Jisc Trustees' Report and Financial Statements

Year ended 31 July 2019

Charity registration number: 1149740

Company registration number: 05747339

Contents

Report from the Chair

This past year has seen much change for UK education and research. The situation regarding Brexit still remains uncertain. Jisc is working hard to prepare for what comes next, keep our **members informed** and in particular, to ensure the strong relationship and powerful connections we have across the European research and education community remain unaltered, whatever the next few months hold.

Despite the uncertainty that lies ahead, there has been plenty of positive progress in the sector that provides a strong foundation for further innovation in UK further education (FE) and higher education (HE). There are now Education Technology strategies for post-16 education in place across England and Wales, and Scotland (ICT Strategy), with Northern Ireland likely to follow. In England and Wales in particular, Jisc worked closely with respective governments to make certain the needs and opportunities for our members are fully understood in exploiting education technology (edtech) in the best possible way for staff and students.

There is also much to celebrate about Jisc's progression and our support for colleges and universities in transforming their teaching, learning and research using digital technologies. In the New Year, we merged with Eduserv, building on their strengths in cloud and digital solutions. This will enable us to provide unparalleled technological support to more than 20 million users both in the UK and internationally. I'm also delighted that in September 2019, the data analytics team from the Higher Education Statistics Agency (HESA) joined with Jisc's data analytics team. The newly integrated team will deliver a much stronger leading-edge suite of data driven services for our members.

There has been continued good progress since the world's first national learning analytics service was launched by Jisc in August 2018. With 24 universities signed up, and seven colleges taking part in the pilot for FE service, it has the potential to transform students' learning experience, support their wellbeing and boost attainment. In Wales, all regulated higher education institutions were funded by the Higher Education Funding Council for Wales (HEFCW) to take on Jisc's learning analytics service to improve student support and learner outcomes and we look forward to hearing about the impact of the first year of **Learning Analytics Cymru** soon.

Since the Department of Education asked us to introduce a membership charge for our further education membership in England from August 2019, we have spent the past year talking to every affected college. We understand the financial pressure they are under and have worked with colleges to help them get the most value from Jisc's services, from e-books to cyber security. We're really pleased to have retained all our FE members in England but we also recognise that Jisc can do more to collaborate with the sector to create better services with and for them. We'll be working hard to do so through 2019-20 and beyond.

Cyber security is an area of increasing focus for our members. We continue to enhance our cyber security services and work to reduce the cyber security risk to UK education and research by improving cyber resilience. Jisc's Security Operations Centre was highlighted as playing a significant role in helping our members mitigate against cyber attacks in a case study in the **Government's edtech** strategy published in spring this year. The value of our cyber security services has proved to be a critical factor in retaining our FE membership. I was pleased to have been a panellist to discuss the cyber threat to universities with Vice Chancellors and other senior university leaders, at the recent Universities UK (UUK) conference.

Traffic on the Janet Network has doubled approximately every 18-24 months over the last decade, and there is at present no indication that this rate of growth will reduce. To support this growth we have successfully completed planned upgrades with no disruption to members, including replacing the existing Janet regional networks with a new high performance access infrastructure. We are continuing to invest to create a network able to use the latest techniques and capabilities to improve flexibility and efficiency in monitoring and management.

Universities and colleges are increasingly interested in cloud-based services, mostly driven from financial pressure and the benefits of service continuity and scalability. We are well placed to help take advantage of this dynamically evolving market. We continue to build our cloud service portfolio to include: capability for providing professional services and consultancy; additional framework agreements; and managed services.

We have contributed in a range of areas to the emerging UK Research and Innovation (UKRI) research and innovation infrastructure roadmap, designed to future proof the UK research base, including HEIs and Jisc. We will continue to support high capacity, secure long-term storage for research data to be curated, alongside the tools and services required to enable data creation, collaboration and re-use. Jisc leads the world in its provision of services that support open research and we will continue to lead the UK research base in transitioning to open access (known as Plan S) and relevant funder policies.

We are collaborating with our members and library stakeholders to ensure that by 2022, students and researchers will be able to locate and access the most relevant, appropriate and readily available content from any place, on any device, via global search engines or customisable digital interfaces. As well as a range of successful Jisc Collections negotiations with publishers which continue to save members significant money, we have developed a new website that improves the member experience of licensing and subscribing via Jisc Collections. This enhances our ability to gather and use business intelligence data in ways that directly benefit our members. We have also developed working prototypes of discovery services that provide personalised, contextual search based on usage data and text-mining technologies. Additionally, we have continued to invest in core textbooks to support FE academic and vocational courses through the e-Books for FE service.

Finally, I’m pleased that Jisc has been named in the top 100 apprenticeship employers for 2019/20 - an index compiled by RateMyApprenticeship. It’s vital we invest in the skills of young people to help our own business and the wider workforce demands.

We’ve come a long way in the past year and have developed into a stronger and larger organisation. As a bigger social enterprise organisation, we are better able to invest in the development of digital services and products that empower colleges, universities and research centres to provide outstanding education and research outcomes.

On behalf of all my fellow trustees, I’d like to thank Jisc’s staff for their incredible passion, commitment and support for all our members over the last twelve months. The digital future for HE and FE is bright and I’m looking forward in anticipation of our next breakthroughs.

Professor David Maguire, Jisc Chair

27 November 2019

Strategic Report

The trustees present their strategic report for the year ended 31 July 2019.

Our vision and aim

We are the UK's digital agency for lifelong learning and research.

Our Vision

For the UK to be the most digitally-advanced higher education, further education and research nation in the world

Our 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

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

Our services

We provide a range of services to our members including:

e-infrastructure services – Janet Network, access and authentication, cybersecurity, cloud services, data centres

Solutions to enable education and research – Open science/Research, data and analytics, library services, digital collections, learning resources

Advice and guidance – guides, training, consultancy

New solutions through research & development – Intelligent campus, curriculum analytics, digital enablement, A.I., Edtech, Education and Research 4.0

Charitable purpose and public benefit

As a charity, our 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”.

Our charitable objectives are the advancement of education, lifelong learning and research for the public benefit through the provision of services to those within higher education, further education, research communities and charitable and not for profit organisations. How we do this is explained through this report. An amendment to our Articles of Association was made in December 2018 to ensure that our objects encompassed the charitable activity transferred to Jisc as a result of the Eduserv merger. The amendment was approved by the Charity Commission. Our articles of association can be found at **https://www.jisc.ac.uk/about/corporate/company-and-charity-details**.

In everything they do, our trustees are aware of the public benefit requirements of our charitable status.

Activities and achievements 2018-19

Eduserv merger

In January 2019, and following appropriate engagement with the Charity Commission, we merged with Eduserv, a Bristol-based charitable company proving similar products within similar and aligned markets. The merger was agreed by the board in Autumn 2018 following full due diligence and the presentation of a full business case. The benefits of the merger were expected to include the ability for Jisc to offer a wider range of services to its members, access to new markets for its products and economies of scale, leading to improved financial and organisational performance.

Ninety-seven staff transferred into Jisc as a result of the merger. The merger was overseen by a joint working group of Jisc and Eduserv trustees. The integration of the two organisations has progressed well.

The former Eduserv offices at Portwall Lane will become our new Bristol base in late 2019, bringing together all Bristol-based Jisc and former Eduserv employees into one inspirational collaborative space and helping cement the organisation as one.

A full review of the success of the merger undertaken in July 2019 by the working group concluded that the merger has been successful in enabling us to deliver more for our members and the wider public sector. The Jisc board will continue to review progress to realise the benefits of the merger.

Data Analytics merger

In September 2019, 22 colleagues from HESA transferred into Jisc to form a new data analytics directorate alongside existing Jisc data experts. The combined team will focus on building our learning analytics solutions and enhanced HE business intelligence and analysis.

Discussions are ongoing regarding the potential for further collaboration with HESA. We are also exploring a potential merger with another sector agency: the Higher Education Careers Services Unit (HECSU). Should either proceed, these will be likely to fall into the 2019/20 and 2020/21 reporting years.

Achievements 2018-19

Some of the highlights of our activities and achievements, based on our 2018-19 objectives are:

Continue to build the Janet network, the foremost national and research education network in the world

- We have completed the £15m project to upgrade the Janet backbone, as well as upgrading external peering capacity, all delivered on time with no disruption to members, making Janet one of the largest and most technically advanced NREN in the world.
- We continue to mitigate DDoS attacks despite ever-increasing attack size and duration.

Focus our products on the areas that make the most difference to students, teachers and researchers in HE, FE and Research

- We've controlled publishers price increases at an average of 2% for HE and FE (compared to 5-6% on the commercial market) seeing potential savings of over £128m to members.
- As a result of merging with Eduserv and combining our negotiations activity, we are now responsible for negotiations for over 50% of library subscriptions. In addition, our software licensing includes the largest ADOBE educational licence agreement in the world, saving the sector £79m per annum.

Improve levels of member, government and stakeholder satisfaction and establish Jisc as a member organisation of purpose and value

- Members views and needs continue to be at the heart of how we work. The Net Promoter Score increased by 11 points in FE and by 10 points in HE with customer satisfaction at 89% in FE and 88% in HE.
- We've continued to successfully demonstrate how we can show our value and support the priorities of our funders, guarantors and sector stakeholder groups. For example, a recent value study showed how Jisc has saved University of Hertfordshire £1m annually, £1.2m in one-off costs and £0.3m in staff costs avoided.

Continue to build a strong financially sustainable position

- Secured agreement from 100% of our English FE members to continue with their membership whilst introducing a subscription charging model from August 2019.

- We increased non-core revenue by 9% compared to the previous year, excluding Eduserv income, to invest in services for our members.

- Some income targets were not met but this was offset through cost reduction

Operate to high standards of efficiency and effectiveness with motivated, passionate staff

- We were ranked 24 out of the top 100 apprenticeship employers.

- We continue to develop our staff through the launch of defined career pathways for technical staff and for our managers and leaders.

Strategy for 2019-20 and beyond

We have reviewed our corporate strategy and our strategic objectives are a development of the priorities we worked to deliver through 2018-19 (see the Activities and Achievements section on page 6).

Jisc's strategy is to exceed the expectations of our members and funders by delivering outstanding service and products, developing new products that truly make a difference to members, providing pioneering thought leadership that stimulates transformation in members and ensuring that our people and the way we do things make Jisc a shining example within our sector. All this is underpinned by a strong and sustainable financial performance.

Since we adopted our strategy three years ago, it has proved itself across all the key measures of our performance. Our strategy for the coming three years is to build on this direction and approach, taking our achievements to the next level and enhancing what we do to the further satisfaction of our members and funders.

We intend to continue listening and investing in our core offer to ensure our highly respected service and capability levels remain fit for members' future needs. This investment will be thoughtfully directed with a well-defined road map of improvements in each key product area, governed by a redesigned product management process. This ensures the road map is driven by our understanding of members' requirements and priorities and involves them. We will deliver a suite of new core products each year to meet key user needs.

A critical part of our role is to stimulate transformative change in the sector's use of technology to improve teaching, learning, research and its processes. We have defined six key areas where we will focus our thought leadership and become our members' and funders' first point of call for advice on how they engage with and benefit from these futures:

i. Advanced e-infrastructure and cyber security;
ii. Education 4.0 and technology enhanced learning;
iii. Open science and collections management;
iv. Research 4.0;
v. Data analytics;
vi. Student experience.

We will proactively bring our thought leadership to life by developing new products and services that stimulate the transformations needed by the sector.

The foundation of our strategy is strong financial underpinnings that enable us to maintain the best quality service and deliver our product and thought leadership strategies, while ensuring membership subscription is kept 'low', with an aim to maintain inflation-based increases or less. We aim to address the balance of funding/income and to achieve a goal of 50% from non-grant sources over the next four years.

We will run ourselves efficiently, ensuring costs as a proportion of revenue grow less than inflation. Our aim is to be regarded as the best-run HE/FE sector agency, with a people strategy that ensures we have the right culture, the right skills and the right internal processes. This will in turn make things easy to do within Jisc and make Jisc easy for members and customers to do business with.

We measure members' satisfaction through surveys and we aim to achieve advocacy in our members' senior leadership, which means growing this to 95% (from 89% and 88% for FE and HE respectively) over the next four years along with a Net Promoter Score of +40.

For funders, we will know we have their lasting confidence if they continue to fund us at current levels or more and ask us to take on new grant-funded challenges, as we have seen. Growing this level of funding in real terms will show we have their trust and that they see (and value) the difference we can make.

Each year we will produce a report summarising our thought leadership activities. Measurement will be linked to the degree of influence we have with government and institution leaders, which we will see in the membership survey and anecdotally.

Stakeholder engagement

Engaging with Jisc's members and stakeholders is fundamental to ensuring that their requirements are understood and the services and products required are delivered. Jisc uses a variety of mechanisms to ensure full engagement, including regional and audience specific events as well as a formal account manager structure. We partner and engage with a range of individuals within our member organisations as necessary to share information or gather feedback.

Our annual stakeholder forum is a key opportunity for us to engage with our members and stakeholders about their challenges and what support they need from us. The forum comprises representation from a wide range of our stakeholders across the UK, including higher and further education organisations, relevant professional associations, mission groups, representative bodies and our funders and owners.

The principle is inclusivity. From 2019-20, a series of stakeholder forums in each nation will be held. We will continually review the most effective approach to our stakeholder forums, in discussion with our funders and guarantors.

Further information about engagement with our funders is included in the Openness and accountability section of the Governance report from page 18.

Financial performance and strategy

This report and the accompanying financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Charities SORP.

Income and Expenditure

Income for the year was £155.1m (2018: £145.1m), an increase of £10m. This comprises £133.2m and £21.9m of unrestricted funds and restricted funds respectively (2018: £121.2m and £23.9m respectively). The year-on-year increase in income was mainly due to an increase in income from charitable activities of £13.9m and a £1.6m gain on our merger with Eduserv, offset by a reduction in grant income of £5.5m. Our merger with Eduserv contributed £5.4m to revenue for the year.

Income of £69.7m (2018: £75.2m) was core funding received from the United Kingdom funding bodies for higher and further education. Income from charitable activities, which includes funding that flows through from Jisc into Jisc Services Limited, was £70.7m (2018: £56.9m). Income from other trading activities was £11.8m (2018: £12.7m). Investment income was £0.7m (2018: £0.4m).

Expenditure for the year was £177.5m (2018: £146.1m), an increase of £31.4m. This was principally due to an increase in support costs due to the increase in the USS pension deficit recovery provision of £15.3m, additional investment in the network of £8.6m and higher licensing costs of £11.0m offset by lower technical and development spend of £6m. Costs incurred in the ex-Eduserv operations were £5.0m. Of the total £177.5m expenditure, £174.9m (2018: £141.9m) was used on charitable activities, a further breakdown is available in note 8 (page 48).

In compliance with the Charities SORP, a transfer between restricted and unrestricted funds to account for assets purchased in year using those funds has been shown separately in the Statement of Financial Activities (page 38). This amounts to £7.3m (2018: £9.0m). During the year a decision was made by Jisc to invest a larger proportion of Jisc's cash reserves in managed funds (see note 17). At the end of the year, the invested assets had increased in value giving rise to an unrealised gain of £3.0m.

The deficit on unrestricted activities after this transfer is £18.6m (2018: surplus of £0.5m) which is due to the increase in the USS pension provision of £15.3m together with increases in staff costs of £3.9m.

There was a reduction in the restricted funds of £0.8m (2018: reduction of £1.6m) due to expenditure being incurred on projects for which funds had been previously received.

Balance Sheet

Jisc has total funds of £81.4m (2018: £100.7m) and a cash balance of £38.2m (2018: £83.8m) at 31 July 2019. The reduction in cash of £45.5m is due to the transfer of £52.6m into managed investment funds during the year; the details of the holdings can be found in note 17.

The funds of £81.4m comprised £66.2m of unrestricted funds (2018: £84.8m) and £15.2m of restricted funds (2018: £16.0m). Of the unrestricted funds, £35.4m (2018: £36.3m) is within designated funds, such as grant funded assets. The remaining £30.8m (2018: £48.5m) can be deemed as general unrestricted funds.

Restricted Funds

Jisc has consolidated restricted funds of £15.2m (2018: £16.0m). 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. A full breakdown is provided in note 22 (page 60).

Unrestricted funds

The starting point for assessing the amount of reserves held by any charity, including Jisc, is normally the amount of unrestricted funds it holds. Jisc's policy for the designation for unrestricted funds is that they are comprised as follows:

Tangible assets: the Charities SORP specifically allows funds held against grant-funded tangible fixed assets for charity use to be excluded from general unrestricted reserves. This recognises that certain assets will be used operationally, and their disposal may adversely impact on a charity's ability to deliver its aims. At 31 July 2019 these amounted to £27.8m (2018: £25.9m).

Programme-related investments (paid prepayments) where a charity makes programme-related investments solely to further its charitable purposes, then such investments can be excluded from unrestricted reserves. At 31 July 2019 these amounted to £6.9m (2018: £5.3m)

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 general unrestricted reserves. For Jisc on a consolidated basis, at 31 July 2019, these elements amounted to £0.7m (2018: £0.9m) in respect of restructuring funds.

The pension contribution provision was £nil (2018: £4.2m) given that agreement has been reached in respect of the USS pension deficit recovery plan (note 29 on page 66**)**.

To cover short-term self-funding in the event that normal funding receipts were delayed, our policy is to have 4 months cover of our normal operating costs. At 31 July 2019, the balance of our unrestricted reserves was £30.8m (2018: £48.5m) which equates to 4 months (2018: 4 months) of our normal operating costs.

Cash

The Group's cash position for 31 July 2019 was £23.0m (2018: £67.8m), excluding restricted funds. The balance of the cash reserves is held in managed funds, as summarised in note 17.

2019-20 Budget

A Budget (which excludes the USS pension provision) has been approved by the Board for Jisc for the 2019-20 year. An overall surplus of £0.2m is predicted for 2019-20.

Financial Forecast

A financial forecast has been prepared that also looks ahead to 2021-22. The forecast is part of Jisc's strategic response to a range of future scenarios. Jisc will be working to develop further medium-term projections and models. The financial forecast has, in addition to the secured savings to date, included further savings and efficiencies.

Principal risks and uncertainties

Our strategic risk register has been reviewed in line with our strategic objectives. The key risks to our strategic objectives are as follows:

Strategic objectives	Risks	Key mitigations
Strong and sustainable financial performance Grow funder confidence	Current and future UK economic uncertainty and Brexit has an adverse impact on our members, funders and across the organisation Our funding is reduced much more rapidly than we can compensate with other income	Monitor and respond to challenges created by impact of Brexit on our members Continue to demonstrate our value to funders Continue to develop services that will support our financial sustainability Solid contribution from sales of our services to non-members
Provide great member experience with a long term aim of real advocacy Deliver outstanding service and products,	We do not implement new services that respond to new member requirements and new technologies, or respond quickly enough Competitors move into the sector and begin to sell new products to our members that	Ensure each product line has a vibrant development pipeline Range of innovation to ensure that we have access to the right number of longer-range ideas

developing new products that truly make a difference to members	mean a wholesale review of some of our key offerings	Ensure we have ongoing, meaningful conversations with members and act on member feedback and what we learn Faster transition of new services from the innovation stage into mainstream production, in partnership as appropriate
Provide pioneering thought leadership across a number of key areas that stimulates transformation in members	Other organisations establish dominance in our key thought leadership areas We are not able to follow through and capitalise on effective thought leadership with innovative prototypes and products that provide effective solutions in the fields we have identified	Develop programme of work and associated marketing and communications to support thought leadership Identify opportunities to work in partnership with our members and others where appropriate Ensure an effective transition to service model that enables the whole lifecycle from thought leadership to delivery of service

Trustees' Report

The trustees present their report and audited consolidated financial statements for the year ended 31 July 2019.

Legal and administrative information

Registered and principal office address
One Castlepark
Tower Hill
Bristol
BS2 0JA

Company registration number: 05747339
Charity registration number: 1149740
Registered in England and Wales
Company secretary: Alice Colban

Independent auditors
PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

Bankers
Royal London
55 Gracechurch Street
London
EC3V 0RL

Solicitors
DAC Beachcroft
25 Walbrook
London
EC4N 8AF

Veale Wasborough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Jisc is a company limited by guarantee and a charity registered in England and Wales[1]. We operate under bespoke Articles of Association[2].

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[1] An application to register as a charity in Scotland is on hold until all potential mergers are complete

[2] **https://www.jisc.ac.uk/about/corporate/company-and-charity-details**.

Executive Leadership Team

The following members of the Executive Leadership Team are responsible for managing the day to day activities of the charity:

Name	Role
Dr Paul Feldman	Chief executive
Mike Brooksbank (from 1 January 2019)	Executive director, trust and identity
Alice Colban	Deputy chief executive and chief operating officer (company secretary)
Keith Cole	Executive director, digital resources (until 31 July 2019) Executive director, business process improvement (from 1 August 2019)
Dr Bob Day (until 30 April 2019)	Executive director, Janet and chief technology officer, Jisc technologies
Nevil Durrant (from 1 January – 19 March 2019)	Chief finance officer (Eduserv)
Robert Haymon-Collins	Executive director, marketing and communications
Tim Kidd (Until 31 July 2019)	Executive director, e-infrastructure
Steve Masters	Chief technology officer
Dr Phil Richards	Chief innovation officer
Jon Tucker	Chief commercial officer
Andrew Wood (from 20 May 2019)	Interim chief financial officer
Mark Wright (until 30 June 2019)	Chief financial officer

Membership

Our constitution allows for two classes of membership:

1. Representative members – these are the Association of Colleges (AoC), GuildHE and Universities UK (UUK) (each hold 30% of voting rights)

2. Institutional members – these are limited to UK education, learning and research providers for which Jisc receives central funding from the UK further and higher education funding bodies (together hold 10% of voting rights)

VAT-exempt Cost Sharing Group (CSG)

With Jisc institutional membership comes automatic membership of the VAT-exempt Cost Sharing Group (CSG), which means that members will not pay VAT on a range of optional services that Jisc provides. In order to become and remain a member of the CSG, an organisation must meet a small number of membership conditions[3].

At 31 July 2019, there were 152 HE members and 117 FE, Sixth Form or Specialist college members in the UK[4], along with our Representative Members.

Prior to 2018-19, the Jisc subscription was charged through the CSG. Following revised guidance from HMRC relating to the operation of CSGs, the subscription charged to institutions in 2018-19 was not included in the CSG. A small number of optional services continued to be charged through the CSG in 2018-19. We will be reviewing how we use the CSG in future in line with HMRC guidance. The merger with Eduserv has not affected the CSG and no Eduserv services are charged through the CSG.

Role of members

Institutional Members are represented by the most appropriate Representative member (AoC, GuildHE or UUK) 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. 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 charity and for one year beyond the end of membership.

Jisc's members have the rights afforded to them by the Companies Act 2006. Each Representative member is the same class of member, each having one vote on resolutions proposed to members. Representative members also have one vote on behalf of all the Institutional members they represent. Further information on the types of decision that can be proposed to members and the thresholds to pass resolutions is included in our Articles of Association.

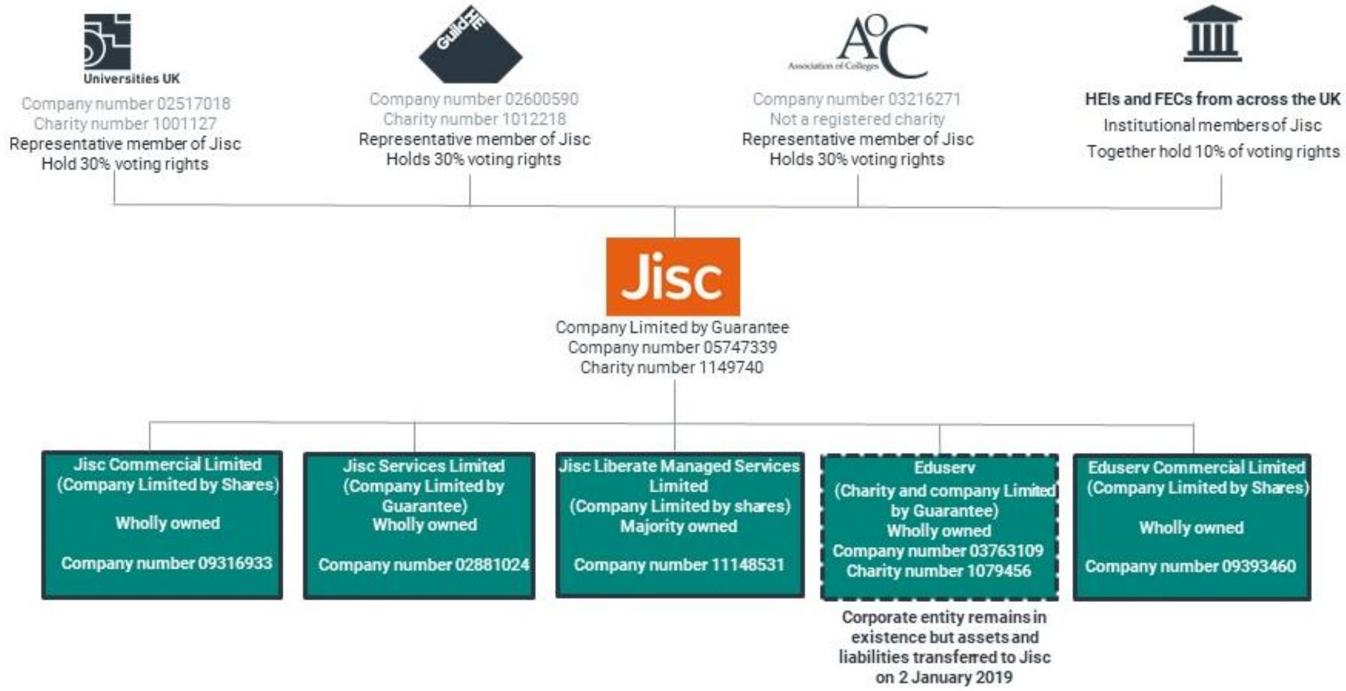
Group structure

Jisc is a holding company with five subsidiary companies[5]:

[3] These are detailed on the Jisc website at **https://www.jisc.ac.uk/membership/vat-exempt-cost-sharing-group**.

[4] Compared to 153 HE members and 125 FE, Sixth Form or Specialist college members in 2017-18. The reduction in HE members is due to the closure of one institution. The reduction in FE members is due to a series of college mergers. A full Register of Members is available at **https://www.jisc.ac.uk/membership/vat-exempt-cost-sharing-group**.

[5] The Group structure will be reviewed once any further mergers have completed and may be rationalised as a result



All Jisc Group companies are registered in England and Wales and operate under bespoke Articles of Association. Each company prepares its own Annual Report and Financial Statements. We also hold equity shares in other companies. Further information can be found in Note 17 Investments.

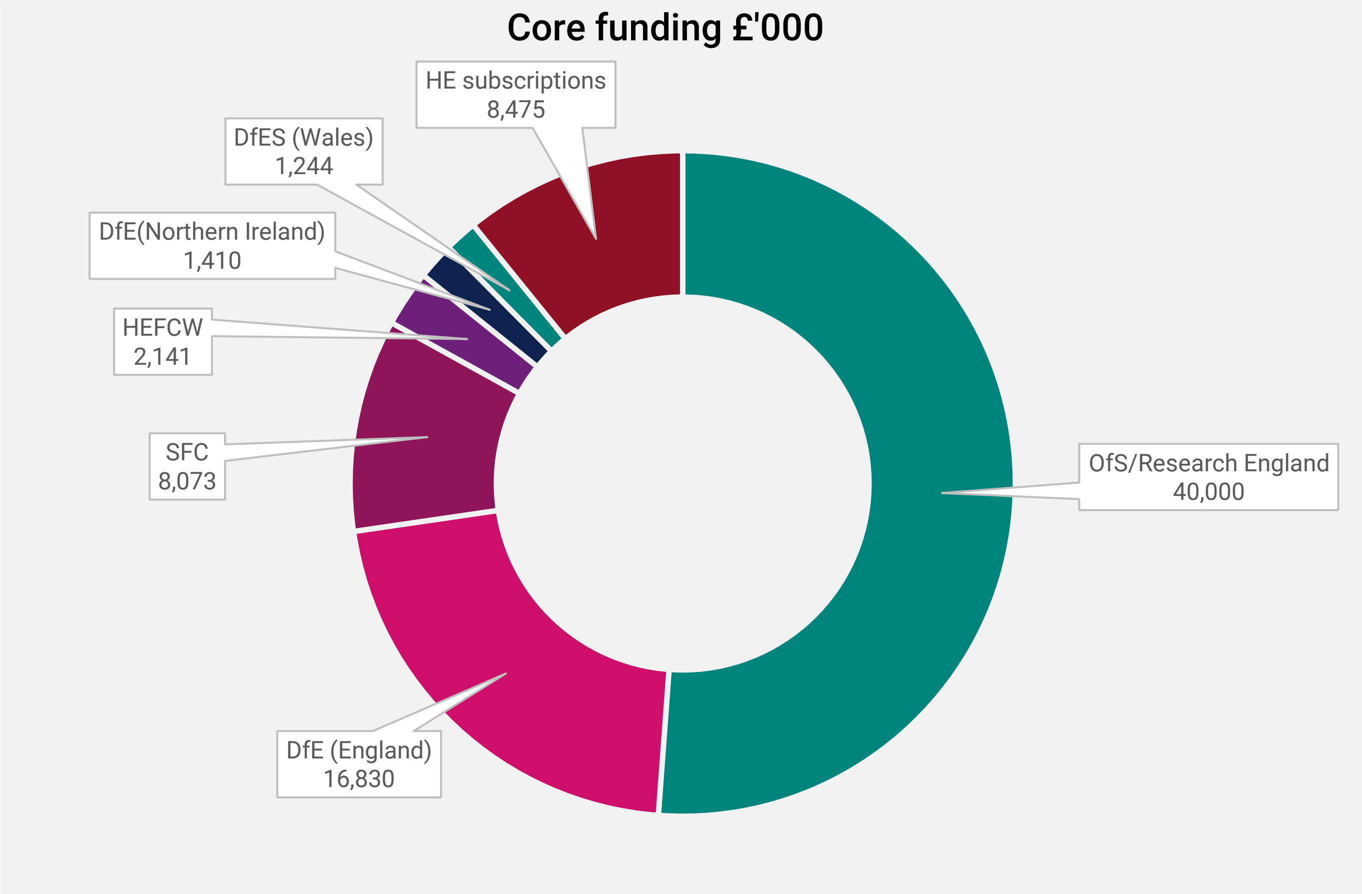
Funding model

We receive core funding from the funding bodies responsible for HE and FE across the UK. These are:

- **Office for Students** (OfS)
- **Research England**
- **Department for Education (England)** (DfE)
- **Higher Education Funding Council for Wales** (HEFCW)
- **Department for Education and Skills, Wales** (DfES)
- **Department for the Economy (Northern Ireland)** (DfE Northern Ireland)
- **Scottish Further and Higher Education Funding Council** (SFC)

A subscription fee is also paid by HE institutions across the UK.[6] The chart below shows the different elements of our core funding in 2018-19:

[6] A subscription for FE colleges in England is payable from 1 August 2019



Governance and management

Trustees

The trustees of the charity who were in office during the year and up to the date of signing the financial statements were:

Trustee name	Role	
Professor David Maguire (chair)	Vice chancellor, University of Greenwich	Appointed by AoC, GuildHE and UUK
Professor Elizabeth Barnes CBE	Vice chancellor and chief executive, Staffordshire University	Nominated by UUK
Jonny Bourne (from 1 January 2019)	Chief operating officer, Interserve Saudi Arabia	
Susan Bowen	President, Cogeco Peer 1 (UK) Ltd[7]	

[7] From August 2019 Cogeco Peer 1 (UK) Ltd is called "Aptum Technologies (UK) Ltd"

Dr Paul Feldman	Chief executive, Jisc	
Robin Ghurbhurun (until 14 June 2019)	Chief executive and principal, Richmond-upon-Thames College	Nominated by AoC
Debra Gray (from 8 November 2019)	Principal and deputy chief executive, Grimsby Institute Group	Nominated by AoC
Professor Philip Gummett CBE	Retired chief executive, Higher Education Funding Council for Wales	Nominated by Jisc's core funders
Professor Paul Layzell	Principal, Royal Holloway, University of London	
Robert McWilliam	Chief financial officer, ASDA	
Professor Nigel Seaton	Principal and vice chancellor, Abertay University	Nominated by GuildHE
Jude Sheeran (from 1 January 2019)	Cloud innovation, Amazon Web Services	
Professor Mark E Smith CBE	Vice chancellor, Lancaster University[8]	
Dr Ken Thomson OBE	Principal and chief executive, Forth Valley College	
Professor Anne Trefethen (deputy chair)	Pro vice chancellor for people & gardens, libraries and museums, University of Oxford	

Charity Governance Code

A review of the Charity Governance Code ("Code") was undertaken during the reporting year. This report explains our approach to governance in line with the principles and recommended practice in the Code.

Organisational purpose

The board has a rolling three-year strategy which is reviewed annually. Discussion of a number of possible sector mergers during 2018-19 means that Jisc's charitable purposes have been consistently high on the board's agenda. A change was made to Jisc's charitable purposes in December 2018 to ensure that the purposes were appropriate in the context of the merger with Eduserv.

The board has held a number of discussions across the year focusing on strategic direction and to agree strategic priorities and targets (see the Strategy section on page 8 for further information) and associated threats and opportunities.

[8] On 1 October 2019, Professor Mark E Smith took up the role of Vice chancellor, University of Southampton

We track member satisfaction in a number of ways, including surveys of leaders in HE and FE which are conducted annually. In 2018-19, the FE Leaders survey saw an increase of 9% in satisfaction levels with 89% indicating they were satisfied or very satisfied. In HE, satisfaction was 88%, up two percentage points from the prior year.

Our work has been recognised in a number of government reports and plans[9], including the DfE edtech strategy, which included many positive reflections on Jisc as a key partner for FE and HE.

The board are aware of the risk factors associated with Jisc's income streams. One of our strategic priorities is to ensure we continue to have a strong and stable financial performance and a number of targets are in place to help achieve this, such as diversification of income streams. The Eduserv merger and possible additional mergers will support Jisc's financial sustainability.

Jisc recognises its broader responsibilities towards communities, stakeholders, society and the environment. A Corporate Social Responsibility statement is agreed by the board in November each year which describes the work of the organisation across a number of areas, including the environment, volunteering, equality, diversity and inclusion and our values and behaviours. Our statement is available at **https://www.jisc.ac.uk/about/corporate/corporate-social-responsibility**. An internal audit of this area will take place in Autumn 2019.

Leadership

The board take collective responsibility for decisions. The chair provides leadership and ensures that Jisc's strategy and priorities are clear. The roles of the chair and deputy chair are clearly defined.

Jisc has a number of subsidiary companies, each with their own bespoke Articles of Association. The relationship between Jisc and each subsidiary is governed by a Management and Supervision Agreement (which includes a list of matters reserved for the Jisc board) and a Memorandum of Understanding or Intra-Group Operating Agreement (which describes the services that Jisc provides to the subsidiary and vice-versa). An annual business plan and budget for each subsidiary is prepared and agreed by the Jisc board and regular progress reports are provided to the board. Each of the board's committees (Audit and Risk Management, Finance and Treasury, Nominations and Governance, Remuneration) operate across all companies in the Jisc Group.

The board recognises and respects differing views amongst trustees and constructive challenge is welcomed by senior leaders. A supportive relationship exists between the board and senior leaders based on openness and trust. This is evident from the results of the annual board effectiveness review which reflects positive views of trustees and senior leaders about the relationship.

The time commitment expected of trustees is detailed during the recruitment process and in the appointment documentation. Additional time commitments as a result of involvement in committees or

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[9] **The Government's EdTech strategy**; **Review of the online-learning and artificial intelligence market**; **All Party Parliamentary Group on Data Analytics report**; **Higher Education Commission report: Degree Apprenticeships**; **Higher Education Commission report: Staying Ahead – are International Students Going Down Under**; **Open Access to Research Publications – Independent advice to the minister of state**

the Stakeholder Forum are outlined when these roles are appointed. Attendance of trustees and committee members at meetings is recorded and the statistics reported to the Nominations and Governance committee for review annually. Attendance of trustees at board meetings is as follows:

Trustee name	Eligibility to attend	Actual attendance
Professor David Maguire (chair)	5	5
Professor Elizabeth Barnes CBE	5	4
Jonny Bourne (from 1 January 2019)	3	2
Susan Bowen	5	4
Dr Paul Feldman	5	5
Robin Ghurbhurun (until 14 June 2019)	5	4
Professor Philip Gummett CBE	5	4
Professor Paul Layzell	5	4
Robert McWilliam	5	4
Professor Nigel Seaton	5	2
Jude Sheeran (from 1 January 2019)	3	2
Professor Mark E Smith CBE	5	4
Dr Ken Thomson OBE	5	4
Professor Anne Trefethen (deputy chair)	5	4

The board lead the process to appoint the chief executive and participate in the appointment process for executive leadership team appointments where required.

Integrity

Trustees are expected to abide by the Nolan Principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The board have also agreed the values that are core to the Jisc business (Pace, Passion, Pride, Trust, Teamwork) and updates are given to the board on progress with an agreed programme of work around organisational culture. The Eduserv merger and proposed further mergers bring additional cultural challenges and specific focus has been placed on cultural aspects of these mergers.

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.

A register of interests is maintained for trustees and updated when new trustees are appointed and as changes are reported. A full review is undertaken annually. The declaration of interests is a standing item at the beginning of each board meeting. A new Conflict of Interest policy for trustees and staff will be launched in 2019-20 and the existing Whistleblowing policy will be reviewed. A Gifts and Hospitality register has been launched along with accompanying guidance.

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 several 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. Our trustees, with the exception of our chief executive, are all considered to be independent non-executive directors.

Decision-making, risk and control

The role of the board can be found on the website at **https://www.jisc.ac.uk/about/corporate/board**.

We have four standing committees (Audit and risk management; Finance and treasury; Nominations and Governance; Remuneration), each of which operates across the Jisc Group. Our Articles of Association define areas of responsibility that cannot be delegated by the board to a committee. Each committee operates under terms of reference agreed by the board and which are reviewed annually. The terms of reference and committee memberships can be found on the Jisc website at **https://www.jisc.ac.uk/about/corporate/structure-and-governance**. Each committee is chaired by a trustee with at least one further trustee as a member of each committee. The appointment of committee chairs and members falls under the auspices of the Nominations and Governance committee. Each committee reports to the board regularly. Attendance at meetings by committee members is recorded and reviewed by the Nominations and Governance committee annually.

The board consider key documents such as the Financial Scheme of Delegation, reserves policy and treasury policy regularly following detailed discussion by the appropriate committee. Some further work will be conducted during 2019-20 to bring together and review the wider scheme of delegation across the governance structure.

The board is ultimately responsible for the charitable company's system of internal control and for reviewing its effectiveness. Our internal control system 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. Internal control processes include:

- a Jisc strategy, approved by the board;
- a set of strategic targets underpinned by a Group-wide operating plan;
- a risk appetite statement approved by the board;
- an annual budget approved by the board;
- consideration of the financial results of the group by the board including variance from budgets;
- 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.

The board receives reports at each meeting on progress against our strategic targets, our financial performance and strategic risks.

The board has responsibility for overseeing risk management within Jisc as a whole. A strategic risk register is underpinned by risk registers created and maintained for each specific part of the business, as well as for other specific activities such as individual mergers. Regular reviews are held with all strategic risk owners to check progress of mitigating actions and position of early warning indicators, evaluate their impact on the risk status and check the relevance and focus of the risk in question. Work is underway to further align our strategic risk register with our strategic objectives. We are alert to external risks that will impact on the organisation but which are out of our control. Comprehensive risk management training and supporting documentation is available to all staff. A new risk management system has been rolled out across the organisation. This system is also used for tracking actions arising from internal audits.

The board considers the risk appetite annually. We encourage a well-managed risk appetite, tailored to each area of our activity which supports the development and delivery of new services to meet the needs of our customers through our research and development work, while ensuring that we maintain oversight for parts of the business with less tolerance for risk. The risk appetite was reviewed in Spring 2019 and extended to include new areas relating to mergers, policy/public affairs and GDPR.

The Audit and risk management committee has detailed oversight of the risk management framework. The committee receive an assurance map for a series of planned audits, approve the annual internal audit plan and receive reports of all internal audits undertaken by the Group internal audit manager.

Audit and Risk Management opinion 2018-19

Based on the work of the Audit and Risk Management committee, internal audits conducted during the reporting year and in the context of materiality:

<u>Audit and Risk Management committee opinion 2018-19 (including Group internal audit manager opinion)</u>

Having taken account of:

a. our work throughout the year as summarised in this annual report;
b. the view of Jisc's Group Internal Audit (reflected below);
c. the committee's discussions with the Jisc executive leadership team and others as to risk management in their areas of responsibility and the assurance we have received as to the beneficial impact of those discussions on Jisc's system of risk management;
d. the Jisc risk management framework including the Jisc risk appetite;

It is the opinion of the Audit and Risk Management committee that:

- Whilst the general IT controls should be strengthened, the overall control environment is adequate and effective.
- The Jisc Group arrangements for corporate governance, risk management and value for money are adequate and effective
- The chief executive and the Jisc board may place reasonable reliance on these processes and systems in carrying out their respective roles and providing assurances to Jisc's funders and members

The Audit and risk management committee also manages the process to appoint external auditors. A procurement process for external auditors for the Jisc Group will be conducted through Autumn 2019. Auditors have the opportunity to meet the committee without staff present but this right has not been exercised in the reporting year.

Board effectiveness

The board meets 4 times a year with one additional strategy-focussed awayday. The board has a clear agenda at every meeting and a forward look agenda plan. Additional items can be added to future agendas at the request of trustees.

Our trustees include senior leaders working in UK further and higher education and individuals with the business skills and expertise that help shape Jisc for the future. Individuals are drawn from across the UK to provide an appropriate balance of experience from the respective countries and from the sectors we serve, and in accordance with our defined skills set for trustees.

Trustees are permitted to access independent professional advice should they feel it is necessary to support the discharge of their duties as a trustee. There have been no requests for such advice in the reporting year.

Our chair is appointed by our Representative members (AoC, GuildHE and UUK). The role of chair is separate to that of chief executive. A deputy chair, Professor Anne Trefethen, was appointed by the board in April 2019 following an internal recruitment process amongst trustees, and on the recommendation of the Nominations and Governance committee.

As at 31 July 2019, the composition of the board was as follows:

- Chair – appointed by AoC, GuildHE and UUK
- One trustee nominated by AoC
- One trustee nominated by GuildHE
- One trustee nominated by UUK
- One trustee nominated by our funders
- Up to eight trustees appointed by the board
- Jisc chief executive

The Eduserv merger brought the appointment of two additional trustees from 1 January 2019. It is intended that the number of board appointed trustees will reduce to 6 over time as trustees reach the end of their appointment terms, provided this will leave no skills gap on the board.

The skills matrix for trustees is reviewed when a vacancy arises to identify the skills and experience that we wish to see in new trustee appointments. A process to identify a new nominee by AoC was initiated in July 2019 following the resignation of Robin Ghurbhurun. A nomination was made by AoC which was considered and approved by the Nominations and Governance committee in September 2019 (see the list of Trustees on page 18.

Trustees are appointed for a maximum term of six years – a three-year initial term and an extension of up to a further three years subject to a positive performance review and subject to the agreement of appointing organisations where this applies. In exceptional circumstances, an extension of up to one further year is permitted.

Trustees receive an induction when taking up a role with Jisc. This includes the provision of background and supporting documents relating to the Jisc Group and resources from the Charity Commission ("The Essential Trustee"). Meetings are held with the chief executive and members of the Executive leadership team to give a detailed overview of our activities. Strategic discussion sessions held throughout the year around formal board meetings give trustees an opportunity to receive an in-depth update on key issues.

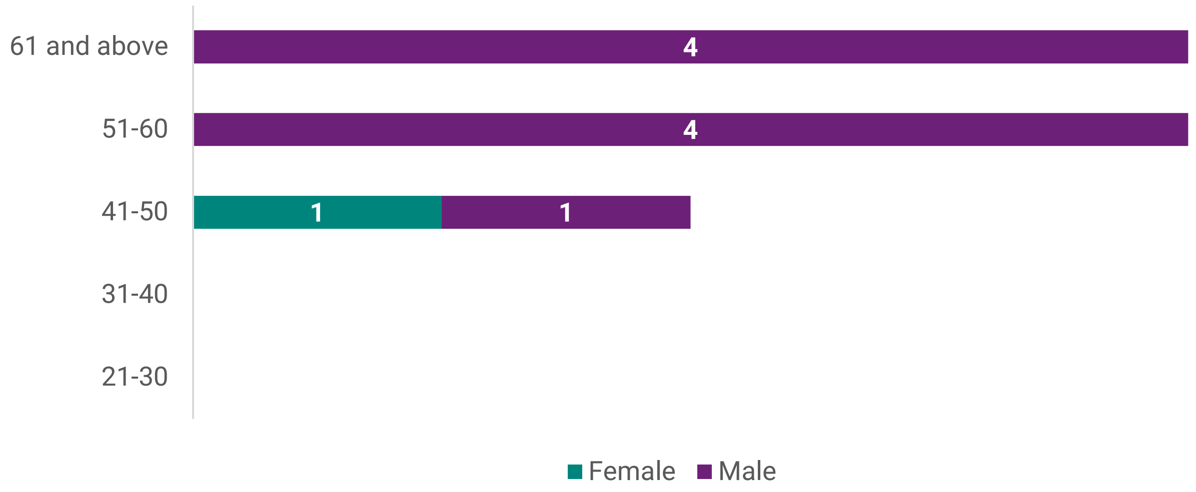
A board and committee effectiveness review is conducted each year, which also includes discussions with trustees and committee members about their contributions to the role of the board or committee. The recommendations arising from the reviews are considered and agreed by the Nominations and governance committee and the relevant board or committee. An external review was last conducted in 2017-18. The 2019-20 review will be conducted internally, with the expectation that the 2020-21 review will be conducted by an external consultant.

Diversity

The board and the Nominations and governance committee are keen to increase diversity within the governance structure, both at board and executive level. Candidates from diverse backgrounds are sought and encouraged whenever a vacancy for a trustee arises, including when an appointment is the result of the nomination by our funders or Representative Members. The limited turnover of trustees has not allowed diversity to be increased during the reporting year. We are committed to removing, reducing or preventing obstacles to people becoming trustees.

As at 31 July 2019, our board comprised 21% female and 79% male trustees. The two trustees appointed to the board as a result of the Eduserv merger were male and the percentage of female trustees has reduced as a result (from 25% in 2017-18).

The executive leadership team comprises the chief executive and executive directors. The age and gender distribution of this group is as follows:



The age and gender distribution of senior leaders (those at Grade A or equivalent) is as follows:

100% of the Executive Leadership Team and 52% of senior leaders have provided ethnicity data. Only one person has however declared a non-white background.

Diversity across the Jisc executive is covered in more detail in the Internal organisation section on page 28.

Openness and accountability

Further information about engagement with our members can be found in the stakeholder engagement section of the Strategic report on page 9.

Regular reporting is provided to each of our core funders to describe our activities and how we have supported the priorities of our funders. Meetings of our Funders and Owners Group are held three times annually, which consists of representatives from each of our funders and Representative Members. The meetings are chaired by the Jisc chair and attended by senior Jisc officers.

The board receives reports based on feedback from member organisations or other stakeholders. The board discusses lessons learned from any errors that have occurred as appropriate in the context of the board's strategic role.

In the year to 31 July 2019, remuneration has been paid to Dr Paul Feldman (as Chief executive) and Professor David Maguire as Jisc chair. This remuneration is paid for these additional roles undertaken on behalf of Jisc and not in their capacity as trustees. The details of the remuneration are shown in note 13 of the Financial Statements on page 51. The level of remuneration has been approved by the Remuneration committee and Jisc's Articles of Association give express authority for this payment[10]. No other trustees are remunerated.

The remuneration of the Executive leadership team is set within a framework agreed by the Remuneration committee. Details of this remuneration can be found in note 13 of the Financial Statements on page 51.

A travel and subsistence policy is available for trustees and committee members. Travel and subsistence costs are refunded to Trustees and committee members on submission of a claim with supporting receipts and payment is subject to compliance with the policy. These costs are included in the note relating to trustees' expenses in note 9 of the Financial Statements on page 49.

Trustee indemnity insurance provides insurance cover for 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. There have been no claims against this insurance in the reporting year.

Financial policies and risks

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

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

Both policies were reviewed by the Finance and treasury committee in 2018-19 and some minor amendments made. Both policies were approved by the board.

Credit risk

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

[10] The remuneration of the chair was increased from £12,000 to £15,000 as of December 2018 to reflect the additional complexity of Jisc which included the impact of mergers with other sector bodies.

Liquidity risk

In its cash management, Jisc ensures that there are sufficient cash balances to meet day-to-day needs of the organisation. This is reflected in our Investment strategy (see Financial performance and strategy section on page 10).

Grant-making policies

In some cases, we provide grants to organisations to provide services on our behalf or to participate in projects. 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 our responsibilities. Grants are usually disbursed in instalments to ensure that agreed timings and results are being met and managed. Our 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.

Payment practices

In accordance with regulations in the Small Business, Enterprise and Employment Act 2015, we have prepared and submitted payment practices reports for each 6-month period[11].

Internal organisation

Directorate structure

A directorate structure exists within the organisation, with five directorates focussed on the provision of our products and services (Digital resources, e-Infrastructure, Innovation and analytics, Members and customers and Trust and identity)[12] and three directorates focussed on the provision of professional services to support the organisation (Finance, Marketing and communications, and Strategy and corporate services).

The current directorate structure has been in place since early 2019, when the existing directorates were integrated with the teams that joined following the merger with Eduserv in January 2019. Each directorate is led by an Executive Director who sits on the Executive leadership team. The directorate structure spans all companies in the Jisc Group. Working together, these directorates deliver our key activities and priorities.

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[11]Our payment practices reports are available online at **https://check-payment-practices.service.gov.uk/company/05747339/reports**.

[12]Our directorate structure changed in September 2019 as a result of staff transferring from HESA to form a new data analytics directorate in its own right

Staff numbers

Our headcount has increased by 23% over the past 12 months to 725 employees as at 31 July 2019. Of these, 8% (57 employees) were on fixed term contracts (compared with 12% in 2018). The total turnover rate for the period 1 August 2018 to 31 July 2019 was 14% compared to 13.8% in 2018.

Whilst part of this increase in headcount is through recruitment activity, 97 employees transferred into Jisc as a result of the merger with Eduserv in January 2019. Headcount will be likely to increase further over the next 12 months if proposed mergers proceed[13].

At 31 July 2019 we had 12 apprentices and ranked 24th in the *Ratemyapprentice* top 100 employers.

People Plan

Jisc's People Plan pulls together all the ways we are investing in and supporting our people and our aspiration to be a great place to work where all can develop and thrive. The plan contributes to delivery of Jisc's strategic priorities and focuses on developing our people, transforming our culture, building employee engagement and skills to deliver high quality services. We see a workplace where all colleagues feel valued, which is inclusive and diverse with high employee engagement, satisfaction and wellbeing.

Through the People plan we will:

- achieve our vision and strategic priorities
- be an inclusive, flexible organisation recognising that diversity of experience, approach, background and personality enable us to provide better services to our members
- have high employee engagement, wellbeing and motivation levels
- develop colleagues' skills and provide career development opportunities
- improve our leadership capability
- be an 'employer of choice'
- build a culture of learning
- improve organisational capability and performance
- increase our ability to attract, recruit, develop and retain diverse skills

The focus for the coming year will be to review our people and reward strategy to ensure that they are aligned with the future shape of a growing organisation.

Inclusion and diversity

Diversity of experience, approach and personality are critical both to our success and to the success of our members. We recognise that creating an environment for everyone to thrive requires purposeful action. Our Equality, diversity and inclusion plan's objective is to create an inclusive environment where everyone's contributions are recognised and valued, and all have an equal chance to succeed. Our

[13] As reported in the Activities and achievements 2018-19 section on page 6, a further 24 colleagues joined us in September 2019 as a result of a transfer from HESA

equality and diversity policy outlines how we do this and is integral to all our activities from talent management through to remuneration.

We identified a number of priority areas for action, and we've taken steps to demonstrate our commitment. More women are progressing to senior roles. We are continually improving how we recruit to attract a wider range of candidates for all of our jobs. More of our people are sharing their stories and experiences – highlighting challenges and celebrating achievements.

Our most recent Gender bonus and pay gap report[14] is based on a snapshot of earnings taken at 5 April 2018. The report shows that our gender pay gap has decreased, showing a reduction in our median gender pay gap of 5.7%, down from 10.2%. There is more to do but this is an important step. The changes in our bonus pay gap are more complex. The ending of some long-standing arrangements meant fewer colleagues received bonuses, so whilst we have seen our mean bonus pay gap decrease, our median bonus pay gap has increased.

We're committed to building on our successes this year. We're growing in areas where women are typically underrepresented - technical roles. We want to seize that challenge and believe our commitment to developing a diverse workforce can have a positive influence on the wider sector. We're going to keep working hard to continue to create a truly progressive, inclusive and diverse organisation.

Whilst our aspirations are of course wider than gender - addressing the gender pay gap is a key part of the picture. We believe that actions to address gender will also have a positive impact on all areas of diversity. Further information on our work in this area can be found in our Corporate Social Responsibility statement[15].

Diversity data

Age and gender

Jisc continues to employ people across a broad age group, with the age of new starters over the past year ranging between 17 and 66 - with the average age for a new starter being 38 years old. The average age of our people remains at 42 years old.

Compared to last year, the proportion of women in post has decreased very slightly, from 44% at the end of July 2018 to 43% at the end of July 2019. This is partially an impact of more men joining us through the Eduserv merger, together with an increased level of males being recruited at the beginning of the year. Over the last few months however, this trend has started to change, with 57% of our new starters being female. Across the majority of our directorates, the turnover of males has also been higher than females this year. The proportion of female senior leaders (26%) at Grade A or equivalent has fallen compared to last year (31%). Our business partner team will continue to monitor these figures and work with the directorates so that we can address any issues as they are identified.

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[14] The full report is available at **https://www.jisc.ac.uk/about/corporate/gender-and-bonus-pay-report.**

[15] Our Corporate Social Responsibility statement can be found at **https://www.jisc.ac.uk/about/corporate/corporate-social-responsibility**

Equalities information

Equalities information is held on our HR system in accordance with GDPR principles. We continue to encourage all staff to provide this data though this is voluntary.

Ethnicity

To date approximately, 61% of staff in post at 31 July 2019 have provided information about their ethnic origin, 54% their religion, 55% their sexual orientation and 56% an indication of whether they regarded themselves as disabled.

Diversity varies across the directorates. Further details of ethnic diversity are shown in the table below. The number of staff recording themselves as White is a higher proportion than the general population based on the 2011 census (86%).

Asian or Asian British	Black or Black British	Chinese	Mixed Heritage	White	Preferred not to say
2.9%	1.3%	1.1%	1.8%	89.7%	3.1%

Religion

As last year, approximately 22% of the returns identified with Christianity as their belief system, with an additional 4% specifically Catholic. The number of staff who have no religious belief has increased by 5% to 49%. Consistent with last year's results around 2% of staff practice Hinduism, and less than 1% Taoism, Islam, Rastafarianism, Spiritualism, Unitarianism, Buddhism or identify themselves as Muslim or Jewish.

Sexual orientation

55% of staff responded to the question regarding sexual orientation, the same proportion as last year. Slightly fewer 11% preferred not to say (compared to 12% in 2018). The majority of staff indicate that they are heterosexual 81% (compared to 82% last year), 7% identify as lesbian, gay or bisexual. We now have an LGBTQ+ group, for anyone who identifies as LGBTQ+ and their allies, which provides support.

Supporting staff with disability

Jisc supports individuals with disabilities by providing appropriate support and/or adjustments and has 32 staff (compared with 24 in 2018) who have reported that they consider themselves to have a disability, representing just over 4% of our organisation.

Jisc works with an independent occupational health provider to support the health and wellbeing of our people, and to determine if there are any measures or reasonable adjustments to be considered to support the individual in the workplace. All new members of staff complete a pre-employment health questionnaire that is reviewed by our occupational health providers to help ensure that we are supporting appropriately staff from the start of their employment. In line with our commitment to an inclusive and diverse workforce, disabled employees have equality of access to training, development and progression. Support is also given to encourage return to work and retention of newly disabled employees, providing where required a period of rehabilitation, support and training.

This approach is driven by our iMatter Strategy and the work is being overseen by the health, safety and wellbeing committee. This forms part of our commitment to a holistic approach to health and safety and wellbeing.

Pay, benefits and recognition

Our objective is to ensure that we have salaries that are market competitive together with an attractive array of benefits. We have a single pay framework which covers all staff except the Executive leadership team, who are on spot salaries determined by the Remuneration committee. Pay progression for all staff is based on performance underpinned by a performance development scheme. A bonus and commission scheme is in place for members of the Executive leadership team, account managers and related staff. The Remuneration committee considers the annual pay review proposals for all staff across the organisation and the resulting overall level of increase in the wage bill in the context of the need to ensure good pay governance around the use of the charity's funds.

The Remuneration committee reports to the board, providing sufficient detail to enable the board to assure themselves that a rigorous, fair and defensible process has taken place, as overall responsibility remains with the board.

Employment policies

A core set of employment policies are in place and are periodically reviewed to ensure that they meet employment legislation, our values and support an inclusive and diverse workforce. Our approach to our people policies is intended to be light touch providing a framework to support people managers and their teams.

Workforce engagement

We use a number of communications channels to engage staff and encourage two-way communication across the organisation. These include the following:

- Joint Negotiating Committee with the University and College Union (UCU), our recognised trade union
- Employee Voice Forum (EVF), available to all staff to enable all employees to have a voice, and to share their concerns and views
- Equality, diversity and inclusion network to raise awareness, highlight barriers, celebrate where we are doing well and influence actions that can help further reduce the pay gap
- Fortnightly staff update and monthly all staff briefing on key issues
- Intranet
- Regular briefing sessions, both at directorate level and organisation wide via 'all hands' briefings with the chief executive and location wide briefings
- Jisc wide staff conference
- Targeted emails where a group of staff are specifically affected by an issue

- Open consultation processes
- Regular blogs, podcasts and webinars
- Yammer Groups

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' 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland") 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 affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The trustees are also responsible for safeguarding the assets of the charitable company 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.

The Trustees' responsibilities regarding the Office for Students grant reporting

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

In the case of each trustee in office at the date the Trustees' Report is approved:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Appointment of Independent Auditors

A procurement process has been undertaken in Autumn 2019 to appoint external auditors for the 2019/20 audit. The appointment of external auditors will be confirmed at the AGM on 27 November 2019.

The Strategic Report and Trustees' Report have been approved, authorised for issue and signed on behalf of the board by:

Professor David Maguire, Jisc chair

27 November 2019

Independent auditors' report to the members of Jisc

Report on the audit of the financial statements

Opinion

In our opinion, Jisc's group financial statements and parent charitable company financial statements (the "financial statements"):

- 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 2019 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Trustees' Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Charity Balance Sheets as at 31 July 2019; the Consolidated Statement of Financial Activities (including income and expenditure account) and the Consolidated Cash Flow Statement for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Responsibilities of the board in relation to the Trustees' report set out on page 33, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members 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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of trustees' remuneration specified by law are not made; 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.

Other voluntary reporting

Opinion on regularity

The directors are required to comply with a funding agreement with the Office for Students ("OfS") dated 1 August 2018 (the "Funding Agreement"). We have been requested to undertake additional procedures in accordance with the OfS Audit Code of Practice and to provide an opinion on regularity, as if Jisc were a higher education institution as defined under the Further and Higher Education Act 1992.

In our opinion, in all material respects, the grants and other income received from the Funding Bodies (defined in the Funding Agreement) have been used for the purposes provided.

Sotiris Kroustis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
29 November 2019

Consolidated Statement of Financial Activities (including income and expenditure account) for the year ended 31 July 2019

	Note	**Unrestricted funds 2019 £'000**	**Restricted funds 2019 £'000**	**Total Funds 2019 £'000**	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000
INCOME							
Donations and grants	4	**49,360**	**20,337**	**69,697**	52,959	22,257	75,216
Fair value of acquired net assets	34	**2,196**	**-**	**2,196**	-	-	-
Income from charitable activities	5	**69,439**	**1,310**	**70,749**	55,453	1,400	56,853
Income from other trading activities	6	**11,502**	**254**	**11,756**	12,430	228	12,658
Investment income	7	**713**	**-**	**713**	367	-	367
TOTAL INCOME		**133,210**	**21,901**	**155,111**	121,209	23,885	145,094
EXPENDITURE							
Charitable activities before USS pension provision charge		**144,666**	**14,981**	**159,647**	125,064	16,197	141,261
USS pension provision charge	29	**15,269**	**-**	**15,269**	650	-	650
Total Charitable activities	8	**159,935**	**14,981**	**174,916**	125,714	16,197	141,911
Commercial trading operations		**1,475**	**-**	**1,475**	1,050	-	1,050
Grants	11	**634**	**322**	**956**	2,781	298	3,079
Other losses		**171**	**-**	**171**	148	-	148
TOTAL EXPENDITURE		**162,215**	**15,303**	**177,518**	129,693	16,495	146,188
Net (expenditure) / income	12	**(29,005)**	**6,598**	**(22,407)**	(8,484)	7,390	(1,094)
Transfers between funds	22	**7,335**	**(7,335)**	**-**	9,016	(9,016)	-
Other unrealised gains	17	**3,044**	**-**	**3,044**	-	-	-
Net movement in funds for the year		**(18,626)**	**(737)**	**(19,363)**	532	(1,626)	(1,094)
Reconciliation of funds							
Total Funds brought forward		**84,786**	**15,960**	**100,746**	84,254	17,586	101,840
Total Funds carried forward		**66,160**	**15,223**	**81,383**	84,786	15,960	100,746

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

All results in the year to 31 July 2019 and in the prior year derive from continuing operations.

The consolidated statement of financial activities includes all gains and losses for the year and includes the income and expenditure of the group.

Consolidated & Charity Balance Sheets as at 31 July 2019

	Note	Group As at 31/07/2019 £'000	Group As at 31/07/2018 £'000	Charity As at 31/07/2019 £'000	Charity As at 31/07/2018 £'000
Fixed assets					
Intangible assets	15	**3,051**	4,530	**-**	-
Tangible assets	16	**25,808**	22,354	**9,832**	3,270
Investments	17	**58,067**	605	**83,456**	25,994
Total fixed assets		**86,926**	27,489	**93,288**	29,264
Current assets					
Debtors	18	**44,701**	34,724	**6,090**	4,739
Cash and cash equivalents	26	**38,221**	83,750	**34,052**	75,949
Total current assets		**82,922**	118,474	**40,142**	80,688
Liabilities					
Creditors: amounts falling due within one year	19	**65,858**	39,029	**36,660**	16,663
Provisions for liabilities	21	**633**	565	**629**	561
Total liabilities		**66,491**	39,594	**37,289**	17,224
Net current assets		**16,431**	78,880	**2,853**	63,464
Total assets less current liabilities		**103,357**	106,369	**96,141**	92,728
Provisions for liabilities: amounts falling due after one year	21	**21,974**	5,623	**21,766**	5,569
Net assets		**81,383**	100,746	**74,375**	87,159
The funds of the Group / Charity:					
Restricted income funds	22	**15,223**	15,960	**13,870**	9,886
Unrestricted income funds	23	**66,160**	84,786	**60,505**	77,273
Total Group / Charity funds		**81,383**	100,746	**74,375**	87,159

The Charity only net deficit for the year was £12,784k (2018: surplus of £6,847k) – refer to note 31. The accompanying notes are an integral part of these financial statements. The financial statements on pages 38 to 70 were approved and authorised for issue by the Board and signed on its behalf by:

Dr Paul Feldman
Chief Executive
27 November 2019
Registered number: 05747339

Consolidated Cash Flow Statement for the year ended 31 July 2019

	Note	**2019 £'000**	2018 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	26	**15,697**	9,181
Cash flows from investing activities:			
Interest received	7	**713**	367
Proceeds from the sale of property, plant and equipment	16	**9**	-
Purchase of property, plant and equipment	16	**(10,315)**	(12,418)
Purchase of investments	17	**(52,716)**	(255)
Net cash used in investing activities		**(62,309)**	(12,306)
Cash flows from financing activities:			
Repayment of borrowing acquired	34	**(2,469)**	-
Net cash provided by financing activities		**(2,469)**	-
Net cash acquired	34	**3,552**	-
Change in cash and cash equivalents in the reporting year		**(45,529)**	(3,125)
Cash and cash equivalents at the beginning of the reporting year		**83,750**	86,875
Cash and cash equivalents at the end of the reporting year		**38,221**	83,750

Notes to the financial statements

1. Statement of compliance

The group and individual financial statements of Jisc have been prepared on a going concern basis (except for investments included at fair value) in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - ("Charities SORP (FRS 102)"), the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006 and the Charities Act 2011.

2. Principal accounting policies

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

a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). After reviewing the group's forecasts and projections, the Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

b) Gifted assets related to the merger

On 1 January 2019 Jisc became the sole member of Eduserv, a registered charity that operated in the education sector and as a consequence, Jisc gained control of Eduserv without transfer of any consideration. The transaction has been accounted for as an acquisition (in accordance with section 34 of the FRS 102). Accordingly, the excess of the fair value of the assets received from Eduserv over the fair value of the liabilities assumed is recognised as a gain in the Statement of Financial Activities (SOFA).

c) Group financial statements

The consolidated financial statements and the consolidated cash flow statement include the financial activities of the charity, its wholly owned subsidiaries Jisc Services Limited, Jisc Commercial Limited, Eduserv (Charity) and Eduserv Commercial Limited and its majority owned subsidiary Jisc Liberate Managed Services Limited up to 31 July 2019. The financial activities of Eduserv (Charity) and Eduserv Commercial Limited have been included from 1 January 2019. Intra-group transactions and balances are eliminated fully on consolidation. The proportion of equity not attributable to the group ('non-controlling interests') is recognised as a separate component of funds of the group. Where non-controlling funds would give rise to an asset, the asset is only recognised to the extend the group has a legal right of recovery.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. Jisc as a standalone company as permitted by FRS102 as a qualifying entity has taken advantage of the available exemption to not prepare a statement of cash flows [Section 7 of FRS102 and para 3.17 (d)].

d) 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.

e) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Income for services, including higher education subscriptions, is recognised over the period when the relevant service is provided, or in line with the work being performed, whichever is most appropriate.

Licensing income is recognised over the period when the relevant service is provided except for Chest licencing income. Chest licensing income is recognised in full as an agency fee at the start of the licensing agreement period in line with the contract structure.

Interest income is recognised as earned.

Income is deferred where services 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 have not yet been met.

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 probable, or cash is received, whichever is soonest.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. 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. Expenditure is classified under the following activity headings:

- Costs of commercial trading and their associated support costs.
- Expenditure on charitable activities includes the costs of activities undertaken to further the purposes of the charity and their associated support costs.
- Grants payable are payments made to third parties in the furtherance of the charitable objects of the group. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the group agrees to pay the grant without conditions, or the conditions attached to the grant are outside the control of the group.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged against the expenditure category of resources expended for which it was incurred.

g) Allocation of overhead and support costs

Support costs are those functions that assist the work of the group but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support Jisc's projects and activities. These costs have been allocated between commercial trading operations and expenditure on charitable activities.

h) Operating leases

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

i) Lease incentives

Incentives received to enter into an operating lease are credited to the SOFA, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 August 2014) and continues to credit such lease incentives to the SOFA over the period to the first review date on which the rent is adjusted to market rates.

j) 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. Items with a total cost of less than £1,000 are expensed in the period in which they occur.

- Freehold property 50 years
- Leasehold improvements over the life of the lease
- Fixtures and fittings 10 years
- IT equipment 3 years
- Network equipment 3 years

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

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

k) Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Electronic content 10 years

Amortisation is charged to the Statement of Financial Activities.

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

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired on an annual basis.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

l) Investments

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

An investment in a jointly controlled entity exists when there is a contractually agreed sharing of control over an economic activity of a separate legal entity, between Jisc and third party(s). A jointly controlled entity is initially recognised at the transaction price and subsequently adjusted for the investors' share of the profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the assets are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

m) Pensions

The organisation participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The organisation is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the organisation therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the organisation has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the organisation recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

n) Contingent liabilities

In accordance with the Charities SORP (FRS102) 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.

o) Foreign currency

Transactions denominated in foreign currencies are translated at the rate of exchange at the end of the month in which the transaction occurred. Foreign currency balances are re-translated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is charged to the SOFA.

The majority of foreign currency income transactions have a corresponding cost of sales transaction in the same currency, where a surplus is generated this is used to settle ad-hoc purchases in currency throughout the year.

All forward contracts were cleared at the year end.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash and cash equivalents

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount after allowing for any trade discounts due. Provisions are recognised at amortised cost.

s) Financial instruments

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

3. Critical accounting judgements and estimation uncertainty

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

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

(i) Multi-employer defined benefit pension scheme

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements (note 29).

The directors have highlighted as a post balance sheet event (note 35) that the revised USS contributions schedule was agreed between the members and the Trustees of the USS scheme after the balance sheet date. As the revised contributions were agreed after the balance sheet date, the contribution rates in force at the balance sheet date have been used to calculate the USS deficit recovery provision in accordance with FRS 102. The revised contributions will result in a lower deficit recovery provision than that recognised in these accounts.

(ii) Timing of grant revenue recognition

Revenue from restricted grants (note 4) can vary in its terms and conditions, specified years to which it relates and cash payment profile. Judgement about the most appropriate financial year in which to recognise revenue can be required together with the amount of revenue to be recognised in that year, with reference to the specifications of a grant letter.

b) Critical accounting estimates and assumptions

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

(i) Useful economic life of tangible and intangible assets

The annual depreciation charge for tangible and intangible assets (note 16 and 15) is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 15 and 16 for the carrying amount of the intangible and fixed assets respectively, and page 43 for the useful economic lives for each class of assets.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade, intercompany and other debtors (note 18). When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iii) Multi-employer defined benefit pension scheme

The costs of the USS deficit recovery plans have been estimated based on a model devised by USS and the British Universities Finance Directors Group. The model uses the additional costs included in the deficit recovery plan, management's judgement of estimated changes in staffing levels and pay increases and is discounted based on corporate bond levels having a maturity of a similar length to the recovery plan. The scheme actuary reviews the funding of the USS every year and undertakes a formal actuarial valuation every three years, at which time the deficit recovery plan may be amended (note 29).

(iv) Impairment of fixed asset investments

In assessing whether the carrying value of fixed asset investments has suffered a permanent impairment, the company considers a number of indicators which include the comparing the market value of the underlying net assets to the cost of the investment, the trading history of the entity and the forecast cash flows of that entity.

4. Donations and grants

During the year to 31 July 2019 £69,698k (2018: £75,216k) of funding was received from the United Kingdom funding bodies for higher and further education.

Funding Body:	**Unrestricted £'000**	**Restricted £'000**	**2019 Total £'000**	Unrestricted £'000	Restricted £'000	2018 Total £'000
HEFCE/OfS/Research England	20,000	20,000	**40,000**	20,000	20,000	40,000
DfE - England	16,830	-	**16,830**	20,000	-	20,000
Scottish Funding Council	8,073	-	**8,073**	8,073	1,794	9,867
HEFCW	2,002	139	**2,141**	2,001	65	2,066
DEL / DfE Northern Ireland	1,410	-	**1,410**	1,410	336	1,746
Welsh Government	1,046	198	**1,244**	1,475	62	1,537
	49,361	**20,337**	**69,698**	52,959	22,257	75,216

Due to the merger with Eduserv in the year the gift of £2,196k representing the fair value of net assets transferred have been included as a donation but shown separately on the Consolidated Statement of Financial activities.

Effective 1 April 2018, HEFCE was superseded by OfS and Research England.

5. Income from charitable activities

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	Marketing and Comms £'000	**2019 Total £'000**
Licensing income	-	47,958	-	-	**47,958**
Chest licensing income	-	281	-	-	**281**
Service income	18,235	823	317	121	**19,496**
Project contributions	2,247	106	205	-	**2,558**
Events income	-	28	-	416	**444**
Consultancy income	-	-	6	-	**6**
Training Income	6	-	-	-	**6**
	20,488	**49,196**	**528**	**537**	**70,749**

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	Marketing and Comms £'000	2018 Total £'000
Licensing income	-	38,469	-	-	38,469
Service income	14,294	226	19	-	14,539
Project contributions	1,996	833	224	-	3,053
Events income	-	-	-	390	390
Consultancy income	-	4	30	134	168
Training Income	234	-	-	-	234
	16,524	39,532	273	524	56,853

The Group is domiciled in the UK.

Income for the year to 31 July 2019 from external customers that are non-UK based was £2,871k (2018: £1,538k) with the remainder generated in the UK.

Of the above 2019 total, £69,439k was unrestricted (2018: £55,453k) and £1,310k restricted (2018: £1,400k).

The reason for the higher licencing income this year of £47,958k (2018: £38,469k) and corresponding cost (note 8) is due to an increase in the number of agreements signed in the year.

6. Income from other trading activities

The group has received £11,756k (2018: £12,658k) of income from other activities, mostly arising from membership subscriptions totalling £8,475k (2018: £10,767k).

7. Investment income

All of the group's investment income of £713k (2018: £367k) arises from money held in interest bearing deposit accounts and distributions from cash equivalent investments.

8. Charitable activities

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	Marketing and Comms £'000	**2019 Total £'000**
Network operations & services	63,910	73	-	-	**63,983**
Content and acquisition	-	6,339	-	-	**6,339**
Support and liaison	-	-	-	10,586	**10,586**
Technical and development	411	1,494	8,651	-	**10,556**
Other cost of sales	-	546	-	-	**546**
Licensing payments	-	47,921	-	-	**47,921**
Governance Costs (note 9)	550	550	550	551	**2,201**
Support costs (note 10)	15,069	13,208	2,027	2,480	**32,784**
	79,940	**70,131**	**11,228**	**13,617**	**174,916**

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	Marketing and Comms £'000	2018 Total £'000
Network operations & services	55,402	22	-	-	55,424
Content and acquisition	-	6,520	-	-	6,520
Support and liaison	-	-	-	10,137	10,137
Technical and development	579	2,899	9,570	-	13,048
Other cost of sales	-	690	-	-	690
Licensing payments	-	36,915	-	-	36,915
Governance Costs (note 9)	444	444	444	421	1,753
Support costs (note 10)	7,964	6,688	1,335	1,437	17,424
	64,389	54,178	11,349	11,995	141,911

Of the above 2019 total £159,935k was unrestricted (2018: £125,714k) and £14,981k was restricted (2018: £16,197k).

Expenses on e-infrastructure are the operating costs associated with the Janet network, network related services and development. Digital resources are mainly 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.

Marketing and Comms expenditure relates to customer engagement and communications activities on behalf of the sector.

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

9. Governance costs

	2019	2018
	£'000	£'000
Internal and external audit	180	90
Senior management salaries	1,644	1,387
Trustee expenses	18	8
Support costs	359	268
	2,201	1,753

The costs relating to the governance function are equally apportioned between the four key charitable activities undertaken in the year.

10. Support costs of charitable activities

	2019	2018
	£'000	£'000
Wages and pension	22,588	7,305
Travel and subsistence	608	623
Consumables, post, printing, phone and stationery	712	324
Computer	2,865	2,564
Rent and rates	3,173	3,858
Temporary staff	542	368
Advertising	50	-
Consultancy and training	2,018	1,675
Insurances	41	20
Professional fees and audit fees	648	558
Bank charges	17	9
Support service	278	114
Exchange (gains) / losses	(756)	6
	32,784	17,424

Support costs of Jisc are allocated where possible directly to the charitable activity and where this direct allocation is not possible costs are allocated in line with the number of direct staff working in each charitable activity type. Wages and pension costs include a liability for paid annual leave accrued but not taken of £1,025k (2018: £677k).

The increase in wages and pensions to £22,588k (2018: £7,305k) is due to the increase to the pension provision during the year £15,269k (2018: £650k). This is shown as a separate line in the consolidated statement of financial activities.

11. Grants

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	**2019 Total £'000**
Grants paid to third parties	62	550	344	**956**

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	2018 Total £'000
Grants paid to third parties	62	2,742	275	3,079

In 2019 no grants were awarded to individuals (2018: 7 grants for a total of £32k were made to individuals); all other grants were to institutions. Of the total grants paid to third parties during 2019, £634k were unrestricted (2018: £2,781k) and £322k were restricted (2018: £298k). A detailed list of grants paid on a per institution basis can be found in note 33 of these financial statements.

Grant payments have fallen from £3,079k last year to £956k in the current year. No grants were committed to HESA during the year (2018: £1,000k) and grant payments to the University of Edinburgh in relation to EDINA for £532k in the year have now ended (2018: 1,415k).

12. Net (expenditure) / income

Net (expenditure) / income is stated after charging / (crediting)

	2019 £'000	2018 £'000
Amortisation of intangible assets	1,479	1,891
Depreciation of tangible assets	12,174	11,781
Loss on sale of tangible fixed assets	9	-
Exchange differences	(817)	63
Operating lease rentals: Property	1,882	1,757

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

	2019 £'000	2018 £'000
Audit of all entities and consolidated financial statements	180	108
Total audit	**180**	108
Tax compliance services	6	30
Tax advisory services	34	42
Services relating to taxation	**40**	72
Other non-audit services	**14**	14
Total	**234**	194

13. Transactions with Trustees and the cost of key management personnel

a) Remuneration and benefits

Recipient	**2019**	2018
	£	£
Dr Paul Feldman	210,000	190,000
Professor David Maguire	14,000	12,000
	224,000	202,000

The remuneration of Dr Paul Feldman and Professor David Maguire are for their roles as Chief Executive Officer and Chair respectively, rather than 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.

The charity Trustees were not paid nor received any other benefits from employment with Jisc or its subsidiaries in the year (2018: £nil); neither were they paid for professional or other services supplied to the charity (2018: £nil).

b) Reimbursement of expenses

Expenses were paid to 6 (2018: 10) Trustees during the year. Below is a breakdown by expenditure type:

	2019	2018
	£	£
Travel and subsistence	17,814	7,568
	17,814	**7,568**

c) Key management personnel

The key management personnel of the Group comprise the Trustees, the Chief Executive, and 10 (2018: 9) members of Executive Leadership Team. The total remuneration and employee benefits of the key management personnel of the Group were £1,644,074 (2018: £1,387,139). Remuneration and pension contributions paid to members of the Executive Leadership Team during the year by role performed are shown below:

Role	**Remuneration** £	**Employer Pension** £	**2019 Total** £
Chief executive	210,000	-	**210,000**
Deputy chief executive, chief operating officer	125,664	30,548	**156,212**
Executive director Janet	84,674	13,475	**98,149**
Executive director e-infrastructure	123,396	20,808	**144,204**
Executive director member engagement	173,800	21,913	**195,713**
Chief financial officer	109,688	18,615	**128,303**
Chief innovation officer	119,952	20,408	**140,360**
Executive director digital resources	118,320	19,625	**137,945**
Executive director marketing and communications	107,559	18,464	**126,023**
Group chief technology officer	190,500	-	**190,500**
Chair of the Jisc Board	14,000	-	**14,000**
Interim chief financial officer	16,410	3,200	**19,610**
Executive director	69,878	13,177	**83,055**
	1,463,841	**180,233**	**1,644,074**

Role	Remuneration £	Employer Pension £	2018 Total £
Chief executive	190,000	-	190,000
Deputy chief executive, chief operating officer	122,100	27,489	149,589
Executive director Janet	117,573	19,786	137,359
Executive director Jisc technologies (now e-infrastructure)	117,600	19,656	137,256
Executive director member engagement	115,000	20,700	135,700
Chief financial officer	115,500	19,270	134,770
Chief innovation officer	115,500	19,270	134,770
Executive director digital resources	111,000	18,360	129,360
Executive director marketing and communications	101,650	17,442	119,092
Group chief technology officer	107,244	-	107,244
Chair of the Jisc Board	12,000	-	12,000
	1,225,167	161,973	1,387,140

The remuneration policy for the executive leadership team is the same as the rest of the Jisc Group (i.e. it is related to performance with increments ranging from 0% to 4% for top performers).

The annual increase in total executive leadership remuneration was 18.5% and this was higher than individual pay awards due to changes in membership of the executive leadership team. Remuneration also includes bonus payments. In the year to 31 July 2019, the remuneration of the Chief Executive equates to 4.5 times the mean gross pay of Jisc group employees.

14. Staff and wages

	Group		Charity	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Wages and salaries	30,861	25,734	22,336	18,714
Social security costs	3,106	2,559	2,245	1,852
Other pension costs	5,208	4,327	3,655	3,204
Redundancy and termination payments	126	73	126	73
	39,301	32,693	**28,362**	23,843

In addition, temporary staff costs of £625k (2018: £372k) for the group were incurred during the year. Higher temporary staff costs in 2019 were attributable to additional temporary staff costs of £229k required to bring Eduserv activities into the Jisc group and ex-Eduserv temporary staff costs of £100k.

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

	Group		Charity	
	2019	2018	**2019**	2018
Management	79	69	73	63
Technical	472	389	313	254
Administrative	112	98	109	95
	663	556	**495**	412

Staff numbers have been reported on the basis of full-time equivalent hours.

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

	2019	2018
£60,001 - £70,000	41	21
£70,001 - £80,000	20	21
£80,001 - £90,000	14	4
£90,001 - £100,000	2	2
£100,001 - £110,000	1	5
£110,001 - £120.000	2	2
£120,001 - £130.000	3	1
£170,001 - £180,000	1	-
£180,001 - £190,000	1	-
£190,001 - £200,000	1	1
£200,001 - £210,000	1	-
	87	57

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

	2019	2018
Money purchase schemes	1	1
Defined benefit schemes	82	54
	83	55

15. Intangible assets

Group

	Rights to electronic content £'000
Cost	
As at 1 August 2018	21,337
Disposals	(2,314)
As at 31 July 2019	**19,023**
Accumulated amortisation	
As at 1 August 2018	16,807
	(2,314)
Charge for the year	1,479
As at 31 July 2019	**15,972**
As at 31 July 2018	4,530
As at 31 July 2019	**3,051**

Assets were assessed for impairment indicators in the year. No impairment indicators were noted.

16. Tangible assets

Group

	Freehold property £'000	Network Equipment £'000	IT Equipment £'000	Fixtures and Fittings £'000	Leasehold improvements £'000	Total £'000
Cost						
As at 1 August 2018	-	48,885	2,135	983	4,078	**56,081**
Fair value of acquired assets (note 34)	3,880	-	179	-	1,263	**5,322**
Additions	1,745	8,136	302	43	89	**10,315**
Disposals	-	(4,704)	-	-	(12)	**(4,716)**
As at 31 July 2019	**5,625**	**52,317**	**2,616**	**1,026**	**5,418**	**67,002**
Accumulated Depreciation						
As at 1 August 2018	-	29,801	1,713	416	1,797	**33,727**
Charge for the year	22	11,244	351	82	475	**12,174**
Eliminated on disposal	-	(4,704)	-	-	(3)	**(4,707)**
As at 31 July 2019	**22**	**36,341**	**2,064**	**498**	**2,269**	**41,194**
Net book value at 31 July 2018	-	19,084	422	567	2,281	**22,354**
Net book value at 31 July 2019	**5,603**	**15,976**	**552**	**528**	**3,149**	**25,808**

Leasehold improvements for the group and the charity include the fair value of acquired assets of a data centre of £1,146k and a subsequent depreciation charge of £146k up to 30 April 2019. No further depreciation has been charged after this date as these assets are held for re-sale and have a net book value of £1,000k at the 31 July 2019.

Charity

	Freehold property £'000	IT Equipment £'000	Fixtures and Fittings £'000	Leasehold improvements £'000	Total £'000
Cost					
As at 1 August 2018	-	3,378	1,230	4,559	**9,167**
Fair value of acquired assets (note 34)	3,880	179	-	1,263	**5,322**
Additions	1,745	302	43	89	**2,179**
Disposals	-	-	-	(12)	**(12)**
As at 31 July 2019	**5,625**	**3,859**	**1,273**	**5,899**	**16,656**
Accumulated Depreciation					
As at 1 August 2018	-	2,956	663	2,278	**5,897**
Charge for the year	22	351	82	475	**930**
Eliminated on disposal	-	-	-	(3)	**(3)**
As at 31 July 2019	**22**	**3,307**	**745**	**2,750**	**6,824**
Net book value as at 31 July 2018	-	422	567	2,281	**3,270**
Net book value as at 31 July 2019	**5,603**	**552**	**528**	**3,149**	**9,832**

17. Investments

The group held investments at 31 July 2019 of £58,067k (2018: nil) made up of investments in funds of £57,812k (2018: nil) and investment in affiliates of £255k (2018: 601k).

An unrealised gain of £3,044k (2018: nil) has been reported due to the change in value of investment funds held during the year.

Group	Total £'000
Investment funds	
As at 1 August 2018	-
Fair value of acquired investments (note 34)	2,102
Additions	52,666
Unrealised gains on investments	3,044
Investment funds as at 31 July 2019	**57,812**
Investments in affiliates	
As at 1 August 2018	605
Additions	50
Provision for impairment	(400)
Investments in affiliates as at 31 July 2019	**255**
Total investments as at 31 July 2019	**58,067**

Charity	Total £'000
Investment funds	
As at 1 August 2018	-
Fair value of acquired investments (note 34)	2,102
Additions	52,666
Unrealised gains on investments	3,044
Investment funds as at 31 July 2019	**57,812**
Investments in subsidiaries and affiliates	
As at 1 August 2018	25,994
Additions	50
Provision for impairment	(400)
Investments in subsidiaries and affiliates as at 31 July 2019	**25,644**
Total investments as at 31 July 2019	**83,456**

a) Investment Funds

As at 31 July 2019 Jisc and the Group held the following investments funds which are stated at their market value at the balance sheet date:

Fund	No. of units	Price /£	Total £'000
Managed by Mercer Limited:			
L&G Future World Climate	70,300,129	0.573	40,303
Ruffer Global Funds	5,760,056	1.332	7,675
Savills Investment Management	5,739,139	1.129	7,414
Managed by Rathbone Investment Management Limited:			
UK Government Treasury Bonds	85,000	3.587	305
Overseas Index Linked Govt Bonds	520,000	0.590	307
Rathbone UK Unit Trust Ethical	160,000	1.022	164
Liontrust Fund Partners UK	36,000	4.436	160
Brown Advisory Funds US	16,711	11.310	189
Janus Henderson Investments	40,000	3.741	150
Invested cash			21
Other Rathbones managed funds <£150k			958
Other equity investments			166
			57,812

The investments managed by Rathbone Investment Management Limited were transferred at fair value following the merger with Eduserv.

b) Investment in subsidiaries and affiliates

Jisc holds investments in subsidiaries and affiliates as part of its charitable activities. Investments in subsidiaries and affiliates are accounted for at the lower of cost or underlying net realisable value.

Throughout the year, Jisc held investments in its subsidiaries, Jisc Services Limited and Jisc Commercial Limited.

During the year Jisc also acquired the following interests: Jisc became the sole member of Eduserv (charity and company limited by guarantee) and Eduserv Commercial Limited for consideration of nil. All assets and liabilities of Eduserv (including Eduserv's shares in Eduserv Commercial Limited) were transferred to Jisc on the 2 January 2019 (see note 34).

Eduserv (charity and company limited by guarantee) has generated nil income and expenditure from the acquisition date to the 31 July 2019 as all activity is now undertaken within the Jisc group. From the date of acquisition former Eduserv activities have generated income of £5,367k and incurred expenditure of £4,971k resulting in a net surplus of £396k. These amounts are included in the consolidated statement of financial activities.

Furthermore, an additional investment of £50k was made in Placer Limited (formerly Student Work Placement Solutions Limited) bringing the total investment to £400k (shareholding remaining at 36.8%). Jisc subsequently provided against the cost of the investment in Placer Limited (formerly Student Work Placement Solutions Limited) in full bringing the net book value to nil (2018: £350k).

The registered office addresses of all the charity's investments are:

Name	Registered office address
Eduserv	4 Portwall Lane, Bristol, BS1 6NB
Eduserv Commercial Limited	4 Portwall Lane, Bristol, BS1 6NB
Jisc Services Limited	One Castlepark, Tower Hill, Bristol, BS2 0JA
Jisc Commercial Limited	One Castlepark, Tower Hill, Bristol, BS2 0JA
Jisc Liberate Managed Services Limited	One Castlepark, Tower Hill, Bristol, BS2 0JA
Placer Limited	Studio 10 Tiger House, Burton Street, London, England, WC1H 9BY
Unitu Limited	Unit 4 Bramber Road, London, United Kingdom, W14 9PW

The charity holds greater than 20% interests in the following companies:

	Country of registration	Activity	% Holding of Issued Share Capital or guarantees	Turnover	Expenditure interest and tax	Operating surplus / (deficit)	Assets	Liabilities	Funds
				£'000	£'000	£'000	£'000	£'000	£'000
Eduserv	England & Wales	Charity that provides information technology service activities	100.00%	4,394	(5,717)	(1,323)	-	-	-
Eduserv Commercial Limited	England & Wales	Provides information technology service activities	100.00%	1,419	(1,180)	239	2,039	(1,252)	787
Jisc Services Limited	England & Wales	Development and maintenance of the Janet network and connected services and provision of digital content for the education and research sector	100.00%	125,193	(124,684)	509	74,653	(67,470)	7,183
Jisc Commercial Limited	England & Wales	Provides public enterprise with access to JISC's infrastructure	100.00%	1,608	(1,159)	449	367	(1,617)	(1,250)
Jisc Liberate Managed Services Limited	England & Wales	Provides information technology service activities	89.57%	-	(443)	(443)	15	(800)	(785)
Placer Limited	England & Wales	Provides a national platform for student work placements	36.80%	92	(163)	(71)	355	(297)	58
Unitu Limited	England & Wales	Provides information technology service activities	22.00%	55	(154)	(99)	83	(11)	72

The net assets of Eduserv were transferred at fair value to Jisc on the 2 January 2019 therefore, Eduserv reported a nil balance sheet as at 31 July 2019. The financial results for Eduserv above relate to the five month period ended 1 January 2019.

18. Debtors

	Group		Charity	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Trade debtors	**11,253**	6,104	**2,434**	478
Amounts owed by group undertakings	**-**	-	**405**	1,352
Other debtors	**975**	958	**457**	773
Prepayments	**28,614**	25,847	**1,764**	1,525
Accrued income	**3,859**	1,815	**1,030**	611
	44,701	34,724	**6,090**	4,739

Amounts owed by group undertakings:

	Charity	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000
Jisc Commercial Limited	405	1,352
	405	1,352

Included in the Jisc Commercial Limited total above is an intercompany loan with a balance at the end of the year of £250k (2018: £1,250k). An amount of £1,000k was repaid during the financial year (2018: £250k repaid). This loan carries an interest rate of 4% above the UK base rate and each drawing of the loan is repayable within 3 years of the relevant drawing date.

At the end of the year, Jisc Liberate Managed Services Limited owed Jisc £795k (2018: £287k). This loan carries an interest rate of 4% above the UK base rate and each drawing of the loan is repayable within 3 years of the relevant drawing date. A provision for the full amount owing has been recognised at the year end. All other amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

No provisions for impairment are recognised against Group or Charity trade debtors (2018: £nil). Trade debtors and amounts owed by group are presented at their amortised cost.

19. Creditors: amounts falling due within one year

	Group		Charity	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Trade creditors	8,934	3,222	741	174
Amounts owed to group undertakings	-	-	12,342	3,937
Other taxation & social security	2,382	699	1,594	694
Other creditors	1,004	579	742	578
Accruals	15,233	10,198	8,315	10,304
Deferred income (note 20)	29,000	24,331	3,621	976
Net Chest creditor	9,305	-	9,305	-
	65,858	39,029	**36,660**	16,663

Included within other creditors is an amount owed to pension funds of £708k (2018: £525k).

Analysis of net Chest creditor:

	2019 £'000	2018 £'000
Net receivables	(687)	-
Prepayments	(1,167)	-
Creditors	1,280	-
Cash received from customers in advance	9,879	-
Net Chest creditor	**9,305**	-

Trade creditors and amounts owed to group are presented at their amortised cost.

Amounts owed to group undertakings:

	Charity As at 31/07/2019 £'000	As at 31/07/2018 £'000
Jisc Services Limited	12,044	3,937
Eduserv Commercial Limited	298	-
	12,342	3,937

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20. 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		Charity	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Deferred income brought forward	24,331	13,524	976	1,308
Released in year	(24,331)	(13,524)	(976)	(1,308)
Deferred in year	29,000	24,331	3,621	976
	29,000	24,331	**3,621**	976

21. Provision for liabilities

	Group		Charity	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Pension provision (note 29)	22,448	6,094	22,236	6,036
Other provisions	159	94	159	94
	22,607	6,188	**22,395**	6,130
The above is analysed as follows:				
Due within one year	633	565	629	561
Due after more than one year	21,974	5,623	21,766	5,569
	22,607	6,188	**22,395**	6,130

Pension provision

The pension provision represents the group and charity recognising a liability in relation to its contractual obligation to contribute to covering the USS deficit.

The pension provision arises as follows:

	Group		Charity	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Due within one year	474	471	470	467
Due after more than one year	21,974	5,623	21,766	5,569
	22,448	6,094	**22,236**	6,036

Other provision

	Group		Charity	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Brought forward	94	-	94	-
Additions	65	94	65	94
Balance carried forward	**159**	94	**159**	94

Provision has been made for £94k of property lease dilapidations (2018: £94k) and £65k of payroll taxes now due following a review of the group expenses policy (2018: no provision).

22. Restricted income funds

Group

	2019 £'000	2018 £'000
Balance brought forward	15,960	17,586
Incoming resources	21,901	23,885
Resources expended	(15,303)	(16,495)
Fixed assets purchased and transferred to unrestricted funds	(7,335)	(9,016)
Balance to carry forward	**15,223**	15,960

Charity

	2019 £'000	2018 £'000
Balance brought forward	9,886	6,057
Incoming resources	21,373	23,551
Resources expended	(17,389)	(19,722)
Balance to carry forward	**13,870**	9,886

Restricted balances are held 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.

Analysis of group restricted funds by type of purpose:

	2019 £'000	2018 £'000
General capital funds	13,694	5,489
Electronic infrastructure	680	2,282
Regional network funds	629	7,611
Further education project funds	-	578
Other restricted funds	220	-
Total restricted funds	**15,223**	15,960

General capital funds are held for future capital project spend.

Electronic infrastructure funds relate to specifically identified high bandwidth network upgrades.

Regional network funds relate to nation-specific network capital improvements.

Further education project funds are restricted to FE specific capital project spend.

23. Unrestricted income funds

Group	**Total**	Unrestricted Fund	Grant funded assets	Paid prepayments	Pension contribution	Restructurin g fund
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward on 1 August 2018	**84,786**	**48,509**	**25,895**	**5,336**	**4,219**	**827**
Net expenditure	**(29,005)**	(29,005)	-	-	-	-
Transfers to / (from) unrestricted to designated	**-**	849	1,888	1,607	(4,219)	(125)
Unrealised gains	**3,044**	3,044	-	-	-	-
Transferred from restricted	**7,335**	7,335	-	-	-	-
Balance to carry forward on 31 July 2019	**66,160**	**30,732**	**27,783**	**6,943**	**-**	**702**

Charity	**Total**	General unrestricted fund	Designated funds			
			Grant funded assets	Paid prepayments	Pension contribution	Restructuring fund
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward on 1 August 2018	**77,273**	69,955	2,281	-	4,210	827
Net expenditure	**(16,768)**	(16,768)	-	-	-	-
Transfers (from)/to general unrestricted to designated	**-**	(2,140)	6,475	-	(4,210)	(125)
Balance to carry forward on 31 July 2019	**60,505**	**51,047**	**8,756**	**-**	**-**	**702**

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 pension fund is designated to offset potential additional increases in employer contributions to the USS defined benefit pension schemes of which Jisc is a member.

The restructuring fund is designated for future restructuring expenditure across the group.

24. Analysis of net assets between funds

Group	**Unrestricted Funds £'000**	**Restricted Funds £'000**	**Total 2019 £'000**	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
Fixed assets	86,926	-	**86,926**	27,489	-	27,489
Current assets	67,699	15,223	**82,922**	102,514	15,960	118,474
Current liabilities	(66,491)	-	**(66,491)**	(39,594)	-	(39,594)
Non-current liabilities	(21,974)	-	**(21,974)**	(5,623)	-	(5,623)
Total	66,160	15,223	**81,383**	84,786	15,960	100,746

Charity	**Unrestricted Funds £'000**	**Restricted Funds £'000**	**Total 2019 £'000**	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
Fixed assets	93,288	-	**93,288**	29,264	-	29,264
Current assets	26,272	13,870	**40,142**	70,802	9,886	80,688
Current liabilities	(37,289)	-	**(37,289)**	(17,224)	-	(17,224)
Non-current liabilities	(21,766)	-	**(21,766)**	(5,569)	-	(5,569)
Total	60,505	13,870	**74,375**	77,273	9,886	87,159

25. Operating lease commitments

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

	Group		**Charity**	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Land and buildings				
Not later than one year	**800**	1,227	**800**	967
Later than one year and not later than five years	**3,641**	5,377	**3,641**	4,814
Later than five years	**3,422**	3,578	**3,422**	3,578
	7,863	10,182	**7,863**	9,359

Jisc Services Limited reported a lease commitment of £823k for 2018 related to a property on Gray's Inn Road. During 2019 Jisc vacated the property and lease was reassigned to a third party. All other leases are held by Jisc.

26. Reconciliation of net expenditure to net cash inflow from operating activities

	2019	2018
	£'000	£'000
Net expenditure for the reporting period (as per Statement of Financial Activities)	**(22,407)**	(1,094)
Adjustments for:		
Interest	**(713)**	(367)
Loss/(gain) on disposal of fixed assets	**9**	-
Provision for impairment of investments	**400**	-
Depreciation on tangible fixed assets	**12,174**	11,781
Amortisation of intangible assets	**1,479**	1,891
(Increase) in debtors	**(8,241)**	(6,538)
Increase in creditors and provisions	**35,192**	3,508
Gift of Eduserv (at fair value of net assets)	**(2,196)**	-
Net cash provided by operating activities	**15,697**	9,181

Analysis of net funds

	Group		**Charity**	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Cash at bank and in hand	**16,324**	9,968	**12,155**	2,167
Cash equivalents	**21,897**	73,782	**21,897**	73,782
Total cash and cash equivalents	**38,221**	83,750	**34,052**	75,949

27. 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, Guild HE 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.

28. Related parties

Year ended 31 July 2019	Jisc Services Limited		Jisc		Grants	Balance sheet		
	Income	Expenditure	Income	Expenditure	Expenditure	Debtors	Creditors	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Abertay University	128	-	13	2	-	8	43	
Advance HE	-	-	10	4	-	12	3	**a**
Amazon Web Services	-	-	-	229	-	-	52	**a**
Association of Colleges	-	-	-	30	-	-	-	
Birkbeck College	110	-	38	-	-	53	58	**b**
BPP University	-	-	3	-	-	-	-	
Cogeco Peer 1	-	-	-	-	-	3	-	**c**
EPSRC	-	-	2	-	-	-	-	
Forth Valley College	12	-	5	-	-	10	-	
GEANT	609	1630	1	5	-	379	568	**d**
Guild HE	-	-	-	-	-	-	-	
Higher Education Careers Services Unit	-	-	-	20	-	-	-	
HEFCW	13	-	2140	-	-	-	-	
HESA Ltd	29	-	32	32	-	-	-	
Higher Education Policy Institute (HEPI)	-	-	-	14	-	-	-	
Jisc Commercial Limited	-	-	68	-	-	-	-	
Jisc Services Limited	-	-	27,786	-	47,211	-	-	
Lancaster University	642	66	82	1	-	31	285	
National Science Museum	9	-	-	-	-	-	6	
National Star College	-	-	6	-	-	-	-	
Oxford Brookes University	166	-	106	-	-	15	92	**e**
Painless Security LLC	-	37	-	-	-	-	-	**f**
Placer Limited	-	-	-	-	-	-	-	
Richmond Upon Thames College	6	-	-	-	-	-	4	
Royal Holloway, University of London	296	-	82	-	-	27	152	**g**
Shiboleth Consortium	38	-	-	-	62	-	-	
Staffordshire University	101	23	62	-	-	2	34	
Universities UK	-	2	2	27	-	2	10	
University of Greenwich	196	29	154	-	16	22	67	**h**
University of London	33	-	46	-	-	1	28	**i**
University of Oxford	951	-	428	18	-	40	393	
	3,339	**1,787**	**31,066**	**382**	**47,289**	**605**	**1,795**	

Footnotes

The above group debtor and creditor balances relate wholly to Jisc Services Limited unless otherwise stated below:

a) Jisc debtor or creditor only
b) Birkbeck College creditor of £111k includes a Jisc creditor of £2k and debtor of £53k includes Jisc debtor of £33k.
c) Jisc Commercial Limited has related party transactions of £16k of income with Cogeco Peer 1, including a debtor balance of £3k.
d) GEANT creditors of £568k includes a Jisc creditor of £3k
e) Oxford Brookes University creditor of £92k includes a Jisc creditor of £3k.
f) Expenditure of £385k was through the Jisc Liberate Managed Services Limited.
g) Royal Holloway creditor of £152k includes a Jisc creditor of £3k.
h) University of Greenwich creditor of £67k includes a Jisc creditor of £3k and grant creditor of £16k.
i) University of London creditor of £28k includes a Jisc creditor of £3k as well as Jisc debtor of £1k.

Year ended 31 July 2018	Jisc Services Limited		Jisc		Grants	Balance sheet		
	Income	Expenditure	Income	Expenditure	Expenditure	Debtors	Creditors	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Abertay University	83	-	12	-	-	-	43	
Higher Education Academy	-	-	10	1	-	12	-	**a**
Birkbeck College	99	-	50	-	-	2	64	**b**
Cogeco Peer 1	-	-	-	-	-	2	-	**c**
EPSRC	-	-	677	-	-	1	-	**a**
Forth Valley College	4	-	-	-	-	-	-	
GEANT	941	1,918	-	1	-	-	-	
Guild HE	-	2	-	-	-	-	-	
HEFCW	-	-	2,076	-	-	-	-	
HESA Ltd	-	-	47	6	1,000	20	600	**d**
Higher Education Policy Institute (HEPI)	-	-	-	13	-	-	-	
Jisc Commercial Limited	-	-	101	-	-	-	-	
Jisc Services Limited	-	-	27,266	-	45,761	-	-	
Lancaster University	495	-	99	-	-	51	273	**e**
National Science Museum	8	-	-	-	-	-	6	
Oxford Brookes University	157	-	73	-	-	15	90	**f**
Painless Security LLC	-	401	-	158	-	-	-	
Placer Limited	-	-	8	-	-	-	-	
Richmond Upn Thames College	6	-	1	-	-	2	3	
Royal Holloway, University of London	202	-	65	-	-	31	140	**g**
Shiboleth Consortium	-	38	-	-	62	-	-	
Staffordshire University	106	29	37	-	-	-	37	
Universities UK	-	-	2	18	-	-	-	
University of Greenwich	112	-	82	2	-	8	53	**h**
University of London	15	2	48	-	15	9	27	**i**
University of Oxford	674	33	459	17	2	1	362	
	2,902	**2,423**	**31,113**	**216**	**46,840**	**154**	**1,698**	

Footnotes

The above group debtor and creditor balances relate wholly to Jisc Services Limited unless otherwise stated below:

a) Jisc debtor or creditor only
b) Birkbeck College creditor of £64k includes a Jisc creditor of £2k
c) Jisc Commercial Limited has related party transactions of £16k of income with Cogeco Peer 1, including a debtor balance of £2k.
d) HESA Ltd (Higher Education Statistics Agency Ltd) debtors and creditors are with Jisc only. The £600k represents further grant payments expected to be paid to HESA Ltd.
e) Lancaster University debtor of £51k includes a Jisc debtor of £2k
f) Oxford Brookes University creditor of £90k includes a Jisc creditor of £3k.
g) Royal Holloway creditor of £140k includes a Jisc creditor of £2k.
h) University of Greenwich creditor of £53k includes a Jisc creditor of £3k.
i) University of London creditor of £27k includes a Jisc creditor of £3k.

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

In addition to the above, during the year, Jisc Liberate Managed Services Limited (JLMSL) was charged £15k (2018: £138k) in respect of management charges from Jisc Services Limited. There was no charge (2018: £5k) to Jisc Services Limited from JLMSL.

Included in the related party table above are the following transactions with Charity's subsidiaries:

Jisc Commercial Limited

During the year Jisc received £33k (2018: £34k of income from Jisc Commercial Limited in recharges for providing corporate services. Jisc Commercial Limited was also charged £34k (2018: £67k) of interest on its intercompany loan.

Jisc Services Limited

Jisc paid grants totalling £47,211k (2018: £45,761k) to Jisc Services Limited during the year. In addition, Jisc charged Jisc Services Limited £17,254k (2018: £18,694k) of management charges under the 2015 Business Transfer Agreement covering costs for a variety of services. Finally, Jisc received from Jisc Services Limited £10,532k (2018: £8,572k) for staff members providing services to Jisc Services Limited.

Jisc Liberate Managed Services Limited

Amounts due from group companies are presented in note 18.

29. Pension

The company participates in the Universities Superannuation Scheme (the scheme). The assets of the scheme are held in a separate Trustee-administered fund. 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. 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 102, accounts for the scheme as if it were a defined contribution scheme.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method.

Contributions for the year were £4,952k (2018: £3,765k). However, as the USS scheme is in deficit, the group recognises a liability in relation to its contractual obligation to contribute to covering this deficit. A provision of £22,448k (2018: £6,094k) was recognised on the group's balance sheet, a provision of £22,236k (2018: £6,036k) was recognised on the company's balance sheet. The increase in the provision has arisen due to the increased contributions, which were extant at the balance sheet date as explained in note 35. Subsequent to the year end lower contributions rates were agreed, which would have led to a lower actual pension provision and will be reflected in the financial statements for the year ended 31 July 2020.

The following table shows the movement in the USS pension provision:

	Group		**Company**	
	As at 31/07/2019 £'000	As at 31/07/2018 £'000	**As at 31/07/2019 £'000**	As at 31/07/2018 £'000
Brought forward	6,094	5,765	6,036	5,698
Fair value of acquired pension provision acquired	1,317	-	1,317	-
Deficit contribution paid	(393)	(469)	(389)	(465)
Unwinding of discount	161	148	159	146
Change in expected contributions	15,269	650	15,113	657
Balance carried forward	**22,448**	6,094	**22,236**	6,036

The deficit contribution paid represents Jisc's contribution to the reduction of the USS pension deficit per annum.

Since the institution cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

2017 valuation

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2019	**2018**
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	**2018**
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

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.

Group and company contributions to this scheme in 2019 totalled £72k (2018: £66k).

Defined contribution

There is a defined contribution scheme operating within the group for a small number of employees who transferred from Janet. At the balance sheet date there were 3 active members. Contributions within the company amounted to £22k (2018: £21k) and group contributions were £29k in the year and (2018: £28k). Contributions are charged to the SOFA as incurred. This includes an amount of £3k (2018: £3k), outstanding at the balance sheet date. No amount of these defined contribution plans, or the costs of the persons holding them, are funded through restricted funds. Therefore, all costs and liabilities associated with these plans are classified as unrestricted.

30. 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.

Neither the group nor charitable company had any deferred tax assets or liabilities (2018: nil).

31. Results of the charity

	Unrestricted fund £'000	**Restricted fund £'000**	**Total 2019 £'000**	Total 2018 £'000
Total incoming resources	69,704	21,373	91,077	90,336
Net (deficit) / surplus	**(16,768)**	**3,984**	**(12,784)**	6,847

32. Contingent assets and liabilities

The group has contingent liabilities of £nil (2018: £nil) in relation to grant commitments and £nil (2018: nil) in respect of restructuring liabilities.

The group had contingent assets of £nil (2018: £nil) in relation to capital grants. Grants are recognised when the likelihood of receipt is probable, and all performance-related conditions have been met and the amount can be measured reliably.

As Jisc makes both taxable and exempt supplies with respect to VAT, it applies a partial exemption special method to determine the amount of VAT which can be recovered on its inputs. Jisc are currently in discussions with HMRC over the historic amounts of VAT which are recoverable. Based on the advice of their professional advisors, the directors consider that it is not probable that any further liability to VAT will arise when these discussions are concluded, but if a further liability to VAT does arise in respect of previous periods, it is likely to not be material.

33. Grants paid

Grants paid to third parties:

	Digital futures		**Digital resources**		**e-infrastructure**	**2019 Total**	2018 Total
	Project £'000	Recurrent £'000	Project £'000	Recurrent £'000	Recurrent £'000	**£'000**	£'000
University of Edinburgh*	-	-	-	532	-	**532**	1,415
University of Bristol	83	25	-	-	-	**108**	-
Shibboleth Consortium	-	-	-	-	62	**62**	62
University of Wolverhampton	42	-	-	-	-	**42**	-
British Universities Film & Video Council	-	-	-	-	-	**-**	317
Digital preservation coalition	-	-	-	-	-	**-**	30
Higher Education Statistics Agency Ltd	-	-	-	-	-	**-**	1,000
Open Preservation Foundation	-	-	-	-	-	**-**	30
The British Academy	-	-	-	-	-	**-**	30
University of Bradford	-	-	-	-	-	**-**	34
Other grants (< £30k)	184	10	13	5	-	**212**	161
	309	**35**	**13**	**537**	**62**	**956**	3,079

* Amounts paid to the University of Edinburgh are in relation to EDINA.

34. Transfer of Activities to Jisc from Eduserv

On 28 November 2018 the board passed the necessary resolutions to enable Jisc to become the sole member of Eduserv with an effective date of 1 January 2019. The net assets acquired by Jisc as a consequence of this transaction at fair value are summarised as follows:

	Fair value 01/01/2019 £'000
Fixed assets	
Tangible fixed assets	**5,322**
Investments	**2,102**
Current assets	
Debtors	**1,736**
Cash	**3,552**
Creditors	**(6,730)**
Long term liabilities	
Pension liability	**(1,317)**
Long-term loan	**(2,469)**
	2,196

The net transfer has been accounted for as incoming resources in the SOFA. There were no fair value adjustments, and no unrealised gains or losses, to income or expenditure to bring assets in line with Jisc accounting policies. The long-term loan was repaid in full on 2 January 2019.

35. Post balance sheet event

On 13 September 2019, the USS scheme trustees and the representatives of employees, agreed a new schedule of contributions. This reduced the deficit funding contributions to 2% of salary for two years to 30 September 2021. After that, contributions increase to 6% of salary to 31 March 2028. It is expected that the next valuation, as at March 2020 valuation (expected to conclude in 2021), will be concluded by 30 September 2021 and replace this agreement. Options for this schedule of contributions were being discussed from mid-March but it was initially thought unlikely an agreement would be reached by the end of 2019. As a result of the above, no adjustment has been made to the USS provision in the group accounts.

Using the same assumptions as set out in note 29 to these financial statements and the new schedule of contributions, the provision would have been £13.0m for the group and £12.9m for the company.