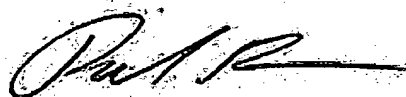
The statement of financial activities includes all gains and losses for the year and includes the income and expenditure of the group. There is no material difference between the net movement in funds above and the historical cost equivalent.

Consolidated Balance Sheet as at 31 July 2015

		As at 31/07/2015 £'000	As at 31/07/2014 £'000
Fixed assets			
Intangible assets	11	9,497	11,352
Tangible assets	12	15,463	15,281
Total fixed assets		24,960	26,633
Current assets			
Debtors	14	28,077	25,567
Cash at bank and in hand		93,655	84,760
Total current assets		121,732	110,327
Creditors: amounts falling due within one year	15	32,365	29,832
Provision for liabilities and charges	17	-	1,484
Total current liabilities		32,365	31,316
Net current assets		89,367	79,011
Total assets less current liabilities		114,327	105,644
Creditors: amounts falling due after one year	16	-	318
Net assets		114,327	105,326
The funds of the charity:			
Restricted funds	18	26,459	26,084
Unrestricted funds	19	87,868	79,242
Total charity funds		114,327	105,326

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

The financial statements on pages 44 to 73 were approved by the Board and signed on its behalf by:



Chief Executive

25 November 2015

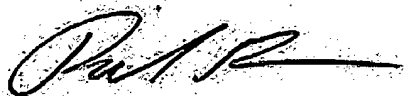
Registered number: 05747339

Charitable Company Balance Sheet as at 31 July 2015

	Note	As at 31/07/2015 £'000	As at 31/07/2014 £'000
Fixed assets			
Tangible assets	12	3,257	1,861
Investments	13	25,389	25,139
Total fixed assets		<u>28,646</u>	<u>27,000</u>
Current assets			
Debtors	14	24,186	31,309
Cash at bank and in hand		61,181	43,367
Total current assets		<u>85,367</u>	<u>74,676</u>
Creditors: amounts falling due within one year	15	22,543	25,214
Provisions for liabilities and charges	17	-	1,484
Total current liabilities		<u>22,543</u>	<u>26,698</u>
Net current assets		<u>62,824</u>	<u>47,978</u>
Total assets less current liabilities		<u>91,470</u>	<u>74,978</u>
Net assets		<u>91,470</u>	<u>74,978</u>
The funds of the charity:			
Restricted income funds	18	13,910	7,748
Unrestricted income funds	19	77,560	67,230
Total charity funds		<u>91,470</u>	<u>74,978</u>

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

The financial statements on pages 44 to 73 were approved by the Board and signed on its behalf by:



Chief Executive

25 November 2015

Registered number: 05747339

Consolidated Cash Flow Statement for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	23	17,318	32,674
Returns on investments and servicing of finance			
Interest received		374	423
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(8,797)	(5,227)
Purchase of intangible assets		-	(2,967)
Net cash outflow from capital expenditure		(8,797)	(8,194)
Increase in cash in the year	23	8,895	24,903

Notes to the financial statements 2014-2015

1. Principal accounting policies

a) Basis of accounting and consolidation

The Group financial statements are prepared under the provision of the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), applicable Accounting Standard in the United Kingdom, and the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities – Statement of Recommended Practice", and have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011 and are prepared on a going concern basis under the historic cost convention. A summary of the more important Group accounting policies, which have been applied consistently, is set out below.

The charitable company has taken the exemption from publishing a charity only statement of financial activity as permitted under section 408 of the Companies Act 2006.

The consolidated statement of financial activities includes the financial activities of the charity and its subsidiary undertakings up to 31 July 2015. Intra-group transactions are eliminated fully on consolidation.

b) Fund structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor, such as where funding is for specific projects or is capital in nature.

Unrestricted funds comprise those funds which the charity is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

c) Incoming resources

In the statement of financial activity, income is split between income received from activities for generating funds and income from charitable activities.

Income from activities for generating funds includes voluntary income and interest and is included on the statement of financial activities on a receivable basis, when Jisc is entitled to the income, it is certain that the income will be received and the income can be reliably measured.

Voluntary income includes grants from government which provide core funding and are general in nature.

Income from charitable activities represents amounts receivable for goods and services provided, recognised when the group has entitlement to funds, there is certainty of receipt and the amount can be quantified. This is split into grants received for specific activities, including capital grants and the income received by the subsidiaries' trading activities.

Income is deferred where services or goods issued to beneficiaries have not been or are partially provided. In addition performance-related grants that are conditional upon the delivery of a specific level of service have been deferred where the conditions had not yet been met.

Notes to the financial statements 2014-2015 continued

1. Principal accounting policies continued

Grants that are capital in nature are recognised in accordance with the terms of relevant agreement and when either expenditure is incurred, or if an approved plan is already in place and the expectation of receipt is certain, or cash is received, whichever is soonest.

d) **Resources expended**

Liabilities are recognised as resources expended as soon as there is a legal or contractual obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to that category of activity within the group.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the company. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the company agrees to pay the grant without conditions, or the conditions attached to the grant are outside the control of the company.

e) **Irrecoverable VAT**

Is charged against the expenditure category of resources expended for which it was incurred.

f) **Allocation of overhead and support costs**

Overhead and support costs have been allocated over the costs of direct staff associated with the activity.

g) **Tangible fixed assets and depreciation**

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.

- Fixtures and fittings - 10 years
- Office equipment - 3 years
- Office furniture – 10 years
- Website – 5 years
- Network equipment – 3 years

h) **Intangible fixed assets and amortisation**

Goodwill is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised on a straight line basis through the Statement of Financial Activities over 5 years.

Electronic content is capitalised at historic cost and amortisation is charged on a straight line basis over 10 years from the date of the contract.

Where appropriate, a provision has been made for impairment in the value of intangible fixed assets.

Notes to the financial statements 2014-2015 continued

1. Principal accounting policies Continued

i) Investments in subsidiaries

Investments in subsidiaries are stated at cost, less provision for impairment.

j) Pensions

Employees of the charity are entitled to join the Universities Superannuation Scheme (USS), a multi-employer defined benefit pension scheme. Employees with entitlements under TUPE may receive benefits through an alternative scheme. (See note 26). All contributions are charged to the SOFA as incurred.

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 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 FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

k) Contingent liabilities

In accordance with SORP contingent liabilities are disclosed for those grants, which do not represent liabilities, but where there is a possible obligation, which arises from past events, which will only be confirmed by one or more future events, not wholly within the trustees' control.

l) Operating leases

Rentals payable under operating leases are charged to the SOFA as incurred over the term of the lease on a straight line basis.

m) Foreign currency

Transactions denominated in foreign currencies are translated at the rate of exchange prevailing at the time of the transaction. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date.

n) Provisions

Provisions for future liabilities are recognised when Jisc has a legal or constructive obligation that can be reliably estimated and for which there is an expectation that payment will be made.

Notes to the financial statements 2014-2015 continued

2. Voluntary income

During the year to 31 July 2015 £39,196k (2014: £58,400k) of core funding, was received from the devolved countries' funding bodies for higher and further education. Funding received which is specific in nature e.g. projects, capital and amounts for the provision of a particular service (which includes funding that flows through from Jisc into Jisc Services Limited) is classified as an incoming resource from charitable activities.

3. Incoming resources from charitable activities

	Digital infrastructure and technology £'000	Digital content and discovery £'000	Digital future £'000	Value realisation £'000	2015 Total £'000	2014 Total £'000
Funding	52,312	3,162	234	-	55,708	60,269
Primary purpose trading	10,849	30,525	111	328	41,813	41,660
	<u>63,161</u>	<u>33,687</u>	<u>345</u>	<u>328</u>	<u>97,521</u>	<u>101,929</u>

The Group is domiciled in the UK. Income for the year to 31 July 2015 from external customers that are non UK based was £1,435k (2014: £2,123k) with the remainder generated in the UK.

4. Resources expended on charitable activities

	Digital infrastructure and technology £'000	Digital content and discovery £'000	Digital future £'000	Value realisation £'000	2015 Total £'000	2014 Total £'000
Network operations	51,348	-	-	-	51,348	46,919
Network services	5,293	22	-	-	5,315	771
Content and acquisition	-	7,957	-	-	7,957	1,900
Support and liaison	-	-	-	7,620	7,620	10,664
Technical and development	2,688	3,011	4,108	-	9,807	3,679
Other cost of sales	-	50	-	-	50	9,363
Subscription payments	-	24,479	-	-	24,479	24,428
Goodwill amortisation	-	21	-	-	21	51
Support costs	545	3,505	1,546	5,533	11,129	11,204
	<u>59,874</u>	<u>39,045</u>	<u>5,654</u>	<u>13,153</u>	<u>117,726</u>	<u>108,979</u>

Notes to the financial statements 2014-2015 continued

4. Resources expended on charitable activities continued

Digital infrastructure and technology is in the main the operating costs associated with the Janet network, network related services and development. Digital content and discovery is in the main the costs associated with the trading activities of Jisc Collections. Digital futures expenditure relates to activities on behalf of the sector undertaken in a co-design process. Value realisation expenditure relates to customer engagement and communications activities on behalf of the sector.

All expenditure includes irrecoverable VAT, where it has been incurred.

5. Grants

	Digital infrastructure and technology £'000	Digital content and discovery £'000	Digital future £'000	Value realisation £'000	2015 Total £'000	2014 Total £'000
Grants paid to third parties	200	4,536	2,412	2,579	9,727	25,902
Grant paid to subsidiary	44,481	2,190	-	-	46,671	61,802

Grants totalling £40k (2014: £90k) were made to 12 individuals during the year (2014: £90k to 18 individuals).

A detailed list of grants paid on a per institution basis can be found on note 29 of the notes to the financial statements.

6. Support Costs of Charitable Activities

	2015 £'000	2014 £'000
Wages and pension	3,835	2,969
Travel and subsistence	455	732
Consumables, post, printing, phone and stationery	151	644
Computer	1,422	534
Rent and rates	1,923	1,716
Temporary staff	562	470
Advertising	69	87
Consultancy and training	1,604	1,371

Notes to the financial statements 2014-2015 continued

6. Support Costs of Charitable Activities continued

Insurances	126	168
Professional and audit fees	517	605
Bank charges	74	144
Bad debt	50	16
Support service	328	282
Exchange gains and losses	13	(18)
Restructuring	-	1,484
	11,129	11,204

The transfer of business (see note 30) transferred all support costs (these included support costs for digital infrastructure and technology and digital content and discovery) from the subsidiary to Jisc from 1 April 2015. Please note the subsidiary was charged a management charge from Jisc to cover the cost incurred on behalf the subsidiary for the costs of charitable activities and support costs.

Support costs of Jisc of £9,973k (2014: £7,893k) are allocated where possible directly to the charitable activity and where this direct allocation was not possible in line with the number of direct staff working in each charitable activity type.

7. Governance costs

	2015 £'000	2014 £'000
Internal and external audit	134	116
Senior management	872	944
Trustee expenses	8	4
Support	46	38
	1,060	1,102

Notes to the financial statements 2014-2015 continued

8. Transactions with trustees

(a) Remuneration

Recipient	2015	2014
	£	£
Professor Martyn Harrow	177,531	169,950
Professor Sir Tim O'Shea	-	6,250
Professor Martin Hall	11,000	7,000
Professor David Maguire	3,000	-
	191,531	183,200

The remuneration of Professors Martin Hall, Martyn Harrow and David Maguire are for their roles as resigned Chair, Chief Executive Officer and Chair respectively, rather than as trustees. Their recruitment and appointment to the Jisc organisation was completed prior to their appointment as trustees. The level of remuneration has been approved by the Remuneration committee, and the articles of association of Jisc give express authority for their employment.

(b) Reimbursement of expenses

Expenses were paid to 9 (2014: 7) trustees during the year. Below is a breakdown by expenditure type:

	2015	2014
	£	£
Travel	7,701	3,817
Subsistence	-	298
	7,701	4,115

9. Staff and wages

The monthly average number of people employed by the company in the financial year was 241 (2014: 106) and by the group were 424 (2014: 295). This can be further broken down as follows during the year.

Notes to the financial statements 2014-2015 continued

9. Staff and wages continued

	2015 £'000	2014 £'000
Wages and salaries	18,480	13,172
Social security costs	1,536	1,090
Other pension costs	2,872	1,926
	<u>22,888</u>	<u>16,188</u>

Staff numbers have been reported on the basis of full time equivalent hours. In addition, temporary staff costs of £908,258 (2014: £470,534) for the group were incurred during the year.

The number of staff and gross salary and emoluments of staff whose remuneration was over £60,000 were in the following ranges:

	2015	2014
£60,000 - £69,999	13	8
£70,000 - £79,999	8	10
£80,000 - £89,999	3	3
£90,000 - £99,999	0	1
£100,000 - £109,999	3	3
£110,000 - £119,999	3	0
£120,000 - £129,999	0	0
£130,000 - £139,999	1	1
£140,000 - £149,999	0	0
£150,000 - £159,999	1	1
	<u>32</u>	<u>27</u>

The number of staff whose remuneration was over £60,000 to whom retirement benefits are accruing under:

	2015	2014
Money purchase schemes	2	1
Defined benefit schemes	30	26
	<u>32</u>	<u>27</u>

By activity, the average number of persons employed by the group during the year is:

	2015	2014
Management	47	30
Technical	308	205
Administrative	69	60
	<u>424</u>	<u>295</u>

Notes to the financial statements 2014-2015 continued

10. Net incoming resources

Net incoming resources are stated after charging/ (crediting)

	2015 £'000	2014 £'000
Amortisation of intangible fixed assets	1,855	1,007
Depreciation of tangible fixed assets	8,592	8,238
Exchange differences	13	(18)
Operating lease rentals: Property	1,275	828
Loss on sale of tangible fixed assets	26	17

During the year the Group obtained the following services from the Group's auditors and its associates:

	2015 £'000	2014 £'000
Audit of company and consolidated financial statements	46	48
Audit of subsidiaries	29	25
Total audit	75	73
Tax compliance services	17	2
Tax advisory services	118	93
Services relating to taxation	135	95
Other non-audit services	13	-
Total	223	168

Please note, the majority of the non-audit service fees related to advice on the business transfer agreement. Note also that £13k of the above audit fees were due to the auditing of the business transfer agreement transactions.

Notes to the financial statements 2014-2015 continued

11. Intangible assets

Group

	Rights to electronic content	Goodwill	Total
	£'000	£'000	£'000
Cost			
As at 1 August 2014	20,142	254	20,396
Disposals	-	(254)	(254)
As at 31 July 2015	20,142	-	20,142
Accumulated amortisation			
As at 1 August 2014	8,811	233	9,044
Charge for the year	1,834	21	1,855
Disposals	-	(254)	(254)
As at 31 July 2015	10,645	-	10,645
As at 31 July 2014	11,331	21	11,352
As at 31 July 2015	9,497	-	9,497

Notes to the financial statements 2014-2015 continued

12. Tangible assets

Group

	Network equipment	Office Equipment	Office Furniture	Fixtures and fittings	Website	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 August 2014	22,988	702	520	2,253	109	26,572
Additions	7,103	609	20	1,065	-	8,797
Disposals	(1,651)	(63)	(4)	-	-	(1,718)
At as at 31 July 2015	28,440	1,248	536	3,318	109	33,651
Accumulated Depreciation						
As at 1 August 2014	10,255	353	113	483	87	11,291
Charge for the year	7,614	249	76	631	22	8,592
Eliminated on disposal	(1,636)	(55)	(4)	-	-	(1,695)
As at 31 July 2015	16,233	547	185	1,114	109	18,188
Net book value at 31 July 2014	12,732	350	408	1,770	21	15,281
Net book value at 31 July 2015	12,207	701	351	2,204	-	15,463

Notes to the financial statements 2014-2015 continued

12. Tangible assets continued

Company

	Office Equipment £'000	Office Furniture £'000	Fixtures and Fittings £'000	Total £'000
Cost				
As at 1 August 2014	211	232	1,819	2,262
Additions	572	13	1,065	1,650
Transfer in	1,871	538	915	3,324
Disposals	(54)	-	-	(54)
As at 31 July 2015	2,600	783	3,799	7,182
Accumulated Depreciation				
As at 1 August 2014	52	15	334	401
Transfers in	1,724	376	690	2,790
Charge for the year	177	41	570	788
Disposals	(54)	-	-	(54)
As at 31 July 2015	1,899	432	1,594	3,925
Net book value as at 31 July 2014	159	217	1,485	1,861
Net book value as at 31 July 2015	701	351	2,205	3,257

Under the business transfer agreement (see note 30), a number of tangible assets were transferred from Jisc Services Limited to the Company on 1 April 2015. These assets were transferred at their net book value in Jisc Services Limited, and no fair value adjustment to their value was judged necessary. The impact of this transfer on the Group's results was £nil.

Notes to the financial statements 2014-2015 continued

13. Investments in subsidiaries and associates

Company

	Total	Jisc Services Limited	Jisc Commercial Limited
	£'000	£'000	
As at 1 August 2014	25,139	25,139	-
Additions	250	-	250
Disposals	-	-	-
As at 31 July 2015	25,389	25,139	250

All investments are held in subsidiaries and Jisc holds these investments as part of its charitable activities. The directors believe that the carrying value of the investments is supported by their underlying net assets

The company holds investments in the following company undertakings:

	Country of registratio n	Activity	% Holding of Issued Share Capital or guarantees	Turnover £'000	Expenditure, interest and tax £'000	Operating surplus / (deficit) £'000	Assets £'000	Liabilities £'000	Funds £'000
Jisc Services Limited (previously known as Jisc Collections and Janet Limited)	Great Britain	Development and maintenance of the Janet network and connected services and provision of digital content for the education and research sector	100%	84,877	(92,006)	(7,129)	92,221	43,843	48,378
Content Complete Limited (*)	Great Britain	Procurement services for electronic content to education sector	100%	-	13	(13)	-	-	-
Jisc Commercial Limited	Great Britain	Provides public enterprise with access to JISC's infrastructure	100%	-	370	(370)	-	(121)	(121)
PIB-d Limited (*)	Great Britain	Dormant company	30.6%	-	-	-	0	(1)	(1)

(*) Investments held indirectly.

Notes to the financial statements 2014-2015 continued

13. Investments in subsidiaries and associates continued

The above turnover figure for Jisc Services Limited includes grant income from Jisc. The figures are quoted under SORP and therefore will not correspond with the individual company financial statements which are prepared under UK GAAP. Jisc Commercial Limited figures are quoted under SORP and therefore will not correspond with the individual company financial statements which are prepared under UK GAAP. PIB-d Limited is not considered material and therefore has not been included within the group consolidated financial statements.

14. Debtors

	Group		Company	
	As at 31/07/2015 £'000	As at 31/07/2014 £'000	As at 31/07/2015 £'000	As at 31/07/2014 £'000
Trade debtors	5,700	4,098	370	360
Amounts owed by group undertakings	-	-	20,897	26,674
Other debtors	1,385	1,301	1,205	18
Prepayments and accrued income	20,992	20,168	1,714	4,257
	<u>28,077</u>	<u>25,567</u>	<u>24,186</u>	<u>31,309</u>

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

15. Creditors: amounts falling due within one year

	Group		Company	
	As at 31/07/2015 £'000	As at 31/07/2014 £'000	As at 31/07/2015 £'000	As at 31/07/2014 £'000
Trade creditors	2,563	1,181	550	506
Corporation tax	14	14	-	-
Other taxation and social security	603	397	544	(245)
Other creditors	947	673	396	96
Accruals and deferred income	28,238	27,567	21,053	24,857
	<u>32,365</u>	<u>29,832</u>	<u>22,543</u>	<u>25,214</u>

Included within other creditors is an amount owed to pension funds £371,440 (2014: £91,888).

Notes to the financial statements 2014-2015 continued

15. Creditors: amounts falling due in one year continued

Deferred income

Income has been deferred where services or goods issued to beneficiaries have not been or are partially provided. In addition performance-related grants that are conditional upon the delivery of a specific level of service have been deferred where the conditions had not yet been met.

	Group		Company	
	As at 31/07/2015 £'000	As at 31/07/2014 £'000	As at 31/07/2015 £'000	As at 31/07/2014 £'000
Deferred income brought forward	13,395	12,942	157	-
Transferred from subsidiary	-	-	1,016	-
Released in year	(13,395)	(12,033)	(157)	-
Deferred in year	18,417	11,589	2,545	157
Transferred from long term	-	897	-	-
	<u>18,417</u>	<u>13,395</u>	<u>3,561</u>	<u>157</u>

16. Creditors: amounts falling due after one year

	Group		Company	
	As at 31/07/2015 £'000	As at 31/07/2014 £'000	As at 31/07/2015 £'000	As at 31/07/2014 £'000
Deferred income	-	318	-	-
	<u>-</u>	<u>318</u>	<u>-</u>	<u>-</u>

17. Provision for liabilities and charges

	Group		Company	
	As at 31/07/2015 £'000	As at 31/07/2014 £'000	As at 31/07/2015 £'000	As at 31/07/2014 £'000
Brought forward	1,484	-	1,484	-
Additions	-	1,484	-	1,484
Utilised in year	(1,484)	-	(1,484)	-
Balance carried forward	<u>-</u>	<u>1,484</u>	<u>-</u>	<u>1,484</u>

Notes to the financial statements 2014-2015 continued

17. Provision for liabilities and charges continued

This provision brought forward related to restructuring of currently grant funded customer engagement activities to an in-house solution, in order to achieve efficiencies on behalf of the sector. The provision was used for its intended in purpose in financial year 2014/15.

18. Restricted funds

Group

	2015 £'000	2014 £'000
Balance brought forward	26,084	9,391
Incoming resources	19,622	35,605
Resources expended	(14,591)	(15,703)
Fixed assets purchased and transferred to unrestricted funds	(4,656)	(4,987)
Other transfers to unrestricted funds	-	1,778
Balance carry forward	26,459	26,084

Company

	2015 £'000	2014 £'000
Balance brought forward	7,748	6,926
Incoming resources	19,113	34,888
Resources expended	(12,951)	(34,066)
Balance carry forward	13,910	7,748

Restricted balances within the group are held as £125k accrued income and the remaining balance in cash. The cash is held within the subsidiary company bank accounts as during the financial year it acted as a central treasury management facility.

Other transfers between restricted and unrestricted funds relate to where Jisc makes grants to Jisc Services Limited, the grant is made from Jisc out of unrestricted funds however the nature of the grant is such that the grant becomes restricted within Jisc Services Limited.

Notes to the financial statements 2014-2015 continued

19. Unrestricted and designated funds

Group

	Total	Unrestricted fund	Grant funded assets	Paid prepayments	Transition fund	Pension contribution	Restructuring fund
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward on 1 August 2014	79,242	33,432	24,480	5,516	5,000	10,350	464
Net incoming resources	3,970	7,313	-	-	(2,879)	-	(464)
Transfers to / from unrestricted to designated	-	4,467	(5,014)	547	-	-	-
Transferred from restricted	4,656	-	4,656	-	-	-	-
Balance carry forward on 31 July 2015	87,868	45,212	24,122	6,063	2,121	10,350	-

Company

	Total	Unrestricted Fund	Grant funded assets	Paid Prepayments	Transition fund	Pension contribution	Restructuring fund
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward on 1 August 2014	67,230	49,556	1,860	-	5,000	10,350	464
Net incoming resources	10,330	13,673	-	-	(2,879)	-	(464)
Transfers from unrestricted to designated	-	(2,064)	2,064	-	-	-	-
Balance carry forward on 31 July 2015	77,560	61,165	3,924	-	2,121	10,350	-

Notes to the financial statements 2014-2015 continued

19. Unrestricted and designated funds continued

The designated fund labelled grant funded assets reflects the net book value of assets purchased using grants. The designated fund labelled paid prepayments reflects the value of the prepayments which had been paid at the year-end where this income had been deferred in the subsidiary Jisc Services Limited under UK GAAP. The transition fund is an amount designated for planned expenditure in relation to the restructuring of the group and some of its associated grant funded organisations.

The pension fund is designated to offset potential increases in employer contributions to the defined benefit pension schemes, and includes associated grant funded organisations where the grant paid reflects actual costs. The restructuring fund is designated for planned expenditure in relation to the currently grant funded customer engagement activities to an in-house solution, in order to achieve efficiencies on behalf of the sector.

20. Analysis of nets assets between funds

	Unrestricted Funds 2015 £'000	Restricted Funds 2015 £'000	Total 2015 £'000	Unrestricted Funds 2014 £'000	Restricted Funds 2014 £'000	Total 2014 £'000
Fixed assets	24,960	-	24,960	26,633	-	26,633
Current assets	95,273	26,459	121,732	84,243	26,084	110,327
Current liabilities	(32,365)	-	(32,365)	(31,316)	-	(31,316)
Long term liabilities	-	-	-	(318)	-	(318)
Total Net Assets	87,868	26,459	114,327	79,242	26,084	105,326

21. Members Liability

Jisc is a charitable company limited by guarantee (CLG). The constitution allows for two classes of membership. One class comprises Representative Members, which includes the original members and guarantors - the Association of Colleges, GuildHE and Universities UK. Each of these Representative Members holds 30% of the voting rights. The other class of membership, in place from 1 August 2014, comprises Institutional Members, who together hold 10% of the voting rights. The liability of each member (both Institutional and Representative) is limited to a maximum of £1. This liability will apply for the duration of membership of the charitable company and for one year beyond the end of membership.

Notes to the financial statements 2014-2015 continued

22. Operating lease commitments

	Group		Company	
	As at 31/07/2015 £'000	As at 31/07/2014 £'000	As at 31/07/2015 £'000	As at 31/07/2014 £'000
Land and buildings				
Within two to five years	551	461	551	461
After five years	502	484	-	-
	<u>1,053</u>	<u>945</u>	<u>551</u>	<u>461</u>

23. Reconciliation of net incoming resources to net cash inflow from operating activities

	2015 £'000	2014 £'000
Net incoming resources	9,001	25,051
Interest	(374)	(423)
Tax	-	(23)
Loss on disposal of fixed assets	20	17
Depreciation on tangible fixed assets	8,592	8,238
Amortisation of intangible assets	1,855	1,007
Provisions	(1,484)	1,484
(Increase)/decrease in debtors	(2,510)	28
Increase/(decrease) in creditors	2,218	(2,705)
Net cash inflow from operating activities	<u>17,318</u>	<u>32,674</u>

Analysis of net funds

	As at 1 August 2014 £'000	2014/15 change in year £'000	As at 31 July 2015 £'000
Cash at bank and in hand	84,760	8,895	<u>93,655</u>

Notes to the financial statements 2014-2015 continued

24. Contingent Assets and Liabilities

The group has contingent liabilities of £50k (2014: £430k) in relation to grant commitments and £nil (2014: £1,000k) in respect of restructuring liabilities.

The group had contingent assets of £16,968k (2014: £8,226k) in relation to capital grants. Grants are recognised when the likelihood of receipt is certain.

The company participates in the Universities Superannuation Scheme. A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

25. Related Parties

Related Party	Jisc Technologies		Jisc		Jisc Collections		Grant	Group	
	Income	Expenditure	Income	Expenditure	Income	Expenditure	Expenditure	Creditors	Debtors
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Abertay University	1	-	-	1	63	-	-	-	-
Aberystwyth University	7	0	39	-	151	-	-	-	(0)
Association of Colleges	-	-	-	52	-	-	-	1	(2)
Forth Valley College of Further and Higher Education	-	-	-	-	-	1	-	-	-
Graduate prospects	-	-	-	-	-	-	270	-	-
HESA	-	-	-	-	-	-	677	-	-
Higher Education Council for Wales	17	-	2,230	-	-	-	-	-	-
Higher Education Policy Institute	-	-	-	17	-	-	-	-	-
HPC Wales	-	50	-	-	-	-	-	-	-

Notes to the financial statements 2014-2015 continued

25. Related Parties (continued)

Related Party	Jisc Technologies		Jisc		Jisc Collections		Grant	Group	
	Income	Expenditure	Income	Expenditure	Income	Expenditure	Expenditure	Creditors	Debtors
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Jisc RSC Yorks & Humberside (University of Leeds)	-	-	-	-	-	-	-	22	-
National Library of Wales	-	-	-	-	2	-	-	-	-
Oxford Brookes University	4	-	47	37	95	-	-	-	-
Ravensbourne College	-	-	5	-	2	-	2	-	-
Royal Holloway, University of London	14	-	42	-	121	-	-	-	-
Solihull College	17	-	-	-	7	-	-	-	-
The Sheffield College	14	-	-	1	-	-	-	-	3
University of Greenwich	26	9	56	0	73	-	17	-	9
University of Hull	23	-	51	-	241	-	15	-	48
University of Lancaster	19	20	59	216	381	7	173	-	-
University of London	7	30	35	704	49	22	483	-	11
University of Newcastle	2	-	127	74	609	-	231	-	-
University of Oxford	9	81	342	12	553	-	-	65	12
University of Salford	1	-	-	-	129	1	-	-	18
UUK	0	4	-	9	-	-	-	-	-
Total	161	194	3,035	1,124	2,476	31	1,868	88	98

The institutions, suppliers and customers shown within the note have been declared as interests by the Trustees of Jisc and the board of directors of its subsidiary.

Income of £2,230k from HEFCW (Higher Education Funding Council for Wales) related to grant funding for recurrent expenditure for the year 2014/15.

Notes to the financial statements 2014-2015 continued

26. Pension

Universities Superannuation Scheme.

USS INSTITUTIONS –

FRS17 – RETIREMENT BENEFITS

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 fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company 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 FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £2,768,072 (2014: £1,817,441) in respect of the USS scheme, pension costs payable to other personal pension schemes amounted to £103,617 (2014: £61,278).

There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

Notes to the financial statements 2014-2015 continued

26. Pension continued

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality S1NA ["light"] YoB tables – No age rating

Female members' mortality S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	2015	2014
Existing benefits		
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

The total USS pension cost for the institution was £1,769,570 (2014: £603,070) and £2,768,072 for the group (2014: £1,817,441). This includes £371,178 (2014: £83,867) for the charity and £375,115 for the group (2014: £83,867) of underpayments of contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

Notes to the financial statements 2014-2015 continued

26. Pension continued

Civil Service pensions

Pension benefits, for a small number of employees who transferred from HEFCE, are provided through the Civil Service pension arrangements. Members may be in one of four defined benefit schemes; either a final salary scheme (classic, classic premium or classic plus); or a whole career scheme (nuvos). The statutory arrangements are unfunded with the cost of benefits met by monies voted by parliaments each year. Pension's payable under the classic, classic premium, classic plus and nuvos are increased annually in line with pensions increase legislation. Employee contributions are salary-related and range between 1.5% and 5.9% of pensionable earnings. The rate for employers contributions range between 18.8% and 21.8%, and is charged directly to the SOFA. Increases to employee contributions applied from April 2013.

One employee is a member of the partnership account which is a stakeholder pension arrangement. Jisc makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions the employer will match these up to 3% of pensionable salary (in addition to the employer's basic contribution). Jisc also contributes a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Defined contribution

There are two defined contribution schemes operating within the group, at the balance sheet date there were 4 active members. Contributions within the company amounted to £20,719 (2014: £18,750) and group contributions were £43,256 in the year and (2014: £42,528). Contributions are charged to the SOFA as incurred. This includes an amount of £4,305 (2014: £1,563), outstanding at the balance sheet date.

27. Taxation

As a registered charity, Jisc is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried out in the furtherance of its primary objectives.

The taxation credit of £nil (2014: credit of £23k) included on the SOFA relates to corporation tax due by the subsidiary, Jisc Services Limited, in line with investment income received in the year. Neither the group nor charitable company had any deferred tax assets or liabilities (2014: nil).

Notes to the financial statements 2014-2015 continued

28. Results of the charitable company

	Unrestricted fund	Restricted fund	Total 2015	Total 2014
	£'000	£'000	£'000	£'000
Total incoming resources	<u>79,189</u>	<u>19,113</u>	<u>98,302</u>	<u>116,556</u>
Net surplus	<u>10,330</u>	<u>6,162</u>	<u>16,492</u>	<u>11,904</u>

29. Grants Paid

	Jisc technologies		Customer Experience		Digital resources		Futures	
	Capital and projects	Recurrent	Capital and projects	Recurrent	Capital and projects	Recurrent	Capital and projects	Recurrent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Anglia Ruskin University	-	-	-	168	-	-	14	-
British Universities Film & Video Council	-	-	-	-	-	581	-	-
Edinburgh University	-	-	-	-	410	3,294	202	727
Higher Education Careers Service Unit	-	-	-	-	-	-	270	-
Higher Education Statistics Agency Limited	-	-	-	-	-	-	677	-
Jisc Services Limited	8,498	35,983	-	-	-	2,190	-	-
The University of Manchester	-	-	-	-	(168)	(104)	19	-
Shibboleth Consortium	-	200	-	-	-	-	-	-
The Higher Education Academy	-	-	-	219	-	-	5	-
The University of Nottingham	-	-	-	-	-	-	(147)	-
University of Glasgow	-	-	-	262	-	-	(19)	-
University of Lancaster	-	-	-	166	-	-	7	-
University of Leicester	-	-	-	-	-	-	(468)	-
University of London	-	-	-	468	-	-	15	-
University of Newcastle	-	-	-	226	-	-	-	5
University of Wales Swansea	-	-	-	189	-	-	-	-
University of Wolverhampton	-	-	-	132	-	-	-	-
Other (less than <£100k)	-	-	-	749	475	48	788	317
Total grants paid	8,498	36,183	-	2,579	717	6,009	1,363	1,049

Amounts paid to the University of Edinburgh and the University of Manchester are in relation to EDINA and Mimas respectively.

30. Business transfer agreement

On the 1 April 2015, the Group underwent a restructuring. This principally involved the transfer of employees, assets, liabilities and contracts from the Jisc Services Limited to the Company. Following the transfer, services provided between the Company and Jisc Services Limited are recharged according to a memorandum of understanding.

Notes to the financial statements 2014-2015 continued

30. Business transfer agreement (continued)

Jisc Services Limited gifted to the Company £541k of net assets valued at 31 March 2015, the valuation of these assets and liabilities is at net book value. The valuation comprised of fixed assets at net book value (see Note 12), prepayments, cash, trade creditors, accruals and payroll liabilities.

Costs of transferred activities amounted to £1,091k. The Company charged Jisc Services Limited a management charge which recoups these costs.

The impact of this transfer and subsequent inter-company recharges are not significant in Jisc's consolidated Group figures.