

Oxford Mutual Limited
(a company limited by guarantee)
Directors' report and financial
statements
Registered number 05877295
Year Ended 31 July 2019



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Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 July 2019. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Status

Oxford Mutual Limited is a discretionary mutual company limited by guarantee without a share capital.

Principal activities

The Company offers discretionary protection similar to insurance against property, assets and liabilities belonging to its members (University of Oxford, Oxford Limited, Oxford University Innovation Limited, Oxford University Fixed Assets Limited, Oxford Said Business School Limited, Oxford University Endowment Management Limited, The Gray Cancer Research Trust, Voltaire Foundation Limited, Instruct Academic Services Limited, Jenner Vaccine Foundation, Oxford Research South Africa Limited and Oxford University Trading Limited). The Company also transfers part of this protection to third parties similar to reinsurance.

Financial results, dividends and transfer to reserves

The results for the period are set out in the income and expenditure account on page 7. The Company has continued to trade satisfactorily since the year end.

Whilst the Company is not an PRC and FCA regulated entity, by virtue of not performing any regulated or authorised functions, "Schedule 3 Insurance Companies: Companies Act Individual accounts" of "Statutory Instrument SI 200/410 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations" has been applied voluntarily as best showing the activities the company pursues and discretionary protection provided.

The surplus for the year is £1,072,000 (2018: surplus of £50,000).

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern, including any impacts of COVID-19, and are satisfied that the Company has the resources to continue in operation for the foreseeable future.

Although provisions for claims put forward are based upon the information currently available to the Directors, subsequent information and events may show that the ultimate liability is less than, or in excess of, the amount provided. The Directors have reviewed outstanding claims and cash flow forecasts for a period of 12 months from the date of approval of these Financial Statements which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period. In doing so they have considered a severe but plausible downside scenario in which the level of contribution received from the Company's members is reduced to £nil for the next 12 months.

Having considered these circumstances, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Directors' Report (continued)

Directors and directors' interests

The directors who held office during the year and subsequently were as follows:

DEH Bryan (resigned 11 January 2019)

PF Goffin

LM Hayes (appointed 15 October 2018)

DR Holmes

TEL del Nevo

C Puddicombe (resigned 8 August 2018)

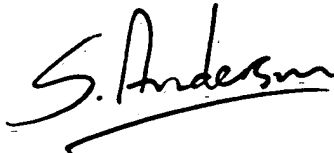
N S Anderson

Professor EG McKendrick (appointed 6 November 2019)

Disclosure of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information; and to establish that the Company's auditor is aware of that information.

Approved by the Board of Directors at the meeting of the Board of Directors on 16th July 2020 and signed on behalf of the Board on 16th July 2020.



By order of the board

N.S Anderson
Director

University Offices
Wellington Square
Oxford
OX1 2JD

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Oxford Mutual Limited

We have audited the financial statements of Oxford Mutual Limited for the year ended 31 July 2019 which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes in Equity, and the related notes including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Members of Oxford Mutual Limited

(continued)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Oxford Mutual Limited

(continued)

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of the Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Dawson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snowhill Queensway

Birmingham

B4 6GH

Date: 23 July 2020

Income and Expenditure Account

year ended 31 July 2019

	Note	2019 £000	2018 £000
Technical account general business			
Earned premiums net of reinsurance			
Gross premiums written	2	2,210	2,136
Outward reinsurance premiums		(1,301)	(1,229)
		<u>909</u>	<u>907</u>
Other technical income net of reinsurance			
Risk management bonus		82	0
Claims incurred net of reinsurance		<u>991</u>	<u>907</u>
Gross claims paid		(2)	(467)
Provision for outstanding claims		<u>375</u>	<u>(75)</u>
		<u>1,364</u>	<u>365</u>
Net operating expenses			
Administration expenses – management charge		(33)	(32)
Administration charges – other		(293)	(294)
Balance on the technical account for general business	3	<u>1,038</u>	<u>39</u>
Non technical account			
Investment income		34	11
Surplus for the period before and after tax	6	<u>1,072</u>	<u>50</u>
Surplus brought forward		2,594	2,544
Surplus carried forward		<u>3,666</u>	<u>2,594</u>

All amounts derive from continuing operations.

There are no recognised gains or losses for the current year other than as stated in the income and expenditure account. Accordingly, no statement of other comprehensive income has been presented.

There is no difference between the results as disclosed in the income and expenditure account and the results on an unmodified historical cost basis.

The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet
at 31 July 2019

	Note	2019 £000	2018 £000
Assets			
Debtors	7	234	36
Other assets			
Cash at bank and in hand	10	3,986	3,683
Total assets		4,220	3,719
Liabilities			
Capital and reserves			
Income and expenditure account		(3,666)	(2,594)
Technical provisions			
Claims outstanding	9	(493)	(1,007)
Creditors	8	(61)	(118)
Total liabilities		(4,220)	(3,719)

These financial statements of Oxford Mutual Limited, registered number 05877295, were approved by the Board of Directors on 28 November 2019 and were signed on its behalf by:



N S Anderson
Director
16/07/2020

The notes on pages 10 to 15 form part of these financial statements.

Statement of Changes in Equity

Year ended 31 July 2018

	Income and expenditure account £000	Total Equity £000
Balance at 1 August 2017	<u>2,554</u>	<u>2,544</u>
Total comprehensive income for the period		
Surplus for the financial year	<u>50</u>	<u>50</u>
Balance at 31 July 2018	<u>2,594</u>	<u>2,594</u>

	Income and expenditure account £000	Total Equity £000
Balance at 1 August 2018	<u>2,594</u>	<u>2,594</u>
Total comprehensive income for the period		
Surplus for the financial year	<u>1,072</u>	<u>1,072</u>
Balance at 31 July 2019	<u>3,666</u>	<u>3,666</u>

The notes on pages 10 to 15 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with the provisions of Schedule 3 Insurance Companies: Companies Act Individual Accounts of Statutory Instrument SI2008/410 Large and Medium-sized Companies and Groups (Accounts and Reports).

Furthermore they recognise the historical cost convention, modified to include certain items at fair value in accordance with the applicable UK Accounting Standard FRS 102 (Financial Reporting Standard 102).

Schedule 3 has been adopted voluntarily in order to give a true and fair view as this best suits the activities which the company pursues. The impact of this has resulted in a revised format of financial statements and enhanced disclosures that would have otherwise not been included.

The Company is a wholly owned subsidiary of the University of Oxford. The functional currency of the company is pound sterling and the United Kingdom is the primary economic environment it operates in.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern, including any impacts of COVID-19, and are satisfied that the Company has the resources to continue in operation for the foreseeable future.

Although provisions for claims put forward are based upon the information currently available to the Directors, subsequent information and events may show that the ultimate liability is less than, or in excess of, the amount provided. The Directors have reviewed outstanding claims and cash flow forecasts for a period of 12 months from the date of approval of these Financial Statements which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period. In doing so they have considered a severe but plausible downside scenario in which the level of contribution received from the Company's members is reduced to £nil for the next 12 months.

Having considered these circumstances, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Reporting and Disclosure Exemptions

Related parties

The Company is exempt under the requirement of section 33 of FRS 102 to disclose parent-subsidary relationships (related party disclosures), insofar as they apply to transactions with group undertakings, as it is a wholly owned subsidiary of the University of Oxford (see note 11)

Cash flow statement

The Company is exempt under the requirement of section 7 of FRS 102 to prepare a cash flow statement as it is a wholly owned subsidiary of the University of Oxford. Its cash flows are included within the consolidated cash flow statement of that entity.

Contributions

Contributions represent the income received from members estimated to meet the cost of insurance payments, claims and other expenses in the period.

Outward reinsurance premiums are accounted for in the same period as the premiums for the related direct insurance.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

Other Technical Income

Other technical income consists primarily of the Risk Management Bonus received from insurers, which is received dependent upon the claims ratio. This income is recognised when it can be reliably measured, on the agreed claims ratio basis, and the insurer has agreed the amount.

Taxation

No provision has been made for current or deferred tax on the grounds that the company is a Mutual Trader and so not subject to corporation tax.

Claims

Outstanding claims comprise provisions for the estimated cost of settling all claims put forward for consideration up to but not paid at the balance sheet date and are determined on an individual case basis after taking into account handling costs, salvage and other recoveries, anticipated inflation and trends in settlements. Provision is also made in respect of claims incurred but not reported (IBNR claims) as at 31 July 2019 on a statistical basis.

Although provisions for claims put forward are based upon the information currently available to the directors, subsequent information and events may show that the ultimate liability is less than, or in excess of, the amount provided. The methods used, and estimates made, are continually reviewed and any resulting adjustments are reported in the technical account for general business in the financial year in which the claims are settled or re-appraised. Claims are not discounted.

Basic Financial Instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

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

Short-term Investments

All investments will initially be recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

Accounting Judgements and Estimates

In the preparation of the Financial Statements the Company has made material judgements, estimates, and assumption. Discussion of these judgements, estimates and assumptions and their impact is included in relevant note disclosures, the main areas being;

Judgements

- Income recognition of gross premiums (note 2)

Estimation, uncertainties and assumptions

- Provisions for claims (note 9)
- Going concern

2 Gross premium written

Included within the premium written figure are the following amounts that are defined as the largest risk areas:

	2019 £000	2018 £000
Fire and other damage to property	721	629
Third party liability (including employers liability)	324	310
Motor (third party liability)	17	19
Travel	248	278
Contribution from members	900	900
Total	2,210	2,136

3 Balance on the technical account for general business

	2019 £000	2018 £000
Balance on the technical account for general business is stated after charging:		
Auditor's remuneration:		
Audit	9	9

Notes to the Financial Statements (continued)

4 Directors' emoluments

In the current year, 1 director received remuneration from Oxford Mutual Limited (2018: 1) in respect of services to the Company. The remaining 4 directors (2018: 5) received emoluments from other group entities but it is not practicable to allocate this between their services as executives of other group entities and their services as directors of the Company.

	2019 £000	2018 £000
Directors' emoluments	3	2

5 Employees

Work is performed on behalf of the Company by employees of the University of Oxford. The cost of their services is charged to the Company by the University.

6 Surplus for the period before and after tax

	2019 £000	2018 £000
Surplus on ordinary activities before tax	1,072	50
(Deficit)/surplus on ordinary activities multiplied by the standard rate of corporation tax of 19.00% (2018 19.00%)	204	10
Income and costs not assessable for tax purposes under Mutual Tax status	(204)	(10)
Total Current Tax	-	-

The Company has no deferred tax.

7 Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Prepayments and accrued income	146	36
Amounts due from group undertakings	88	-
	234	36

Notes to the Financial Statements (continued)

8 Creditors

	2019 £000	2018 £000
Trade Creditors	29	15
Accruals and deferred income	32	31
Amounts due to group undertakings	-	72
	<u>61</u>	<u>118</u>

9 Technical Provisions

	2019 £000	2018 £000
Claims Outstanding at 31 July 2018	1,007	649
Prior Year Movements	(620)	67
Prior Year Cash Paid for Claims	(127)	(81)
Current Year Claims Incurred	345	475
Current Year Cash Paid for Claims	(112)	(103)
Claims Outstanding at 31 July 2019	<u>493</u>	<u>1,007</u>

10 Financial Instruments

	2019 £000	2018 £000
Financial assets		
Measured at undiscovered amount receivable		
Cash and cash equivalents	<u>3,986</u>	<u>3,683</u>
Financial liabilities		
Measured at undiscovered amount payable		
Trade and other creditors	<u>554</u>	<u>1,125</u>

Notes to the Financial Statements (*continued*)

11 Ultimate Parent Undertaking

The Company is limited by guarantee and the University of Oxford is the sole member, exercising dominant influence over its operating and financial policies as a result. Therefore the Company is consolidated within the group financial statements of the University of Oxford, which heads the only group including the Company for which consolidated accounts are produced. Copies of the accounts of the University of Oxford are available to the public and may be obtained from:

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Wellington Square
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