# OXFORD CAMBRIDGE AND RSA EXAMINATIONS
(An exempt charity and a company limited by guarantee)

**Company Number: 03484466**

## ANNUAL REPORT
## FOR THE YEAR ENDED 31 JULY
## 2022

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**
**(An exempt charity and a company limited by guarantee)**

## REFERENCE AND ADMINISTRATIVE DETAILS

Directors and Trustees

The directors of the charitable company (the Charity), Oxford Cambridge and RSA Examinations ("OCR"), are its Trustees for the purpose of charity law and throughout this report are collectively referred to as "the Trustees". The Trustees serving during the year and up to the date of signing the financial statements were as follows:



| | |
|---|---|
| Company Secretary | Ms Jennifer Elliot |
| Chief Executive Officer | Ms Jill Duffy |
| Registered office | The Triangle Building<br>Shaftesbury Road<br>Cambridge<br>CB2 8EA<br>United Kingdom |
| Company registered number | 03484466 |

**Contents** **Page**

Directors' and Trustees' Annual report .......... 3

Independent auditors' report to the members of Oxford Cambridge and RSA Examinations .......... 12

Consolidated statement of financial activities (including income and expenditure account) .......... 15

Consolidated and parent charitable company balance sheets .......... 16

Consolidated and parent charitable company summary of movements in funds .......... 17

Consolidated statement of cash flows .......... 18

Notes to the financial statements .......... 19

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**
**(An exempt charity and a company limited by guarantee)**

# DIRECTORS' AND TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 JULY 2022

The Trustees are pleased to present their annual report together with the audited financial statements of the Group and Charity for the year ended 31 July 2022.

## 1. STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing document

Oxford Cambridge and RSA Examinations ("OCR") is an exempt charity and a company limited by guarantee. The OCR Group (the "Group") consists of OCR and its subsidiary undertakings. OCR's governing document is its Memorandum and Articles of Association. The only member of the Charity is the University of Cambridge.

### Trustees and Governance

Until 31 July 2021, Cambridge Assessment, which was the brand name of the University of Cambridge Local Examinations Syndicate ('UCLES'), governed the activity of OCR and exercised oversight through the Press & Assessment Board and OCR Board. On 1 August 2021, Cambridge Assessment and Cambridge University Press merged. The merged organisation, Cambridge University Press & Assessment, remains a department of the University of Cambridge.

The Press & Assessment Department is governed by Statute J of the University of Cambridge. The Press & Assessment Department together with the subsidiary companies of the University that conduct publishing and assessment activities work to further that University mission. The Press & Assessment Department and its subsidiaries are governed by the Press & Assessment Syndicate, a body consisting of the Vice-Chancellor or their deputy as Chair, a University Officer appointed by the Council and up to sixteen senior members of the University Senate, which is established under Statute J with powers set out there and in other Statutes and Ordinances of the University.

Until final approval by the Privy Council on 15th December 2021 of changes to Statute J to reflect the combination of the two formerly separate departments Cambridge Assessment and Cambridge University Press, the governing Syndicate was the Press Syndicate.

The Trustees of OCR are the members of the Press & Assessment Board. The Press & Assessment Board and the OCR Board are delegated the necessary powers by the Press & Assessment Syndicate within agreed terms of reference, for those Boards to exercise oversight over Cambridge University Press & Assessment and OCR on their behalf respectively. The OCR Board discharges its responsibility for oversight of OCR both directly and through the Press & Assessment Board's committees, namely the Audit Committee, Technology Committee, Remuneration Committee, Nominations Committee, Regulatory Compliance Committee and Standards Committee. The Syndicate monitors the performance of the Press & Assessment Board and OCR Board.

The Regulatory Compliance Committee acts as an advisory committee to the OCR Board in the latter's capacity as the Governing Body for the purposes of approving annual statements of compliance in respect of the regulated activities of the OCR exam board.

The Standards Committee ensures that arrangements for assessment standards are appropriate and fit for purpose and provides a shared intellectual space in which the fundamentals of assessment can be explored across all of our examination activities.

The Syndicate is entitled to approve the members of the Press & Assessment Board and OCR Board. Syndics are appointed by The University of Cambridge.

### Organisation

The day-to-day management of the Charity is delegated to the Chief Executive Officer of OCR. The Trustees approve the business plan and budget, and they review the progress of the Charity towards its objectives. The Trustees, through sub-committees, review the assessment processes of the Charity.

The Charity maintains a formal register of Trustees' interests. It is available for viewing on application to the Company Secretary.

The Trustees confirm that the financial statements comply with current statutory requirements and the terms of the governing instruments of the Charity.

The liability of the member of the Charity, the University of Cambridge, in the event it is called to contribute is limited to £1 (2021: £1).

Refer to page 1 for further administrative details and a list of directors and Trustees.

## 1. STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

**Risk Management**
The Trustees have a risk management policy which comprises:

- Setting the tone and influencing the culture of risk management within the Charity.
- Ensuring that there exists a sound system of internal control (which includes risk management) that supports the achievement of policies, aims and objectives, including the fair, timely and accurate issuance of assessment results and for safeguarding the assets for which they are responsible.
- 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.
- Approving major decisions affecting the Charity's risk profile or exposure.

The major risks are subject to the regular annual review. This includes a review of systems and processes to address risks. The Trustees consider that the controls are sufficient to address the risks identified.

## 2. OBJECTIVES AND ACTIVITIES

OCR is a leading UK awarding body that provides GCSEs and A Levels in over 40 subjects and offers over 100 vocational qualifications.

OCR's heritage is long established and provides it with expertise across a wide range of academic and vocational qualifications. Since becoming established in 1998, its experience, knowledge and skills have enabled it to build a reputation for reliably high standards. As part of Cambridge University Press & Assessment, OCR has access to significant expertise and research capability across assessment and examinations.

The Charity provides a public benefit by encouraging people to make the best possible use of their talents and recognising their achievements. OCR's aim of helping learners to realise their aspirations remains at the heart of everything it does. Society and individuals both benefit from the process of OCR assessment and certification to national standards.

In setting the Charity's objectives and planning its activities, the Trustees have given consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

The level of change in the world of education, training and qualifications remains significant, with Government policy, regulation, the reform of vocational qualifications, the growth of digital learning and assessment, and competition all impacting OCR. OCR responded to the government's decision in September 2021 to bring back A Level and GCSE exams in summer 2022. The first major summer exam series since 2019 was planned and delivered, alongside a substantial package of measures to support students taking exams. For students aiming to achieve Cambridge Technicals and Cambridge Nationals vocational qualification results in 2021-22, OCR also created a bespoke package of measures that recognised the disruption to learning caused by Covid. Within the wider Cambridge University Press & Assessment organisation, OCR and Cambridge CEM (Centre for Evaluation & Monitoring) combined in March 2022 as 'UK Education Group' to better serve the needs of customers in the post-pandemic education landscape. However, delivering the first summer exam series for three years remained OCR's top priority.

OCR's core objectives - to provide the best assessment experience for teachers and students with the results they deserve – applied to 2021-22:

- To deliver a summer exam series for A Level and GCSE students, and for Cambridge Technicals and Cambridge Nationals students
- To work with JCQ colleagues to deliver a substantial package of support for A Level and GCSE students including new measures such as advance information and a transitional approach to grading, to support students taking exams
- To identify an appropriate package of support for students taking Cambridge Technicals and Cambridge Nationals vocational assessments in 2021-22.
- To support customers with clear, consistent and accurate information, and to provide guidance and training on the arrangements for assessment in an education landscape still impacted by the pandemic.
- To support the resilience and welfare of OCR staff and OCR assessors during a year which was still impacted by the pandemic.

## 2. OBJECTIVES AND ACTIVITIES (continued)

- To continue the process of integration as Cambridge University Press & Assessment and operate jointly with Cambridge CEM from March 2022 to the greater benefit of customers.

## 3. INSURANCE OF DIRECTORS & TRUSTEES

Insurance cover is in place for the Trustees in respect of their duties as trustees of the company. The insurance cover was in force during the year and at the date of approval of the financial statements.

## 4. RESERVES AND INVESTMENTS

Reserves which are available to be applied at the discretion of the trustees for any or all of the Group's objectives (total Charity funds which could be realised without disposing of any intangible or tangible assets), amounted to £96.3m at 31 July 2022 (31 July 2021: £94.6m). The revaluation reserve is unrestricted.

The Trustees have concluded that the Charity's reserves are at a level which is sufficient to ensure financial stability; to provide protection against unforeseen contingencies and the risks to which the Charity is exposed; and to deal with the significant investment in new and revised qualifications and new technology that will be needed in the next few years. The risks to which the Charity is exposed include regulatory change, technological issues and changes in Government policy.

Reserves are also required to fund investment in the development of the Charity's business and ensure that no financial liability will ever fall on general University funds. Trustees consider that it would be imprudent for the Charity to rely on loans to fund any of these requirements. The Charity must therefore maintain sufficient reserves to meet all its funding requirements, in challenging as well as prosperous times. The policy on reserves is reviewed annually. The trustees believe that the reserves are adequate to meet all of the Charity's obligations as they arise.

Cash not required for working capital is invested in units of the Cambridge University Endowment Fund ("CUEF").

## 5. EMPLOYEE INVOLVEMENT AND DISABLED EMPLOYEES

OCR operates an equal opportunities policy which recognises that employees and applicants for employment have the right to be treated with dignity and equality regardless of gender, marital or parental status, family responsibilities, race, ethnic or national origin, colour, age, disability, religion or sexual orientation.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with OCR continues and the appropriate training is arranged. It is the policy of OCR that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Regular meetings with employees are held to inform them of the development of the business and to provide them with information on matters of concern to them as employees. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests.

## 6. DONATIONS

The Group made no political donations during the year (2021: £nil). No charitable donation was made to the University of Cambridge (2021: £nil).

## 7. STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

#### Qualifications development

The reform of OCR's vocational qualifications continues. In December 2021, the ten redeveloped qualifications in our Level 1/Level 2 Cambridge Nationals suite were approved for inclusion on Key Stage 4 performance tables. They will be taught in schools and colleges from September 2022. OCR ran a large series of showcase events around the country from January to April 2022 to introduce teachers to the new qualifications. A redevelopment programme for our Cambridge Technical vocational qualifications continues in light of the government's review of post-16 qualifications. The timeline for redevelopment has been pushed back a year to take account of Covid disruption.

In April 2022, OCR celebrated the DfE's official backing for a new GCSE in Natural History. The then Secretary of State for Education confirmed the go ahead for a new GCSE that OCR had proposed, as part of the DfE's sustainability and climate change strategy. The new qualification will enable students to develop a rich understanding of the natural world: from their own local wildlife, environment and ecosystem to critical global challenges like climate change, biodiversity and sustainability. A consultation that we held in June 2020 to guide our proposals for a new GCSE in Natural History, gathered over 2,000 responses from teachers, students and environmental organisations. We look forward to developing a new qualification for launch in 2025. The GCSE is part of OCR's wider commitment to championing new curriculum ideas, and to 'greening' the curriculum.

As part of a commitment to a more diverse and inclusive curriculum, we're continuing to review our specifications to ensure they better reflect contemporary society. We've also set out new accessibility principles for assessments and collaborated with expert individuals and organisations to help guide our decision making on diversity. In September 2021, we announced new texts we were adding to our A Level and GCSE English Literature texts, to be taught from September 2022. These were chosen with the help of teachers, a panel of external experts, partner organisations and examiners. In June 2022, OCR confirmed details of our updated GCSE Poetry Anthology as well as plans to introduce new texts to A Level English Language and Literature from September 2023. As part of our wider review, further changes to add relevant and inclusive material in other subject areas such as Media Studies are scheduled for 2023.

#### Operational performance

OCR successfully ran an additional exam series in autumn 2021 to support a small number of learners who wanted to improve on their summer 2021 AS Level, A Level or GCSE results. After the return to summer exams was announced in December 2021, OCR also published advance information in February 2022. This was part of the package of measures for students taking GCSE and A Level exams, and was designed to support revision in the majority of subjects. At the same time as preparing for a summer exam series, contingency arrangements in the event of a cancellation of exams due to Covid remained in place till Easter 2022.

In January 2022, we offered exams for students taking Cambridge Technicals and Cambridge Nationals. This was during a time of heightened concern about the pandemic. As the pandemic continued to impact education during 2021-22, we implemented a programme of adaptations and changes to assessments, which added flexibility for students achieving our vocational qualifications.

In June 2022, OCR successfully delivered the first major summer exam series since 2019. The timetable for exams was extended so there was a larger gap between exams in the same subject. OCR prepared for issuing results to over half a million students in August 2022.

As part of Cambridge University Press & Assessment, OCR has also been able to draw upon technology and assessment expertise from across the wider group to explore digital assessment. Trials of a digital mocks service taken entirely on-screen have been done in 9 countries for three subjects, including Computer Science and History, which will help to inform OCR's readiness for the transfer of high-stakes GCSEs online.

### FINANCIAL REVIEW

Income mainly arises from the fees charged for examinations and other qualifications. Total income for the year was £66.6m (2021: £48.3m). The prior year figure included £18.8m of rebate accruals in recognition of lower costs incurred from the novel Teacher Assessed Grade process. Other income amounted to £nil from £1.3m in 2021, as grant income received in respect of the 2021 Summer series was not repeated in 2022 following a return to in-person examinations.

## 7. STRATEGIC REPORT (continued)

### FINANCIAL REVIEW (continued)

Total expenditure for the year was £65.5m (2021: £43.6m restated). Expenditure has increased from the prior year due to the broad return to pre-COVID levels of expenditure and volume of exam sessions run. Expenditure is comparable to that in the year ended 31 July 2019 which was the last complete year when examination sessions were not disrupted by global circumstances.

### PLANS FOR FUTURE PERIODS

OCR remains committed to providing a public benefit by encouraging people to make the best possible use of their talents and recognising their achievements. Our aim of helping learners to realise their aspirations remains at the heart of everything we do. Society and individuals both benefit from this process of OCR assessment and certification to national standards.

As part of the further return to normal and pre-pandemic exams and assessments in 2022-23, OCR is looking ahead to offering an exam series for GCSE English Language and GCSE Maths in November 2022, and a major exam series next summer. In light of the longer term impact of disruption caused by coronavirus on those completing their courses in 2022-23, we will continue to support teachers and students in schools and colleges to successfully undertake assessments and stand ready to implement any further support as determined by Ofqual or the Department for Education.

Where possible, we will continue to make efficiency gains and cost savings that we can use to invest in further developments and to ensure that our qualifications are both affordable and manageable for the institutions that buy them. The combination of OCR and Cambridge CEM which began in March 2022 offers a chance to improve our service to customers and we will be building on that during 2022-23.

### PRINCIPAL RISKS AND UNCERTAINTIES

OCR's principal risks and uncertainties flow from external policy drivers, industry-wide and organisational resource constraints, rising costs and the challenges of changing and updating information technology.

- As the impact of the pandemic recedes, fewer special arrangements are required on public health grounds, though a number of smaller measures to take account of disruption to learning are still to be confirmed for 2022-23.
- Changes to UK central government education policies can present a significant risk. Changes that re-define or abolish qualification types could render specific products redundant at relatively short notice and make it impossible to recoup significant development costs. Other changes, for example to school accountability measures or funding criteria, could have a significant impact on the demand for specific qualifications. Central government may seek fundamental changes to the qualifications market itself, as demonstrated in its requirements for bids for franchises for new 'T Level' qualifications, or the possible introduction of post qualification admissions (PQA) to the university application system which would impact Level 3 qualifications. OCR strives to mitigate these risks through sustained communication and influencing with government, including the Department for Education, and other key external stakeholders such as the regulator, Ofqual.
- Exam boards compete to recruit assessors from a finite pool of available resource. While the potential shortage of assessors in 2021-22 was well managed, the risk remains given the competing demands on teachers' commitments. This represents a risk to the development and award of qualifications for all exam boards and OCR is working hard to ensure recruitment is efficient and effective.

The challenges posed by updating and changing information technology systems and infrastructure are shared by most organisations. OCR continues to work with Cambridge University Press & Assessment to ensure that the IT change projects deliver the required business benefits on time and to budget.

**Management of financial risks:**

The Group regularly assesses its financial risks and has established policies and business practices to protect against the adverse effects of these and other potential exposures.

- Credit risk
  The majority of OCR's customers are UK schools. Despite OCR having a historic low loss rate, due to cost pressures on schools and colleges our credit team are actively managing debtors for any signs of non-payment.

## 7. STRATEGIC REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

**Management of financial risks (continued):**

- Liquidity risk
  The Group has considerable financial resources, therefore the liquidity risk is considered to be low. Short-term deposits held are sufficient to meet anticipated cash flows as well as providing a significant buffer for any unexpected cash outflows.
- Market risk
  The Group holds significant investments in CUEF units (note 13). The capital growth and income from the units are affected by market conditions, but because they are invested in a diversified set of asset classes, it limits the Group's exposure to any one particular market. Income received from its investment in CUEF units for the year to 31 July 2022 amounted to £2.9m (2021: £2.8m) and the market value of the investment at that date was £85.9m (2021: £84.4m).

## 8. SUSTAINABILITY AND CARBON REPORTING

We take our responsibilities to people and planet seriously and recognise our moral obligation to act to tackle the climate crisis. We seek to take a leading role in promoting environmental, ethical, and legal best practise within our industry and are focused on:

- Minimising impact on the environment and the communities where we operate
- Adding social and environmental value to the world through our actions
- Educating on and advocating for a better future

Our approach to environment focuses on cutting our carbon emissions and reducing the volume of natural resources we consume and waste we produce, focused on fossil fuels, paper, water and single use plastic. We work proactively with our supply chain to mutually improve our environmental impact.

As Cambridge University Press & Assessment ("Press & Assessment"), our current headline target is to achieve a 72% reduction in our energy related emissions (Scope 1 and 2) by 2030, achieving absolute carbon zero across our global operations by 2048 in alignment with the University of Cambridge.

Science based targets for Scope 3 are in development and will be reviewed by environment governance boards in October 2023.

**Methodology**

OCR collects data and reports on its energy and carbon emission, in compliance with the Greenhouse Gas Protocol Corporate Accounting and Reporting and Global Reporting Initiative standard. All targets are developed in alignment with the Science Based Target Initiative.

We gather data on all direct and indirect activities which occur due to OCR activity within the UK. All emissions calculations are derived from activity data i.e. energy and fuel billing data and fleet mileage from leased vehicles. We use the UK Government's 2021 emissions factors to calculate carbon emissions. We report emissions in metric tonnes of carbon dioxide equivalent which includes the six gases regulated by the Kyoto Protocol.

OCR specific data is calculated using an apportionment method, based on operational output and the proportional occupation of OCR employees and activities across our five applicable premises jointly occupied by Press & Assessment.

At the date of this report, our environmental management system is in development, and a full baseline and target setting exercise is in progress for Scope 3 emissions, waste, paper and plastic consumption and water usage within the UK and globally.

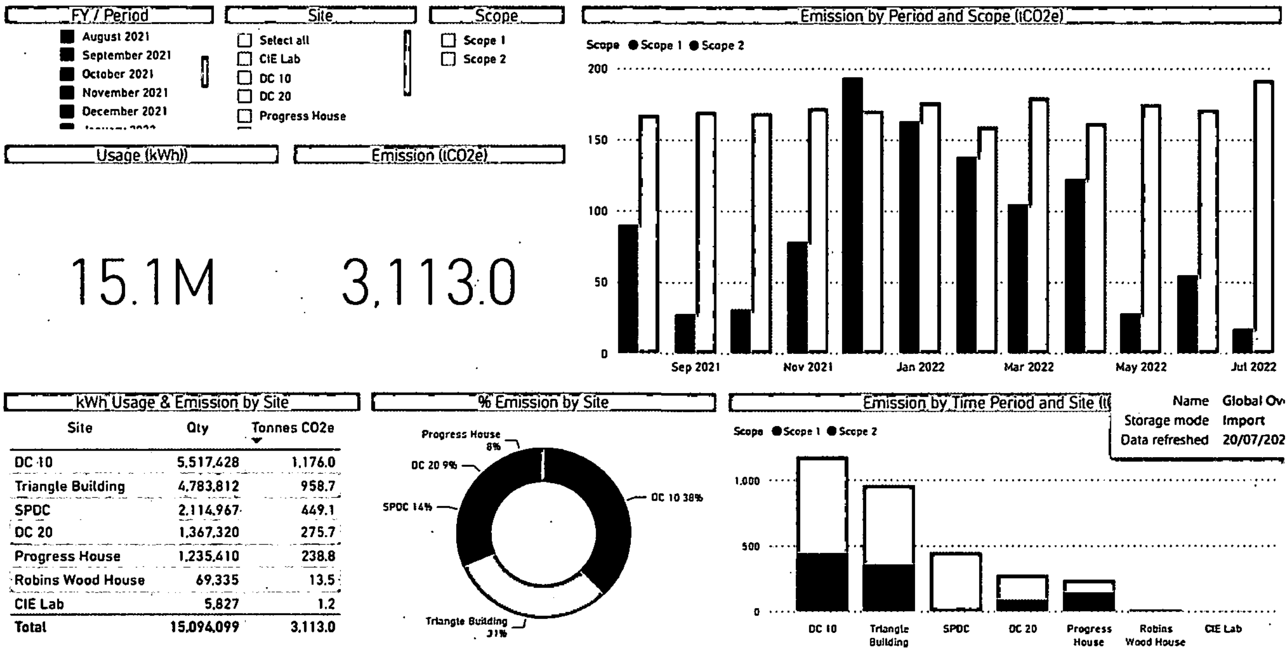
In April 2022, Press & Assessment was accredited to ISO14001 at its Triangle and University Press House sites in Cambridge which informs the development of our environmental management system. Wider roll out of the ISO14001 standard is under review.

**Reporting period**
This report details Scope 1 and 2 emissions for OCR activity within the UK for the period 1 August 2021 to 31 July 2022. Our baseline for measurement is for the year 1 August 2018 to 31 July 2019.

## 8. SUSTAINABILITY AND CARBON REPORTING (continued)

### Scope 1 and 2 data

This data details the total Scope 1 (LPG and natural gas) and Scope 2 (purchased electricity) emissions resulting from all UK activity by assessment business (Cambridge Assessment International, OCR, Cambridge Partnership for Education, Cambridge English and Centre for Evaluation and Monitoring) during FY 2021/22.

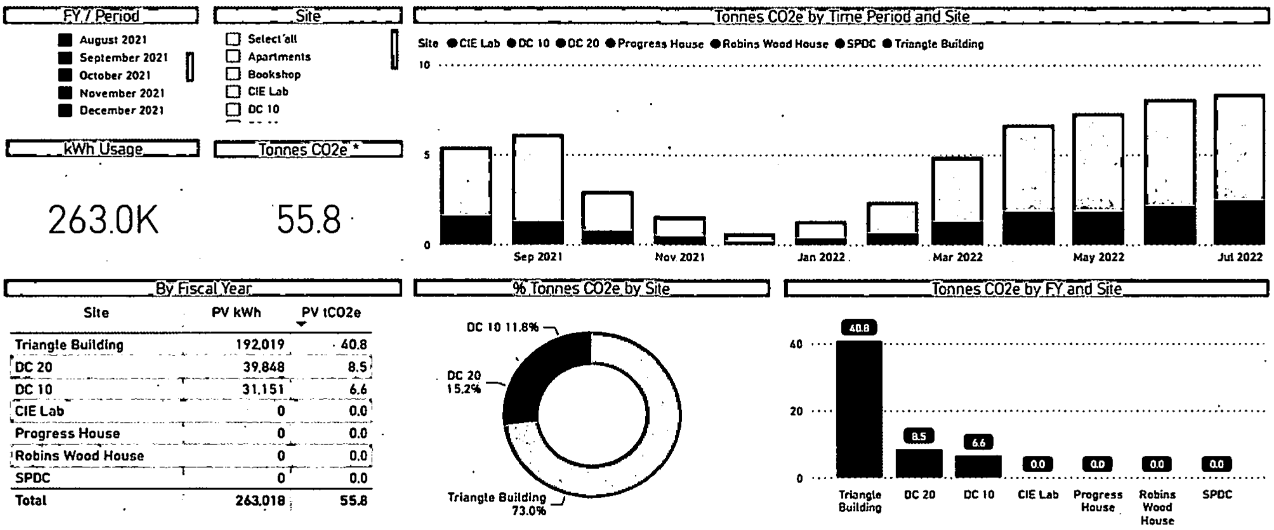



| Site | Qty | Tonnes CO2e |
|---|---|---|
| DC 10 | 5,517,428 | 1,176.0 |
| Triangle Building | 4,783,812 | 958.7 |
| SPDC | 2,114,967 | 449.1 |
| DC 20 | 1,367,320 | 275.7 |
| Progress House | 1,235,410 | 238.8 |
| Robins Wood House | 69,335 | 13.5 |
| CIE Lab | 5,827 | 1.2 |
| Total | 15,094,099 | 3,113.0 |

Total energy usage for FY 21/22;15.1 kwh
Total carbon emissions for FY 21/22; 3,113 tCO2e

### Solar PV data

Solar energy is generated at three UK sites via photovoltaic (PV) cells. This data details the volume of emissions avoided across premises used by the assessment business.




| Site | PV kWh | PV tCO2e |
|---|---|---|
| Triangle Building | 192,019 | 40.8 |
| DC 20 | 39,848 | 8.5 |
| DC 10 | 31,151 | 6.6 |
| CIE Lab | 0 | 0.0 |
| Progress House | 0 | 0.0 |
| Robins Wood House | 0 | 0.0 |
| SPDC | 0 | 0.0 |
| Total | 263,018 | 55.8 |

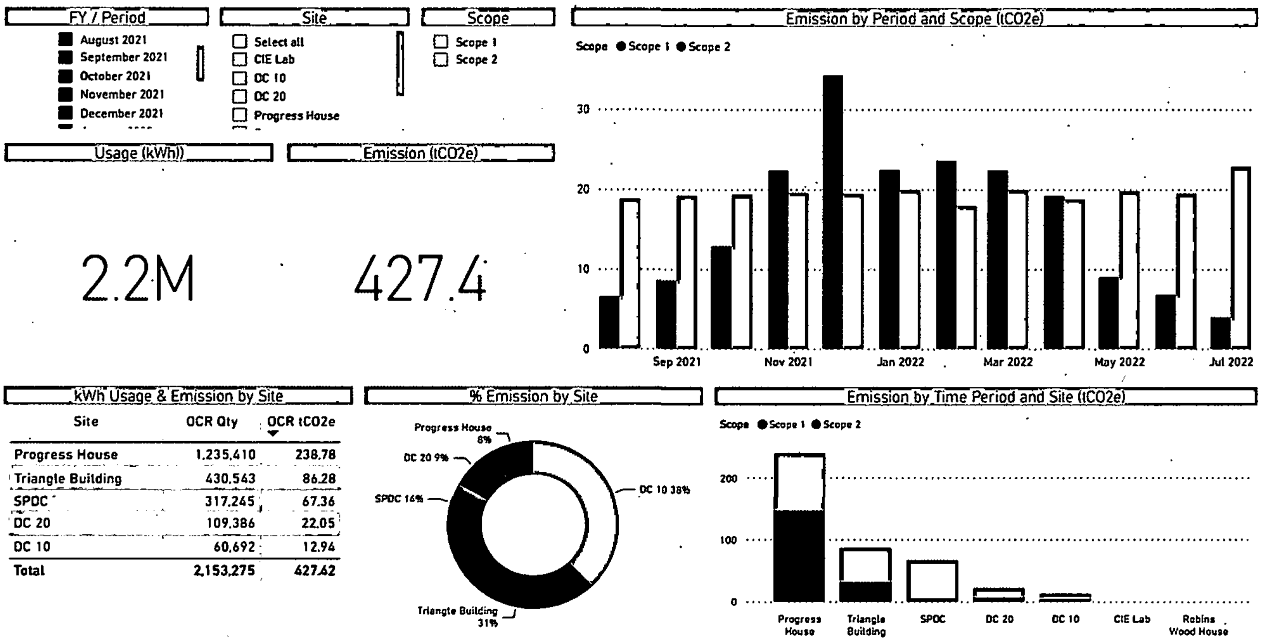
Total avoided kwh in FY21/22 - 263 kwh
Total avoided emissions in FY 21/22 - 55.8 tCO2e

## 8. SUSTAINABILITY AND CARBON REPORTING (continued)

### Total emissions and carbon footprint OCR

OCR operations take place across 5 UK sites. The percentage apportionment of OCR activity at each site is as follows:

| | |
|---|---|
| Science Park Data Centre, Cambridge | 15% |
| Distribution Centre 10, Whittlesford | 1.1% |
| Distribution Centre 20, Papworth | 8% |
| Progress House, Coventry | 100% |
| Triangle Building, Cambridge | 9% |




Total energy usage by OCR in FY 21/22 – **2.2m kwh**
Total carbon emissions resulting from OCR activity in FY21/22 – **427.4 tCO2e**

This represents a decrease in Scope 1 carbon emission of 14% and an increase in Scope 2 carbon emission of 3% in FY21/22

**OCR Carbon Emission 2021 vs 2022 (in Tonne CO2e)**

| Site | 2021 | | 2022 | | Variance (% Inc/Dec in Emission) | |
|---|---|---|---|---|---|---|
| | Scope 1 | Scope 2 | Scope 1 | Scope 2 | Scope 1 | Scope 2 |
| DC 10 | 4.6 | 8.2 | 4.9 | 8.0 | 6% | -1% |
| DC 20 | 7.1 | 14.6 | 7.4 | 14.7 | 4% | 1% |
| Progress House | 174.0 | 84.9 | 147.7 | 91.0 | -15% | 7% |
| SPDC | - | 69.3 | - | 67.4 | - | -3% |
| Triangle Building | 38.7 | 52.4 | 32.2 | 54.1 | -17% | 3% |
| **Total** | **224.4** | **229.4** | **192.2** | **235.2** | **-14%** | **3%** |

### Reduction approach

Our strategic approach to reduction of energy use and carbon emissions across our UK premises is focused on five key areas:

- Electrification of heating (replacing gas and LPG-fired heating systems)
- Energy efficiency improvements (installing LED lighting and reducing energy usage)
- Renewable energy (exploring photovoltaics, heat pumps and other renewable technologies)

## 8. SUSTAINABILITY AND CARBON REPORTING (continued)

- Property strategy (using space more efficiently and moving to more energy-efficient premises)
- Behavioural (encouraging staff to adopt energy-efficient practices)

In FY 2021-22, we have undertaken a range of energy and emissions savings activities including:

- Completion of actions from Energy Saving Opportunities Scheme surveys across our UK premises.
- Installation of LED bulbs and lighting sensors across UK premises.
- Active management and alteration of office and warehouse HVAC systems.
- Alteration of set temperature points across a range of air-conditioned spaces.
- Purchase of electric vehicle for grounds maintenance..
- Switch to 100% certifiable renewable energy supply for UK premises

## 9. STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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 Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the trustees are aware:

(a) there is no relevant audit information of which the company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE TRUSTEES

Peter Phillips

**Mr Peter Phillips**
Director and Trustee
3 November 2022

# *Independent auditors' report to the members of Oxford Cambridge and RSA Examinations*

## Report on the audit of the financial statements

### Opinion

In our opinion, Oxford Cambridge and RSA Examinations '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 2022 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 Annual Report (the "Annual Report"), which comprise: the consolidated and parent charitable company balance sheets as at 31 July 2022; the consolidated statement of financial activities (including income and expenditure account), the consolidated and parent charitable company summary of movements in funds, the consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

### 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 group and parent 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic Report and Directors' and Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' and Trustees' Annual 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 Directors' and Trustees' Annual 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 Directors' and Trustees' Annual Report. We have nothing to report in this respect.

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**Responsibilities for the financial statements and the audit**

*Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of Trustees' Responsibilities , the trustees 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and/charitable company/industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and the General Data Protection Regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overriding controls which would otherwise appear to be operating effectively, primarily through inappropriate or unauthorised journal entries. Audit procedures performed included:

- reviewing board minutes throughout the period up to the date of the auditors' report;
- inquiries with management about any instances of known or suspected non-compliance with laws and regulations;
- reviewing legal expenses incurred by the group during the year and up to the date of the auditors' report;
- testing, on a risk basis, journal entries that have unusual account combinations including involving unusual postings to revenue accounts;
- testing management's assumptions made in their significant accounting estimates, in particular in relation to impairment of assets, to ensure these are not indicative of management bias; and
- designing audit procedures to incorporate an element of unpredictability by auditing areas that may otherwise not have been audited owing to immateriality.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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 obtained 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.

James Cadzow

James Cadzow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
3 November 2022

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**
**(An exempt charity and a company limited by guarantee)**

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 JULY 2022

| | Note | 2022 £m | As restated 2021 £m |
|---|---|---|---|
| **Income and endowments from:** | | | |
| Charitable activities | | | |
| - Assessment services | 5 | 63.4 | 44.2 |
| Investment income | 6 | 3.2 | 2.8 |
| Other income | 7 | - | 1.3 |
| **Total income** | | 66.6 | 48.3 |
| **Expenditure on:** | | | |
| Charitable activities | 8 | (65.5) | (43.6) |
| **Total expenditure** | | (65.5) | (43.6) |
| Net gain on investments | 13 | 1.5 | 13.6 |
| **Net income for the year** | 10 | 2.6 | 18.3 |
| **Net movement in funds** | | 2.6 | 18.3 |
| **Reconciliation of funds:** | | | |
| Total funds brought forward at 1 August (restated) | | 101.0 | 82.7 |
| **Total funds carried forward at 31 July** | | 103.6 | 101.0 |

The notes on pages 19 to 31 form an integral part of these financial statements.

All incoming resources and resources expended relate to continuing activities and arise from, or are in relation to, unrestricted income funds.

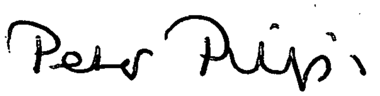
**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**
**(An exempt charity and a company limited by guarantee)**

## CONSOLIDATED AND PARENT CHARITABLE COMPANY BALANCE SHEETS AS AT 31 JULY 2022

| | | Group | | Charity | |
|---|---|---|---|---|---|
| | | | As restated | | As restated |
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | £m | £m | £m | £m |
| **Fixed assets** | | | | | |
| Intangible assets | 11 | 3.0 | 1.8 | 3.0 | 1.8 |
| Tangible assets | 12 | 4.3 | 4.6 | 4.3 | 4.6 |
| Investments | 13 | 85.9 | 84.4 | 85.9 | 84.4 |
| Total fixed assets | | 93.2 | 90.8 | 93.2 | 90.8 |
| **Current assets** | | | | | |
| Debtors | 14 | 2.6 | 6.8 | 2.6 | 6.8 |
| Cash and cash equivalents | | 64.1 | 46.6 | 62.9 | 45.4 |
| Total current assets | | 66.7 | 53.4 | 65.5 | 52.2 |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 15 | (49.4) | (39.0) | (49.4) | (39.0) |
| **Net current assets** | | 17.3 | 14.4 | 16.1 | 13.2 |
| **Total assets less current liabilities** | | 110.5 | 105.2 | 109.3 | 104.0 |
| Pension scheme liabilities | 16 | (6.9) | (4.2) | (6.9) | (4.2) |
| **Total net assets** | | 103.6 | 101.0 | 102.4 | 99.8 |
| **The funds of the Charity:** | | | | | |
| Unrestricted funds | | 60.2 | 59.1 | 59.0 | 57.9 |
| Revaluation reserve | | 43.4 | 41.9 | 43.4 | 41.9 |
| **Total Charity funds** | | 103.6 | 101.0 | 102.4 | 99.8 |

The total incoming resources for the year in the parent charitable company were £66.6m (2021: £48.3m), and the result for the year in the Charity was net income of £2.6m (2021: £18.3m).

The financial statements on pages 15 to 31 were approved by the Board of Directors on 3 November 2022 and were signed on its behalf by:



**Mr Peter Phillips**
*Director and Trustee*

Oxford Cambridge and RSA Examinations
Company registered number: 03484466

## OXFORD CAMBRIDGE AND RSA EXAMINATIONS
**(An exempt charity and a company limited by guarantee)**

## CONSOLIDATED AND PARENT CHARITABLE COMPANY SUMMARY OF MOVEMENTS IN FUNDS FOR THE YEAR ENDED 31 JULY 2022

| | Unrestricted funds £m | Revaluation reserve £m | Total Charity funds £m |
|---|---|---|---|
| **Group** | | | |
| Balance at 1 August 2020 (as restated) | 54.4 | 28.3 | 82.7 |
| Net gain for the year (before net gains on investments, as restated) | 4.7 | - | 4.7 |
| Net gain on investments | - | 13.6 | 13.6 |
| Total comprehensive income for the year | 4.7 | 13.6 | 18.3 |
| Balance at 31 July 2021 (as restated) | 59.1 | 41.9 | 101.0 |
| Balance at 1 August 2021 (as restated) | 59.1 | 41.9 | 101.0 |
| Net gain for the year (before net gains on investments) | 1.1 | - | 1.1 |
| Net gain on investments | - | 1.5 | 1.5 |
| Total comprehensive income for the year | 1.1 | 1.5 | 2.6 |
| Balance at 31 July 2022 | 60.2 | 43.4 | 103.6 |
| **Charity** | | | |
| Balance at 1 August 2020 (as restated) | 53.2 | 28.3 | 81.5 |
| Net gain for the year (before net gains on investments, as restated) | 4.7 | - | 4.7 |
| Net gain on investments | - | 13.6 | 13.6 |
| Total comprehensive income for the year | 4.7 | 13.6 | 18.3 |
| Balance at 31 July 2021 (as restated) | 57.9 | 41.9 | 99.8 |
| Balance at 1 August 2021 (as restated) | 57.9 | 41.9 | 99.8 |
| Net gain for the year (before net gains on investments) | 1.1 | - | 1.1 |
| Net gain on investments | - | 1.5 | 1.5 |
| Total comprehensive income for the year | 1.1 | 1.5 | 2.6 |
| Balance at 31 July 2022 | 59.0 | 43.4 | 102.4 |

The notes on pages 19 to 31 form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2022

| | Note | 2022 £m | As restated 2021 £m |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Net cash generated from operating activities** | | 15.5 | 3.9 |
| **Cash flows from investing activities** | | | |
| Investment income | 6 | 3.2 | 2.8 |
| Payments made to acquire intangible fixed assets | | (1.2) | (1.5) |
| **Net cash generated from investing activities** | | 2.0 | 1.3 |
| **Change in cash and cash equivalents in the reporting year** | | 17.5 | 5.2 |
| **Cash and cash equivalents at the beginning of the reporting year** | | 46.6 | 41.4 |
| **Cash and cash equivalents at the end of the reporting year** | | 64.1 | 46.6 |

**Reconciliation of net income to net cash flow from operating activities**

| | Note | 2022 £m | As restated 2021 £m |
|---|---|---|---|
| **Net income for the reporting year** | | 2.6 | 18.3 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 12 | 0.3 | 0.2 |
| Gain on investments | 13 | (1.5) | (13.6) |
| Investment income | 6 | (3.2) | (2.8) |
| Increase in creditors and pension liabilities | 15, 16 | 13.1 | 0.3 |
| Decrease in debtors | 14 | 4.2 | 1.5 |
| **Net cash generated from operating activities** | | 15.5 | 3.9 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### 1. GENERAL INFORMATION

Oxford Cambridge and RSA Examinations ("OCR") is an exempt charity (registered in England and Wales) and a company limited by guarantee. OCR is an UK awarding body and a public benefit entity, providing qualifications which engage people of all ages and abilities at school, college, in work or through part-time learning programmes. OCR's general and vocational qualifications equip learners with the knowledge and skills they need for their future, helping them achieve their full potential.

### 2. STATEMENT OF COMPLIANCE

The financial statements are prepared under the Statement of Recommended Practice "Accounting and Reporting for Charities" ("the SORP") (effective 1 January 2019), and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 and the Charities Act 2011.

### 3. SUMMARY OF SIGNIFICANT 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.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Charity accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

No separate Statement of Financial Activities is presented for the Charity, as provided by Section 408 of the Companies Act 2006.

The Group has adapted certain headings set out in the Companies Act 2006 to reflect the nature of the Group's business as an exempt charity.

**(b) Going concern**

The consolidated and separate financial statements of both the Group and Charity are prepared on a going concern basis, which contemplates continuity of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of business. In making this assessment, the Press & Assessment Board has considered future events and conditions for a period of no less than twelve months following the approval of these financial statements including the day-to-day working capital requirements of the business through its short-term deposits and cash at bank and in hand.

**(c) Basis of consolidation**

The Group consolidated financial statements include the financial statements of OCR and all of its subsidiary undertakings. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

**(d) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

Advantage has been taken of the exemption available under FRS 102 paragraph 33.1A, not to disclose transactions with other entities that are wholly-owned within the University of Cambridge Group.

OCR has also taken advantage of (i) the exemption from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7, and (ii) exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Foreign Currencies

The Group's financial statements are presented in pounds sterling and rounded to millions. The functional currency is pounds sterling.

### (f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

*(i) Income from session based qualifications*

Income from session based qualifications (such as GCSEs) is recognised when all services associated with the qualification are substantially completed. Income received in advance is deferred and recognised in subsequent financial periods when the relevant qualification session takes place.

Due to the Covid 19 pandemic, the UK 2021 summer series was delivered through a novel Teacher Assessed Grade (TAG) process. Service contract accounting principles have been adopted for recognising revenue and costs across the Summer series, Appeals and Autumn series. Revenue has been recognised based upon the relative expected number of entries between the Summer and Autumn series and the number of appeals. Where contracts are loss making they are immediately recognised in the income statement.

*(ii) Income from other types of qualifications*

Other types of qualifications, not based on examination sessions (such as Qualification and Credit Frameworks) typically involve the candidate progressing through a series of modules. For these qualifications income is recognised on the basis of the proportion of the total number of modules required for the qualification that have been achieved by the candidate. Income in respect of modules that the candidate is yet to undertake is deferred to subsequent periods.

(iii) *Consulting*

Revenue for consulting or related arrangements is recognised on a proportional performance basis.

*(iv) Other income*

Other income relates to amounts received under the Coronavirus Job Retention Scheme and is recognised as the related employee costs are incurred.

### (g) Expenditure

Expenditure is charged on an accruals basis, inclusive of irrecoverable VAT. Where expenditure can be identified as relating to examination sessions or assessments after the year end, it is carried forward and charged against the period in which the sessions or assessments take place. Expenditure is treated as expenditure on charitable activities where it is used in the operation or support of examination and assessment services. Other costs include the expenses associated with trustee meetings, external audit and core executive management. No costs are apportioned between categories.

### (h) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit pension plans.

*(i) Short-term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

*(ii) Defined benefit pension plan: Multi-employer defined benefit Plans*

OCR participates as an employer in the Universities Superannuation Scheme ('USS'), a multi-employer defined benefit pension scheme. The assets of the schemes are held separately from those of OCR. OCR is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the USS scheme as if it were a defined contribution scheme.

OCR is a participating employer that makes agreed deficit funding payments on a defined benefit multi-employer plan which is accounted for as a defined contribution scheme, and therefore recognises a liability for its share of the scheme's future deficit funding contributions. The liability is measured at the present value of the contributions payable based on a discounted present value basis. The discount rate is based on a high quality corporate bond whose term covers the remaining duration of the plan. The unwinding of the discount is recognised as a finance cost in the Statement of Financial Activities in the period in which it arises.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Employee benefits (continued)

*(iii) Defined benefit pension plan: Group Plans*
OCR participates in the Cambridge University Assistants' Contributory Pension Scheme ("CPS"), a Group Plan whose assets are held separately from those of OCR.

OCR is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Furthermore, there is no contractual agreement or stated policy for charging the net defined benefit cost of the defined benefit plan as a whole to individual group entities. The CPS scheme is therefore accounted for as if it were a defined contribution scheme. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet.

### (i) Research and Development
Development work on IT projects is capitalised within Intangible Assets when the overall project is expected to give rise to future economic benefits and the criteria set out in FRS102 section 18 are deemed to be met. Other expenditure on research and development is written off in the year in which it is incurred.

### (j) Taxation
OCR is a wholly-owned subsidiary of the University of Cambridge, which is an exempt charity. OCR therefore claims exemption from UK corporation tax for its charitable activities under the provisions of section 505 of the Income and Corporation Taxes Act 1988.

OCR receives no similar exemption in respect of Value Added Tax.

Any charge for taxation is based on the net income for the year on activities which are not covered by charitable exemptions.

### (k) Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

The following intangible assets are capitalised at cost:
- Purchased computer software packages costing over £30,000; and
- Computer equipment (software) forming part of a project costing over £75,000.
- Curriculum development costs that are directly attributable to the creation of new curricula costing over £5,000

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

| | |
|---|---|
| Software | 3 to 10 years |
| Curriculum development | 5 years |

Amortisation is charged to Finance within Charitable Activities in 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.

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. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Intangible assets (continued)**
Costs that are directly attributable to the creation of new curricula are capitalised, subject to the following conditions:

- Costs can be tracked to the curriculum being developed;
- It can be demonstrated that the curriculum development effort will generate an economic benefit to the Group; and
- The duration of the curriculum can be reliably determined.

When it becomes evident that a curriculum will be replaced at an earlier date than anticipated, the value will need to be impaired.

**(l) Tangible assets**
Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

The following tangible assets are capitalised at cost:

- Leasehold buildings;
- Individual items of plant, equipment and computer hardware costing over £30,000;
- Expenditure on furniture and fittings as part of a major refurbishment project; and
- Computer equipment (hardware) forming part of a project costing over £75,000.

*(i) Land & buildings*
Land and buildings include leasehold offices. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

*(ii) Plant and equipment, furniture and fittings, and computer equipment*
Plant and equipment, furniture and fittings, and computer equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

*(iii) Depreciation and residual values*
Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Long-term leasehold: | Over the term of the lease or 50 years on a straight line basis, whichever is shorter. |
| Plant and equipment, furniture and fittings, and computer equipment: | 4 to 10 years. |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

*(iv) Subsequent additions and major components*
Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and Charity and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

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

*(v) Assets under construction*
Assets under construction are stated at cost. These assets are not depreciated until they are available for use.

*(vi) Derecognition*
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 the Statement of Financial Activities.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Operating leased assets**
At inception the Group and Charity assess agreements that transfer the right to use assets. 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 Statement of Financial Activities on a straight-line basis over the period of the lease. The Group and Charity have no finance leases.

**(n) Investments**
*Investment in subsidiary company – Charity*
Investment in a subsidiary undertaking is held at cost less accumulated impairment losses.

*Investment in CUEF units – Group and Charity*
Investments in CUEF units are valued at market value at the reporting date.

**(o) Provisions and contingencies**
*Provisions*
Provisions are recognised when the Group or Charity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

*Contingencies*
Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**(p) Financial instruments**
The Group and Charity have chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

*(i) Financial assets*
Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

Complex financial instruments, including the investments in CUEF units, are initially recognised 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 the Statement of Financial Activities.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Financial instruments (continued)

*(i) Financial assets (continued)*
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 asset 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.

*(ii) Financial liabilities*
Basic financial liabilities, including trade and other creditors and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*(iii) Offsetting*
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### (q) Related party transactions
The Group and Charity disclose transactions with related parties which are not wholly-owned within the University of Cambridge Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group and Charity financial statements.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

**Key accounting estimates and assumptions**
The Group 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) Defined benefit multi-employer plan: liability for the future deficit funding contributions (note 16)*
OCR is a participating employer that makes agreed deficit funding payments on a defined benefit multi-employer plan which is accounted for as a defined contribution scheme, and therefore recognises a liability for its share of the scheme's future deficit funding contributions. The present value of this liability depends on a number of factors including a discount rate based on a high-quality corporate bond whose term covers the remaining duration of the plan, salary inflation and assumed scheme membership percentage changes. Management estimates these factors in determining the liability in the balance sheet. The assumptions reflect historical experience and current trends.

## 5. ASSESSMENT SERVICES

Assessment services income represents income from recognising and certificating educational achievement. Substantially all income is attributable to the UK and to one class of business which is the provision of assessment and assessment-related services.

## 6. INVESTMENT INCOME

| | 2022 £m | 2021 £m |
|---|---|---|
| Income from CUEF units | 2.9 | 2.8 |
| Interest receivable | 0.3 | - |
| | 3.2 | 2.8 |

## 7. OTHER INCOME

The Group recognised £nil (2021: £1.3m) income in accordance with contract accounting principles adopted in respect of the UK 2021 Summer series, Appeals and Autumn series as outlined in note 3f(i).

## 8. SUPPORT COSTS

**a) Charitable activities**
Included in resources expended are support costs in respect of the charitable activity of assessment:

| | 2022 £m | 2021 £m |
|---|---|---|
| Premises | 1.5 | 1.5 |
| Finance | 1.2 | 1.4 |
| Human resources | 1.2 | 1.3 |
| Management | 0.9 | 1.5 |
| Information management | 11.1 | 10.4 |
| Logistics | 1.7 | 0.8 |
| | 17.6 | 16.9 |

**b) Governance costs**
Audit fees for the Charity (see note 10) and expenses of Trustee meetings are paid by the parent undertaking, Cambridge University Press & Assessment (see note 20).

## 9. STAFF COSTS

The monthly average number of persons employed by the OCR company during the year was 442 (2021: 433), and no staff were employed by the subsidiaries. These were engaged directly on the Group's charitable activities.

| Staff costs for the above persons comprise: | 2022 £m | 2021 £m |
|---|---|---|
| Wages and salaries | 18.0 | 16.2 |
| Social security costs | 1.8 | 1.5 |
| Other pensions costs (note 16) | 3.1 | 3.2 |
| USS pension deficit charge (note 16) | 2.9 | - |
| | 25.8 | 20.9 |

None of the above costs (2021: £nil) related to temporary staff.

The number of employees (excluding trustees) whose emoluments, excluding employer's pension contributions and including reorganisation costs, were over £60,000 are as follows:

| | 2022 No. | 2021 No. |
|---|---|---|
| £60,001 - £70,000 | 11 | 9 |
| £70,001 - £80,000 | 5 | 5 |
| £80,001 - £90,000 | 1 | - |
| £90,001 - £100,000 | 2 | 3 |
| £100,001 - £110,000 | 1 | - |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | 1 | 1 |
| £170,001 - £180,000 | 1 | 1 |
| £190,001 - £200,000 | 1 | - |

## 9. STAFF COSTS (continued)

During the year 23 (2021: 20) of the employees above were members of a workplace pension scheme. The scheme is a combination of defined benefit and defined contribution with defined benefit accruing up to a given salary threshold, beyond this threshold the scheme operates as defined contribution.

No trustee or connected person received any remuneration from the company (2021: £nil).

## 10. NET INCOME FOR THE YEAR

| | 2022 £m | 2021 £m |
|---|---|---|
| Net income is stated after charging: | | |
| Depreciation | 0.3 | 0.2 |
| Research and development expenditure | 1.0 | 1.1 |

Audit fees for the Charity are paid by the parent undertaking, Cambridge University Press & Assessment. Audit fees in respect of subsidiary undertakings amounted to £4.0k (2021: £3.8k).

## 11. INTANGIBLE ASSETS

| Group and Charity | Curriculum Development £m | Computer software £m | Total £m |
|---|---|---|---|
| **COST** | | | |
| At 1 August 2021 (restated, see note 21) | 1.8 | 4.3 | 6.1 |
| Additions | 1.2 | - | 1.2 |
| At 31 July 2022 | 3.0 | 4.3 | 7.3 |
| **ACCUMULATED AMORTISATION** | | | |
| At 1 August 2021 | - | 4.3 | 4.3 |
| Charge for year | - | - | - |
| At 31 July 2022 | - | 4.3 | 4.3 |
| **NET BOOK VALUE** | | | |
| At 31 July 2022 | 3.0 | - | 3.0 |
| At 31 July 2021 | 1.8 | - | 1.8 |

## 12. TANGIBLE ASSETS

**Group and Charity**

| | Land and buildings: Long-term leasehold | Plant and equipment, furniture and fittings, computer equipment | Total |
|---|---|---|---|
| | £m | £m | £m |
| **COST** | | | |
| At 1 August 2021 | 5.6 | 0.1 | 5.7 |
| Additions | - | - | - |
| At 31 July 2022 | 5.6 | 0.1 | 5.7 |
| **ACCUMULATED DEPRECIATION** | | | |
| At 1 August 2021 | 1.0 | 0.1 | 1.1 |
| Charge for year | 0.3 | - | 0.3 |
| At 31 July 2022 | 1.3 | 0.1 | 1.4 |
| **NET BOOK VALUE** | | | |
| At 31 July 2022 | 4.3 | - | 4.3 |
| At 31 July 2021 | 4.6 | - | 4.6 |

There are no tangible assets held for investment purposes by the Group; all are being used for the charitable objectives of the Group.

## 13. INVESTMENTS

| | Group 2022 | Group 2021 | Charity 2022 | Charity 2021 |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| At 1 August | 84.4 | 70.8 | 84.4 | 70.8 |
| Increase in market value of investments | 1.5 | 13.6 | 1.5 | 13.6 |
| At 31 July | 85.9 | 84.4 | 85.9 | 84.4 |
| Represented by: | | | | |
| University Endowment Fund units | 85.9 | 84.4 | 85.9 | 84.4 |
| Investments in subsidiary undertakings* | - | - | - | - |
| | 85.9 | 84.4 | 85.9 | 84.4 |

* The directors believe that the carrying value of the investments is supported by the underlying net assets.

The market value of CUEF units at 31 July 2022 is based on the valuation at that date provided by the Finance Division of the University of Cambridge. The investments are managed by the University of Cambridge through external investment managers. The historical cost of these investments at 31 July 2022 amounted to £42.5m (2021: £42.5m).

### 13. INVESTMENTS (continued)

| Name of subsidiary undertaking | Address of registered office | Class of share | Proportion held direct | Nature of business |
|---|---|---|---|---|
| RSA Examinations Board | The Triangle, Shaftesbury Road, Cambridge, CB2 8EA, UK | Member | 100% | Dormant |
| The West Midlands Examinations Board | The Triangle, Shaftesbury Road, Cambridge, CB2 8EA, UK | Member | 100% | Examination services |
| OCR Nationals | The Triangle, Shaftesbury Road, Cambridge, CB2 8EA, UK | Member | 100% | Dormant |

The subsidiary undertakings have been included in the consolidation.

The individual results of The West Midlands Examinations Board are not material and therefore have not been separately disclosed. The financial year of The West Midlands Examinations Board is coterminous with that of OCR.

### 14. DEBTORS

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | £m | £m | £m | £m |
| Trade debtors (fee debtors) | 0.6 | 4.1 | 0.6 | 4.1 |
| Prepayments and accrued income | 2.0 | 2.7 | 2.0 | 2.7 |
| | 2.6 | 6.8 | 2.6 | 6.8 |

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | £m | £m | £m | £m |
| Trade creditors | 1.8 | 1.4 | 1.8 | 1.4 |
| Group undertakings | 11.0 | 7.7 | 11.0 | 7.7 |
| Taxation and social security | 1.6 | - | 1.6 | - |
| Other creditors | 2.2 | 20.1 | 2.2 | 20.1 |
| Accruals and deferred income | 32.8 | 9.8 | 32.8 | 9.8 |
| | 49.4 | 39.0 | 49.4 | 39.0 |

Deferred income is analysed as:

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | £m | £m | £m | £m |
| At 1 August | 7.9 | 7.9 | 7.9 | 7.9 |
| Movement in the year | 0.8 | - | 0.8 | - |
| At 31 July | 8.7 | 7.9 | 8.7 | 7.9 |

Income is deferred in accordance with the income recognition policy (see note 3).

## 16. PENSION SCHEME LIABILITIES

### USS and CPS schemes

The Group participates in two defined benefit pension schemes; (i) the Universities Superannuation Scheme ("USS"), a multi-employer defined benefit pension scheme, and (ii) the Cambridge University Assistants' Contributory Pension Scheme ("CPS"), a Group plan.

Each scheme is valued every three years by professionally qualified independent actuaries. The USS and CPS schemes are not closed, nor are the age profiles of their active membership rising significantly.

The Group's contributions to the USS and CPS schemes are affected by a surplus or deficit in these schemes. It is not possible to identify the Group's share of underlying assets and liabilities of the schemes on a consistent and reasonable basis. Therefore, contributions are accounted for as if they were defined contribution schemes.

Both contribution rates will be reviewed as part of each triennial valuation and may be reviewed more frequently.

The Group currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme. The deficit recovery plan currently in place relates to the 2020 actuarial variation.

The assumptions and other data that have the most significant effect on the determination of contribution levels are as follows:

<u>USS</u>

| | |
|---|---|
| Latest actuarial valuation | March 2020 |
| Market value of assets at date of last valuation | £66.5bn |
| Funding level | 83% |

The 2020 deficit recovery plan requires deficit payments of 2.0% of salaries from 1 August 2021 to 30 September 2021, payments of 6.2% of salaries from 1 April 2022 to 31 March 2024, and then 6.3% of salaries from 1 April 2024 to 30 April 2038.

The USS pension liability at 31 July 2022 was £6.9m (2021: £4.2m) for the Group and Charity. See note 3.h (ii).

Subsequent to finalisation of the 2020 scheme valuation noted above, USS has continued to undertake monitoring activities, and to issue interim monitoring reports. The most recent monitoring reports have indicated an estimated net asset / liability position of a shortfall of £1.6bn at 31 March 2022 and a surplus of £1.8bn at 30 June 2022. These monitoring reports do not constitute a formal scheme valuation and are therefore not considered when calculating the deficit recovery provision disclosed in the financial statements. In the event that future formal valuations indicate an improved shortfall/surplus position compared to the 2020 scheme valuation, it would be expected that the deficit recovery provision would be partially or fully derecognised.

<u>CPS</u>

| | |
|---|---|
| Latest actuarial valuation | 31 July 2021 |
| Salary scale increases | 4.50%[1] |
| Pension increases per annum (RPI related) | 2.95% - 3.00% |
| Market value of assets at date of last valuation | £814m |
| Funding level | 110% |

[1] 4.5% until July 2024, reducing to 3.5% until July 2025 and 3.0% thereafter.

Employer's contribution rate in respect of:

| | | Pre 31 July 2013 | 1 Aug 2013 onwards |
|---|---|---|---|
| Salary sacrifice members | - pre 2013 paying additional voluntary contributions | 28.8% | 20.0% |
| | - pre 2013 other members | 25.3% | 16.5% |
| | - post 2013 members | 23.3% | 8.8% |
| Other members | - pre 2013 members | 20.3% | 11.5% |
| | - post 2013 members | 20.3% | 5.8% |

## 16. PENSION SCHEME LIABILITIES (continued)

A full triennial valuation of the scheme was carried out by the actuary for the trustees of the scheme as at 31 July 2021.

**Total Group pension cost for the year**
**Employer's contributions:**

| | 2022 £m | 2021 £m |
|---|---|---|
| USS - contributions payable | 2.0 | 2.0 |
| CPS | 1.1 | 1.2 |
| | 3.1 | 3.2 |
| USS – (decrease) in deficit funding obligation (see below) | 2.9 | - |
| | 6.0 | 3.2 |

At 31 July 2022, the Group had outstanding pension contributions amounting to £0.3m (2021: £0.3m).

**Movement in deficit funding obligation - Group and Charity**

| | £m |
|---|---|
| At 1 August 2021 | 4.2 |
| Unwinding of discount factor (finance cost) | - |
| Deficit contributions paid | (0.2) |
| Change in deficit obligation | 2.9 |
| | 2.7 |
| At 31 July 2022 | 6.9 |

## 17. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 July 2022 (2021: £nil).

## 18. CAPITAL AND OTHER COMMITMENTS

There were no (2021: £nil) capital commitments at the Balance Sheet date.

## 19. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption allowed under FRS 102 paragraph 33.1A, not to disclose transactions or balances with other entities that are wholly-owned within the University of Cambridge.

At 31 July 2022, £nil (2021: £nil) was owed to the Colleges of the University of Cambridge.

The Group paid £164k (2021: £181k) to the Joint Council for Qualifications CIC ("JCQ"), a not-for-profit Community Interest Company of which OCR is a member, for subscriptions and services. At 31 July 2022, a balance of £nil was owed to the JCQ (2021: £nil).

During the year total fee of £nil (2021: £nil) was paid to trustees in respect of examination services; no other trustee or connected person received any remuneration from the company (2021: £nil). No further payments were made to the Trustees or any other connected persons.

All related party transactions were subject to OCR's standard payment terms and conditions.

## 20. ULTIMATE PARENT UNDERTAKING

OCR is a part of the Cambridge University Press & Assessment Group. Cambridge University Press & Assessment is a not-for-profit organisation, a department of the University of Cambridge. The University of Cambridge is the sole member of OCR. The ultimate parent undertaking and ultimate controlling party is the University of Cambridge, an exempt charity.

The largest group in which the results of the OCR Group are consolidated is that headed by the University of Cambridge, a collegiate public research university in Cambridge, England. The consolidated financial statements of the University of Cambridge may be obtained from the Cambridge University Reporter, Cambridge University Press Bookshop 1 Trinity Street, Cambridge, CB2 1SZ, United Kingdom.

The smallest group in which they are consolidated is that headed by Cambridge University Press & Assessment. The consolidated financial statements of Cambridge University Press & Assessment may be obtained from Cambridge University Press & Assessment, The Triangle Building, Shaftesbury Road, Cambridge, CB2 8EA, United Kingdom.

## 21. CHANGE IN ACCOUNTING POLICY FOR OCR CURRICULUM DEVELOPMENT

Effective August 1, 2021 the company changed its accounting policy of recognising OCR curriculum development costs as expenses to recognising them as intangible assets in order to align with group accounting policy. Previously, the company recognised costs incurred for OCR curriculum development as expenses.

Below is a summary of the impact of the change in policy for the previous year.

| **Group** | **2021 As reported £m** | **Adjustment £m** | **2021 Restated £m** |
|---|---|---|---|
| Expenditure on Charitable activities | (45.1) | 1.5 | (43.6) |
| Net Income for the year | 16.8 | 1.5 | 18.3 |
| Intangible Assets | - | 1.8 | 1.8 |
| Unrestricted funds | 57.3 | 1.8 | 59.1 |

| | **2020 As reported £m** | **Adjustment £m** | **2020 Restated £m** |
|---|---|---|---|
| Unrestricted funds | 54.1 | 0.3 | 54.4 |

| **Charity** | **2021 As reported £m** | **Adjustment £m** | **2021 Restated £m** |
|---|---|---|---|
| Net Income for the year | 16.8 | 1.5 | 18.3 |
| Intangible Assets | - | 1.8 | 1.8 |
| Unrestricted funds | 56.1 | 1.8 | 57.9 |

| | **2020 As reported £m** | **Adjustment £m** | **2020 Restated £m** |
|---|---|---|---|
| Unrestricted funds | 52.9 | 0.3 | 53.2 |

The change in policy has been made because it is management's opinion that capitalising curriculum development costs accurately reflects nature of these costs.