

Oxford Archaeology Limited
Company Limited by Guarantee
Financial statements
For the year ended 31 March 2022

Company No. 1618597
Charity No. 285627

Members of the board and professional advisers

Company registration number	1618597
Charity number	285627
Registered office	Janus House Osney Mead OXFORD OX2 0ES
Board of trustees	Ms Gill Andrews Prof J C Barrett Mr S Blackmore Mr W R C Briant Mr P Chadwick Prof C Gosden Prof H F Hamerow Ms J Wills
Chief Executive	Mr K Welsh
Secretary	Mr A P Lane
Bankers	Barclays Bank PLC Avalon House Marcham Road ABINGDON Oxfordshire OX14 1UB
Auditor	Wenn Townsend 30 St Giles' OXFORD OX1 3LE

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Trustees' annual report (including directors' report and strategic report)

The Trustees, who are also Directors for the purposes of the Companies Act, present their report and the financial statements of the charity for the year ended 31 March 2021. All instances of reference to Trustees also refers to the Directors thereafter. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Objectives and activities

Objects of the charity and principal activities

The charity's objects and its principal activities are to advance the education of the public in the subject of archaeology, and it primarily achieves this by undertaking archaeological research and investigations and disseminating the results as widely as possible. The charity feels it is important to involve the general public in the 'process of archaeology' in addition to making available its findings.

Most investigations and research projects are driven by national and local planning policies that require preliminary archaeological investigations in advance of development. The charity's work, however, extends beyond this 'development-driven' environment and includes historic building and landscape research, advice for national and regional bodies, guidance for local groups and academic institutions, archaeological training opportunities and the production of academic and general interest publications. The charity promotes archaeological education to people of all ages.

Public benefit

The Charities Act 2011 requires an identifiable benefit or benefits to arise from the work of charities, and such benefits must be to the public or a section of the public. The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit and the conservation and preservation of the archaeological heritage when reviewing the charity's aims and objectives and in planning future activities.

Fundraising standards information

OA does not undertake as part of its activities any direct or significant fundraising. All works are directly project funded without recourse to any separate general fundraising. No significant fundraising activities or campaigns were undertaken in this or prior periods.

Strategic Report

Achievements and Performance

Development, activities and achievements

OA's charitable objective is to advance education in the subject of archaeology for the public benefit in the UK and elsewhere in the world. OA achieves this by undertaking archaeological research by means of excavations, surveys and publishing its results through a variety of different media. This published output is seen as the core of OA's public benefit by targeting academic and local communities, schools and specific interest groups as well as the general public. Oxford Archaeology (OA) comprises three branch offices (in Cambridge, Lancaster and Oxford) allowing it broad coverage across England and Wales.

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Funding for archaeological works comes principally through the UK planning system in which developers are required to assess and describe the impacts of their developments and, where necessary, mitigate the consequences. While most archaeological activity is the result of mitigation in advance of development, the outputs deliver social value far beyond the satisfaction of planning conditions. The ebb and flow of archaeological works in any year is tied directly to the volume and types of construction being planned for or undertaken at that time.

In 2020, OA launched its 2020-25 Strategy, setting out its objectives under the headings *Leading and inspiring, Innovating, Creating and sharing knowledge*. In this section we report on our success in delivering those objectives.

Leading and inspiring

OA's work programme in the first half of the year continued to be dominated by a series of major infrastructure projects including the HS2 Phase 1 rail line with our joint-venture partners Cotswold Archaeology as COPA (Cotswold Oxford PCA Archaeology); the Hinkley Point C Connections Project; and a number of large road schemes: the A585 north of Blackpool, the A63 in Hull and further evaluation on the line of the Lower Thames Crossing in Kent and Essex, the latter an Oxford Cotswold Archaeology (OCA) project.

Major cemetery excavations were completed at Fleet Marston on the HS2 Phase 1 project where 400 burials of Roman date were excavated, and at Trinity Burial Ground in Hull, where more than 9000 burials of 19th century date were recovered.

In the east of England, our work was once again dominated by excavations undertaken in advance of housing schemes and included the excavation of a major Roman site at Prior's Hall, Corby which won the Current Archaeology Rescue Project of the Year Award for 2022.

Significant contracts through the year have included:

Projects on the line of HS2 Phase 1 Central Section as OCA – Fusion for HS2 Ltd
Lower Thames Crossing as OCA – Balfour Beatty for Lower Thames Crossing Ltd
A63 Upgrade, Hull - Balfour Beatty for Highways England
Hinkley Point Connection - Balfour Beatty for National Grid.
Wintringham Park, Cambs – Urban & Civic
Sunnica Solar Farm, Cambs and Suffolk –
Frewin Hall, Oxford – Brasenose College

OA also undertook consultancy services for clients (often in the form of desk-based assessments: reviewing the printed sources, historic mapping and recorded sites and finds) and also more strategic overviews for regional and national organisations. In 2021/22 this included an assessment of heritage issues associated with a range of new allocation sites to be put forward in the North Uttlesford (Essex) Local Plan, an environmental impact assessment for a commercial development in Thrapston, Northamptonshire, and ongoing advice to Chester and Cheshire West Council on the Chester Northgate development. The investigation of historic buildings continued to be an important element of OA's work, for example recording at Brasenose, St John's and Corpus Christi Colleges in Oxford, Fleetwood Docks in Lancashire, Waterbeach Barracks in Cambridgeshire, and the recording of historic graffiti scratched into lead on the tower of the church at Cumnor in Oxfordshire.

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We remain committed to achieving the highest standards of health, safety and welfare for our staff and for all others who may be affected by our work and this year achieved ISO 45001 (occupational health and safety management systems) certification. The Covid pandemic continued to affect our activities, with covid restrictions remaining in force to varying degrees through the year, but we remained focussed on ensuring that our offices and sites remained safe for staff and visitors. The safe systems of work, welfare and transport developed by OA in 2020 meant that we were able to operate successfully and safely throughout. We continued to focus on staff wellbeing with further investment in the provision of trained Mental Health First Aiders as well as the provision a number of mental health resilience webinars in partnership with local NHS IAPT (Improving Access to Psychological Therapies) services.

Through Prospect Union, we engaged with staff to examine issues of equality within archaeology, setting up a working party to formulate ways in which barriers to progress within the profession could be identified and addressed.

In October, we launched the Assistant Supervisor Career Progression Scheme, aimed at developing the skills of staff in preparation for becoming Supervisors. The launch of this new scheme means that OA now provides comprehensive structured training schemes for early career archaeologists from graduation through to supervisor level. This is of enormous benefit to the organisation but is also beneficial for the profession as a whole.

Supporting and developing archaeological standards and practice as well as the promotion of archaeology within society remains a key objective and OA has provided staff to work on many of the governing and sector institutions including CifA (UK archaeology's chartered institute) and FAME (the Federation of Archaeological Managers & Employers), and committee members of other specialist groups during 2020-21. OA staff give presentations at many of the conferences held by these institutions.

OA continued to collaborate with other organisations, in particular with Cotswold Archaeology as OCA, in the field on the Lower Thames Crossing project and sites on the HS2 Central Section as COPA, and in post-excavation analysis on Redcliff, Bristol and Thame, Oxfordshire. OA also worked with York Archaeology and PCA on the Strategic Pipeline Alliance Project in East Anglia.

Innovating

OA continued to develop its digital recording system and online GIS platform, WebMap. The development programme was enhanced through an agreement with our joint venture partner, Cotswold Archaeology, to collaborate on future development of the system, thus combining the resources and expertise of two of the largest archaeological contractors in the UK.

The largescale post-medieval cemetery excavation at Hull Trinity Burial Ground provided OA with the opportunity to develop an entirely digital burials recording and assessment application which was key to the efficient delivery of this challenging project.

Creating and sharing knowledge

The huge range of projects undertaken during the year has allowed OA to make a really significant contribution to our understanding of the past. We continued our series of highly successful online research seminars with sessions focussed on changes during the middle Bronze Age, the relationship between households and settlements in the Iron age, and the contrast in settlement patterns in northern

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and in southern Roman Britain. The seminars drew on recent work largely undertaken by OA and each included a question and answer session with a panel of leading academics. Videos of these webinars were made available on our YouTube channel.

We successfully relaunched our online digital library during the year. The new library includes a much-enhanced user interface with powerful new search tools allowing public access to more than 5000 OA reports and publications.

Clearly, public engagement is central to our strategy and, with the easing of Covid restrictions during the year, it once again became possible to engage directly with the public, albeit with suitable safety measures in place. For example, in-person open days and school visits were held at Chester Northgate, Waterbeach and Burwell in Cambridgeshire, at Bridgwater and on the Hinkley Point C Connection Project in Somerset, at Middlewich in Cheshire and at Frewin Hall in Oxford. At the same time, we made full use of the lessons learned during 2020's full lockdown, with an extensive programme of online, virtual events. As COPA, we delivered series of virtual workshops to schools as part of the HS2 scheme as well as a webinars on the historic buildings at Coleshill. Webinars and virtual site tours on the archaeology of a number of major schemes were also given, including the Dorset Visual Improvement Project, the Hinkley Point C Connection Project and Hull Trinity Burial Ground. In January, the latter two projects were also show-cased as part of the BBC flagship archaeology series, *Digging for Britain*, and filming for the programme also took place at Frewin Hall in Oxford.

The dissemination of knowledge via more formal means such as academic books and articles has continued and this year saw the publication of *London Gateway: settlement, farming and industry from prehistory to the present in the Thames Estuary*, *The Castle Hill Brickworks and Somerhill Estate: Post-medieval discoveries on the A21 Tonbridge-to-Pembury dualling scheme, Kent*, and *The Early Medieval Monastic Site at Dacre, Cumbria*. Many other short articles and excavation reports were published in local and regional journals across the country.

Further information on OA's activities and achievements can be found on its website: oxfordarchaeology.com and its social media feeds: OA continues to develop its Twitter account (OATweet has over 48,600 followers), its Facebook account (over 5,600 followers), its Instagram account (over 11,200 followers) and its LinkedIn account (nearly 3,000 followers).

Financial Review

Transactions and financial position

The results for the year, and the charity's financial position at the end of the year, are shown in the attached financial statements.

Income for the year decreased slightly to c£24.4 million (2021: £24.9m). An operational surplus of c£3.1 million was recorded prior to the accounting for the FRS 102 pension valuations. This created a net surplus for the year amounting to £1.65 million after pension scheme adjustments of £1.44m in 'Pension finance costs' within the SOFA; unrestricted funds increased to a surplus of £4,182,154 (2020 a deficit of £2,276,810) due to both a net trading surplus and a decrease in the pensions deficit.

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Another year of strong financial performance has primarily been driven by OA's contribution to several large infrastructure programmes, though activity did begin to tail off in the second half of the year as the archaeological fieldwork activities of these major schemes came to an end.

Looking forward, the slowdown of archaeological work associated with large infrastructure schemes seen towards the end of 2021/22 is likely to continue into the first half new financial year. While the direct effects of Covid 19 are unlikely to be so significant, the impact of Russia's invasion of Ukraine, rising inflation and shortages of labour within the construction sector and elsewhere all have the potential to weaken the UK economy in the coming year. In addition, it is likely that the full impact of Brexit has yet to be felt. However, the government's continued commitment to the 'levelling up' agenda has the potential to offer many opportunities for OA, as does continued expansion of the renewable and nuclear energy sectors and the ongoing demand for new housing.

The Trustees have assessed the charity's future programme of works and commitments against the working capital in place and access to other funds (bank overdraft arrangements). The Trustees view the level of net current assets as sufficient to ensure future operations and allow gradual growth and reinvestment in necessary assets.

Reserves policy

The Trustees have felt, and continue to feel, that it is necessary to build up sufficient funds to finance the charity's planned programme of major and specialised research projects. The Trustees feel that it is necessary to have available sufficient finance to fund at least four months' working capital in order to allow this programme of projects to be undertaken without major financial risk.

Internal control and risk management

The Trustees carry out regular reviews of the charity's activities and the systems in use. This is for the purpose of planning for the future and assessing any major risks to which the charity is exposed. The Trustees are satisfied that systems are in place to mitigate exposure to major risks.

The major risks comprise:

- Operational risk – Archaeological projects by their very nature (buried deposits) carry a great deal of uncertainty and there is constant pressure for clients to transfer this risk on to the archaeological organisations themselves. This risk increases with the scale of projects. OA firmly believes that these risks should stay with the developer but, in circumstances where this is not the case, a system of protocols and reviews are in place to mitigate untoward risk. There is a new trend of developers requiring archaeologists to take on more of the non-archaeological enabling and support works associated with projects. This is area of concern, not just in the increased risk it brings, but in archaeologists being pressurised to undertake work outside their main areas of competence.
- Competitive risk – The charity undertakes archaeological research where academic standards are a necessary element. OA also provides a career structure supporting the professional nature of archaeology. Downward pricing pressures within the market can lead to the risk of eroding these academic and professional standards.
- Pension risk – OA is an admitted body to two local authority pension schemes. The annual FRS 102 valuations give the accounts an alarming volatility. OA's contribution rates are set by the triennial valuation as at March 2019 and use different assumptions. These latter valuations have measured

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both the Oxfordshire and Cambridge schemes as being in surplus in contrast to the more extreme FRS 102 valuation which measured the deficit at 31 March 2022 at £6.8 million. The results of the latest LGPS triennial valuations, of March 2022, are expected in Autumn 2022 and new contributions will come into force from April 2023. In 2014-15, OA restricted access to its defined benefit pension schemes to limit the extent of further liability. A defined contribution scheme (auto-enrolment) has now been introduced. OA views seriously the risks of its defined benefit pension schemes' FRS 102 deficit but it sees this as a long-term issue. The schemes are 'open' and the position is monitored as a long-term issue. The impact of wider market uncertainties on potential future investment returns will be closely monitored as this has the potential to negatively impact on the deficit. The Trustees consider that this has no impact on OA's going concern basis but will nevertheless keep the situation under continuous review.

- Pandemic risk – The recent Coronavirus pandemic has shown how quickly the whole economy can be disrupted. The short-term shutdown of construction sites has a significant impact on OA's activity and income. The recent disruption was mitigated by government support which limited its impact. It is unclear how any future outbreaks will be supported and therefore this must remain as a potential risk.

The Trustees have reviewed the major risks to which Oxford Archaeology Limited is exposed and can confirm that all reasonable measures are being taken, and systems have been established to control or mitigate the effect of these risks on the achievement of the charity's objectives. The financial risks of the company are discussed in greater detail below.

Financial risk assessment

The company is exposed to a number of financial risks including credit risk, market risk, currency risk and liquidity risk due to its investing activities.

- Credit risk - This represents an increased risk in the current economic environment and all projects of a material scale are carefully reviewed to minimise default.
- Market risk – Currently the 'archaeological market' is facing a period of significant uncertainty as the UK deals with the significant impacts of Covid 19, Brexit and the conflict in the Ukraine. With the high levels of uncertainty, high inflation and increasing interest rates, the level of activity in the future is unpredictable. The government's commitment to the 'levelling up' agenda has the potential to offer new opportunities for OA, however any cutbacks public sector spending may well negatively affect the flow of archaeological projects. OA is continually looking to diversify activities away from the current income stream by developing more research-funded projects and expanding activity in critically important renewable and nuclear energy sectors.
- Liquidity risk - The archaeological sector has undergone a period of expansion after a severe recession. Cash resources have historically been depleted and increased working capital puts further pressure on a limited resource. OA ensures that it has sufficient cash resources to meet its needs by continual monitoring of its working capital position, and any future investments/expansion plans are carefully budgeted. A bank overdraft facility is available as a contingency to cover any short term deficiencies.

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Going concern

The Trustees have reviewed Oxford Archaeology Limited's financial position, taking account of the levels of reserves and cash, the 2021-22 budget and longer-term plans, together with its system of financial and risk management. As a result, the Trustees believe that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Plans for future periods

Following a review of the 2020-25 strategy, OA has identified a number of key areas for further investment in order to ensure the long viability of the charity to enable it to deliver its charitable aims and objectives. Of course, such investment must be affordable and the success of the past two years means that OA can both invest strategically and maintain sufficient reserves to ensure that future economic uncertainties can be weathered. Although the work programmes has slowed since the first half 2021/22, it is still reasonably strong and the pipeline of new work looks promising.

Of course, the economic climate has changed markedly over recent months, with high rates of inflation, soaring fuel prices and shortages of materials and labour. Nevertheless, the housing market remains strong and a number of large infrastructure schemes, particularly in renewable and nuclear energy sectors, are likely to result in further large-scale archaeological projects.

Ensuring that our IT, HR and administrative systems and processes are effective and future-proofed is vital for the sustainability of the charity and work is already underway to ensure that this is the case. Retaining and recruiting skilled and experienced staff is, of course, key to our success and, building on our successful early career training schemes, we will continue to develop our training in areas such as project and people management, and equality, diversity and inclusion. We will further develop supportive policies and approaches in areas such as shared parental, maternity and paternity leave in order to ensure that staff are supported and that barriers to progress within the profession are removed. Following the end of Covid-19 restrictions, OA will continue to develop an effective hybrid working policy in order to harness the best of both office and home working, ensuring that a positive and supportive culture is maintained.

OA is seeking to gain Cyber Essentials Plus accreditation ISO 45001 (Health and Safety) certification, as well as retaining its existing ISO 9001, ISO 14001 and ISO 45001 Quality, Environment and Health and Safety Management accreditation, demonstrating that the charity upholds the highest professional standards. It will continue to develop digital recording systems, particularly to ensure that these enhance and integrate with the post excavation analysis process. OA will continue to analyse and publish the results of its investigations.

Work is underway to redesign and relaunch OA's website, to ensure that it provides an accessible and user-friendly gateway to the full range of OA's services, publications and other information and data.

OA will work to reduce its environmental impact, installing electric vehicle charging points at each of its offices, and switching to hybrid or fully electric vehicles where this is practicable, encouraging and supporting staff to cycle to work where they can, and providing advice on environmentally friendly homeworking practices.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charity is constituted as a company limited by guarantee and is therefore governed by the Memorandum and Articles of Association.

Organisation

The charity's activities are regularly monitored by the Trustees, and tactical management is achieved by a Senior Management team consisting of:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer

The charity has three regional offices in the UK: Oxford, Lancaster and Cambridge. Each office has its own management team overseeing day-to-day operations.

The organisation is fully self-financing and secures funds by providing research to a variety of organisations which enables it to meet fully its primary objectives. The main sources of income are:

- Commercial Organisations
- Government Departments and Agencies
- Local and County Councils

The Board of Trustees

The Trustees who served the charity during the year were as follows:

Ms Gill Andrews
Prof J C Barrett
Mr S Blackmore
Mr W R C Briant
Mr P Chadwick
Prof C Gosden
Prof H F Hamerow
Ms J Wills
Dr P Warry

Resigned 17th November 2021

Each Trustee guarantees the sum of £1 in the event of a winding up of the charity. The Trustees are the company Directors under company law.

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Appointment of Trustees

As set out in the Articles of Association, the Trustees are drawn from the members and subscribers of the Charity. The board of Trustees is able to appoint new members and fill vacancies or add to the board when it feels necessary. The board is required to comprise between three and eleven individuals. A third of the board retire by rotation on an annual basis but are eligible for re-election. The board of Trustees regularly reviews its constituents and their experience and skills profile in relation to the on-going works of the charity.

The aim of the board of Trustees is to have a balance of archaeological, business and financial skills to oversee the charity's works.

Trustee training and induction

Most Trustees come to the charity with some background of archaeological knowledge, either in an amateur or professional capacity or from an academic background. New Trustee appointments have an induction process spent at the offices of the organisation that covers:

- the current environment of UK archaeology
- the history and development of Oxford Archaeology
- the staff and staff structure
- the current strategic objectives and the major challenges and opportunities facing the organisation.

All new Trustees are issued with copies of governing documents, guides to the responsibilities of charitable trustees, recent accounts, budgets and business plans and minutes of previous meetings. Trustees are invited to all outreach events to meet staff and further understand the detailed workings of the charity.

Key Management Personnel Remuneration

The Trustees consider the Board of Trustees, the Chief Executive and the Senior Management Team as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 3 to the accounts.

Trustees are required to disclose all relevant interests and in accordance with the Trust's policy withdraw from decisions where a conflict of interest rises.

The pay of the Chief Executive and Senior Team is reviewed annually and is normally increased in line with general inflation. The remuneration is reviewed to ensure that it is fair and not out of line with similar roles.

Employee policies

Employment policies are designed to respect employees' human rights and to ensure equal opportunity and promote diversity. Employees are actively encouraged to undertake relevant training, CPD, and staff

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appraisals are conducted with individual employees. The policy of the charity with regard to disabled persons is to give full and fair consideration to all applicants for employment and to all employees in relation to promotion. Wherever possible, employees who become disabled during their employment are offered suitable alternative employment. In order to promote wellbeing in the workplace, OA also has a Dignity at Work Policy, a Flexible Working Policy, and a Stress Management Policy and Procedures, along with other HR policies.

Engagement with Employees

OA explicitly builds into its strategy the importance of employee engagement and internal communications. It has built both formal systems but also facilitates and encourages informal communications i.e. not just 'top-down' but also 'bottom-up' and 'side-to-side'. OA formally recognises a trade union, Prospect, and both consults on statutory matters (pay, pensions, H&S etc) but also seeks to discuss with them any other significant change affecting OA. In addition, it holds quarterly branch 'consultation meetings' with representatives elected from all members of staff (irrespective if they belong to a union or not). These consultation meetings have open agendas where any matter can be raised by an employee. Performance and future activity are reported at these meetings and the minutes are circulated to all members of staff. An 'intranet' is maintained and is available for employees view all aspects of OA's work and employee policies and conditions.

OA also produces a quarterly in-house magazine (InTouch) to communicate key issues and the results of its work. This is an important vehicle allowing employees to understand the work undertaken in the three branch offices. Staff are also invited to the 'AGM day' where, following the main business meeting, a series of discussions and debates about various aspects of OA's work are held.

On a more informal level OA is developing a series of on-line forums in which all employees are encouraged to participate. The monitoring of employees' mental health and general morale are seen as crucial and in addition to training staff in mental first aid, OA undertakes formal surveys to assess and monitor issues.

OA's induction process provides all the required information for new employees to be aware of and engage in these processes.

Third party indemnity provisions

The Trust has in place directors' and officers' liability insurance for the purpose of indemnifying the Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This insurance was in force during the year and is in force as at the date of approving this report.

Trustees' Responsibilities Statement

The Trustees (who are also Directors of Oxford Archaeology Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom

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Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on 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.

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Auditor

Wenn Townsend having expressed their willingness to continue in office, will be deemed to be reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board



Prof H Hamerow
Trustee

Date: 14th September 2022

Independent auditor's report to the members of Oxford Archaeology Limited

Opinion

We have audited the financial statements of Oxford Archaeology Limited (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

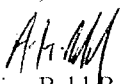
- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Ajay Bahl BA BFP FCA (Senior Statutory Auditor)
For and on behalf of Wenn Townsend, Statutory Auditor
30 St Giles
Oxford
OX1 3LE

Date: 14th September 2022

Principal accounting policies

Basis of accounting

Oxford Archaeology Limited is a charitable company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are included in the Trustees' Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006, and UK Generally Accepted Accounting Practice

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

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

Going concern

The financial statements have been prepared on a going concern. The balance sheet as at 31 March 2022 shows a net surplus of £4,182,154 (2021: deficit of £2,276,810). The Company's largest liability is related to the Company's defined benefit pension scheme, which has a net deficit of £6,762,000 (2021: £10,128,000) at the balance sheet date using an FRS102 valuation basis. The company has agreed contribution rates with the trustees of the scheme, as shown in note 10 to the financial statements. The Company has cash balances of £11,736,889 (2020: £6,776,685), net current assets of £10,702,734 (2020: £7,703,888). The Trustees are confident that the Company will continue to be able to meet its liabilities as they fall due.

The Trustees have also assessed the charity's future programme of works and commitments against the working capital in place and access to other funds (banking arrangements). It has reviewed and considered the current significant economic uncertainty on OA's activity. The Trustees view the level of net current assets as sufficient to ensure future operations within an uncertain trading environment. The charity retains the ability to react flexibly to meet the challenges of this changing environment.

Fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Improvements to property	- 20% straight line
Computers	- 33% straight line
Fixtures, fittings, equipment and vehicles	- 25% straight line

Tangible fixed assets are capitalised at cost where their acquisition value is greater than £500 and are stated at cost net of depreciation.

Principal accounting policies

Goodwill and amortisation

Positive purchased goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight-line basis over its estimated economic life as follows:

Purchased goodwill	- 18 months straight line
--------------------	---------------------------

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably, and it is probable that the income will be received.

Income is credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred. Invoices raised in advance of the provision of services are included within current liabilities; deferred income.

Stocks and work in progress

Stock represents work in progress which cannot be accurately valued at the year-end date and is stated at the lower of cost and net realisable value. Cost represents directly attributable staff and archaeological costs.

A surplus is recognised on long term contracts if the final outcome can be assessed with reasonable certainty, by including the value of the work in income and amounts recoverable on long term contracts, as the contract progresses.

Payments received on account of work in progress are deducted from gross work in progress. Payments received on account in excess of carrying value of relevant work-in-progress are included in creditors.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Principal accounting policies

The charity is an admitted member of a sub-fund of a Local Government Pension Scheme (LGPS) operated by Oxfordshire County Council and a sub-fund of a LGPS operated by Cambridge County Council, both of which are defined benefit schemes.

A liability for the charity's obligations under the plans is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the statement of financial activities for the year.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- fundraising and publicity
- archaeological investigations
- archaeological services and support costs

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 2.

Fund accounting

Unrestricted funds are available to be used in accordance with the charitable objectives of the trustees.

Restricted funds are funds that can only be used for particular purposes within the objects of the charity as described by the donor. The charity does not have any restricted funds.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is

Principal accounting policies

considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Judgements and key sources of estimation uncertainty

There were no judgements made in the process of applying the above accounting policies that have had a significant effect on amounts recognised in the financial statements.

The key source of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is regarding the margin applied to ongoing projects at the year-end date.

Statement of financial activities (including income and expenditure account)

	Note	2022 £	2021 £
Income from:			
Charitable trading income	1	24,431,991	24,908,600
Total income		<u>24,431,991</u>	<u>24,908,600</u>
Expenditure on:			
Costs of raising funds:			
Fundraising and publicity	2	495	400
Charitable activities:	2	22,777,532	21,935,478
Total resources expended	2	<u>22,778,027</u>	<u>21,935,878</u>
Net income/(expenditure)		<u>1,653,964</u>	<u>2,972,722</u>
Other recognised gains/(losses)			
Remeasurement gain/(loss) on defined benefit pension plans	10	4,805,000	(4,100,000)
Net movement in funds		<u>6,458,964</u>	<u>(1,127,278)</u>
Funds brought forward		<u>(2,276,810)</u>	<u>(1,149,532)</u>
Funds carried forward		<u>4,182,154</u>	<u>(2,276,810)</u>
Net Movement in funds prior to FRS102 pension adjustment:			
Net income/(expenditure) per SOFA		1,653,964	2,972,722
Pension finance cost included in charitable activities		1,439,000	724,000
Net surplus/(deficit) prior to pension costs		<u>3,092,964</u>	<u>3,696,722</u>

All movements are in unrestricted funds.

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

Balance sheet

		2022 £	2021 £
Fixed assets			
Tangible assets	5	241,420	147,302
Intangible assets	6	-	-
		<u>241,420</u>	<u>147,302</u>
Current assets			
Stocks	7	1,784,702	1,102,495
Debtors	8	3,016,141	6,087,827
Cash in hand		11,736,889	6,776,685
		<u>16,537,732</u>	<u>13,967,007</u>
Creditors: amounts falling due within one year	9	<u>(5,834,998)</u>	<u>(6,263,119)</u>
Net current assets		<u>10,702,734</u>	<u>7,703,888</u>
Total assets less current liabilities		<u>10,944,154</u>	<u>7,851,190</u>
Net assets excluding pension liabilities		<u>10,944,154</u>	<u>7,851,190</u>
Defined benefit pension liability	10	<u>(6,762,000)</u>	<u>(10,128,000)</u>
Net (liabilities)/Asset		<u>4,182,154</u>	<u>(2,276,810)</u>
Funds			
Unrestricted funds		10,944,154	7,851,190
Pension reserve		<u>(6,762,000)</u>	<u>(10,128,000)</u>
	11	<u>4,182,154</u>	<u>(2,276,810)</u>

These financial statements were approved by the board of Trustees and authorised for issue on 14th September 2022

and are signed on their behalf by:



Prof H Hamerow
Trustee

Date: 14th September 2022

Oxford Archaeology Limited Company No. 1618597
Company registered number 1618597

Cash flow statement

		2022 £	2021 £
Cash flow from operating activities	13	5,158,440	4,176,795
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(198,236)	(62,547)
Net cash flow from investing activities		(198,236)	(62,547)
Net cash inflow		4,960,204	4,114,248
Increase/(Decrease) in cash	13	4,960,204	4,114,248

Notes to the financial statements

1 Charitable trading income

	2022 £	2021 £
United Kingdom	23,883,271	22,826,987
Rest of the World	548,720	2,081,613
	<u>24,431,991</u>	<u>24,908,600</u>

2 Total resources expended

	2022 £	2021 £
Fundraising and publicity		
Advertising	495	400
	<u>495</u>	<u>400</u>
Archaeological investigations:		
Salaries	9,114,551	8,565,760
Plant hire	3,809,331	3,548,952
Sub-contracted services	611,708	1,121,102
Travel and subsistence	1,864,609	2,575,787
Project costs	634,741	795,911
Specialist costs	348,987	298,427
Photographic	14,713	7,763
Finance costs (FRS102 pension adjustments)	1,439,000	724,000
	<u>17,837,640</u>	<u>17,637,702</u>

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2 Total resources expended (continued)

	2022	2021
	£	£
Archaeological services and support costs:		
Salaries	3,322,901	3,046,195
Training	63,197	39,715
Travel and subsistence	78,834	77,720
Establishment costs	529,878	394,121
Office costs	487,053	302,016
Legal and professional	286,891	325,209
Finance costs	37,670	9,870
Foreign currency exchange (gain)/loss		
Depreciation	104,118	73,680
	<u>4,910,542</u>	<u>4,268,526</u>
Governance costs:		
Auditor's remuneration	11,350	11,250
Costs of preparing for Trustees' meetings and support for Trustees	18,000	18,000
	<u>29,350</u>	<u>29,250</u>
Total resources expended	<u>22,778,027</u>	<u>21,935,878</u>

The aggregate payroll costs were:

	2022	2021
	£	£
Salaries	11,006,416	9,889,487
Social security costs	1,046,936	911,702
Pension costs	815,282	681,294
	<u>12,868,634</u>	<u>11,482,483</u>

There were redundancy and termination payments of £9,352 within salaries (2021: £0).

The full-time equivalent (FTE) number of employees during the financial year was as follows:

	2022	2021
Management	13	12
Administrative	7	8
Archaeological – researchers	48	53
Archaeological – in the field	303	291
	<u>371</u>	<u>364</u>

The total average monthly number of employees was 393 (2021: 376).

2 Total resources expended (continued)

In the financial year the charity employed the following numbers of higher paid employees:

	2022	2021
	No	No
£60,000 - £69,999	1	1
£70,000 - £79,999	2	1
£80,000 - £89,999	-	-
£90,000 - £99,999	-	1
	<u>3</u>	<u>3</u>

All three employees were accruing benefits under a defined benefit pension scheme for the year ended 31 March 2022 and two of them for year ended 31 March 2021.

3 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2021: £Nil).

The total amount of employee benefits received by key management personnel is £307,537 (2021: £325,349). The Trust considers its key management personnel comprise the Trustees and the Senior Management Team.

No trustees are accruing pension arrangements (2021: None).

Trustees received reimbursement of expenses of £93 during the year (2021: £Nil) in respect of travel.

4 Net incoming resources

Net incoming resources is stated after charging:

	2022	2021
	£	£
Staff pension contributions (note 2)	815,282	681,294
Depreciation of fixed assets (note 5)	104,118	73,680
Auditor's remuneration		
Audit services	11,350	11,250
Foreign exchange losses/(gains)		
Operating lease rentals	<u>238,740</u>	<u>161,087</u>

5 Tangible fixed assets

	Improvements to leasehold property £	Computers £	Fixtures, fittings, equipment and vehicles £	Total £
Cost				
At 1 April 2021	348,172	1,045,528	907,770	2,301,470
Additions ⁶	12,792	106,381	79,063	198,236
At 31 March 2022	<u>360,964</u>	<u>1,151,909</u>	<u>986,833</u>	<u>2,499,706</u>
Depreciation				
At 1 April 2021	310,903	981,907	861,358	2,154,168
Charge for the year	12,398	53,955	37,765	104,118
At 31 March 2022	<u>323,301</u>	<u>1,035,862</u>	<u>899,123</u>	<u>2,258,286</u>
Net book value				
At 31 March 2022	<u>37,663</u>	<u>116,047</u>	<u>87,710</u>	<u>241,420</u>
At 31 March 2021	<u>37,269</u>	<u>63,621</u>	<u>46,412</u>	<u>147,302</u>

Included in the total net book values in respect of assets held under finance leases was £Nil (2020: £Nil).

6 Intangible assets

	£
Cost	
At 1 April 2021 and 31 March 2022	<u>104,469</u>
Amortisation	
At 1 April 2021 and 31 March 2022	<u>104,469</u>
Net book value	
At 31 March 2021 and 31 March 2022	<u>—</u>

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7 Stocks

	2022	2021
	£	£
Short term work in progress	<u>1,784,702</u>	<u>1,102,495</u>

8 Debtors

	2022	2021
	£	£
Trade debtors	2,747,946	4,785,893
Prepayments	139,921	142,402
Amounts recoverable on long-term contracts	128,274	1,159,532
	<u>3,016,141</u>	<u>6,087,827</u>

9 Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	873,929	1,438,651
Taxation and social security	543,151	1,466,732
Deferred income	3,670,234	2,326,015
Other creditors	85,589	203,058
Accruals	662,095	828,663
	<u>5,834,998</u>	<u>6,263,119</u>

Supplementary note: Deferred Income

	£
Opening Deferred Income as at 01.04.2021	2,326,015
Amount released to income in year	(736,540)
Amount deferred in year	2,080,759
Closing Deferred Income as at 31.03.2022	3,670,234

There are various reasons for deferral: uncertainty over the final value of contract compensation events, advanced invoicing on contracts, ongoing analysis and publication work invoiced in advance and archiving and depositions costs invoiced in advanced.

10 Defined benefit pension schemes

The charity offers two defined benefit pension schemes to its employees. These are both local government pensions schemes, the Trustees have therefore considered it appropriate to disclose the schemes in one set of consolidated disclosures for clarity.

Oxfordshire County Council Pension Fund (OCCPF), part of the Local Government Pension Scheme

The charitable company is one of several employing bodies included within the Local Government Pension Scheme (OCCPF).

The OCCPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The last triennial valuation was in 2019 when OA's employer contribution levels were set at 16.3% to cover future service and past service costs (deficit contribution). The 2019 Valuation estimated that the Funding Level was 112% for the 'Small Admitted Bodies Pool' that OA forms part of. The results of the latest LGPS triennial valuations, of March 2022, are expected in Autumn 2022 and new contributions will come into force from April 2023.

The following information is based upon full actuarial valuations of the funds from 31 March 2019, updated to 31 March 2022 by qualified independent actuaries.

Financial assumptions (OCCPF)

The principal financial assumptions used by the actuary were as follows:

	2022	2021
	% pa	% pa
Pension increase rate	3.15 %	2.8%
Salary increase rate	3.15 %	2.8%
Discount rate	2.75 %	2.05%

10 Defined benefit pension schemes (continued)

The Accounting Standards state that the discount rate used to place a value on the obligations should be determined by reference to market yields on high quality corporate bonds at the reporting date. The independent actuary (Hymans Robertson) has adopted an approach to setting the discount rate by constructing a corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

The rate of general increases in salaries adopted in the 2019 triennial valuation for the OCCPF has been held at the rate of inflation (CPI). In 2022 the salary increase rate was assumed to be 3.15% (2021: 2.80%).

The post retirement mortality assumptions used to value the benefit obligation at 31 March 2019 are based on the S2PA tables with a multiplier of 90%. This has been revised in the latest FRS102 pension fund report (as at 31 March 2022) based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions the life expectancy of a male current pensioner is projected to be 87.2 years (future pensioners 88.1). The life expectancy of a female current pensioner is projected to be 89.5 years (future pensioners 91.1).

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The major categories of plan assets (OCCPF) as a percentage of the total plan assets, are as follows:

	2022	2021
	%	%
Equities	73	71
Bonds	17	19
Property	8	6
Cash and other	2	4
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

Cambridgeshire County Council Pension Fund (CCCPF), part of the Local Government Pension Scheme

The charitable company is one of several employing bodies included within the Local Government Pension Scheme (CCCPF).

The CCCPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The last triennial valuation was in 2019 when OA's employer contribution levels were set at 14.3% to cover future service and past service costs (deficit contribution). The 2019 Valuation estimated that the Funding Level for Oxford Archaeology was 111%. The results of the latest LGPS triennial valuations, of March 2022, are expected in Autumn 2022 and new contributions will come into force from April 2023.

The following information is based upon full actuarial valuations of the funds from 31 March 2019, updated to 31 March 2022 by qualified independent actuaries.

10 Defined benefit pension schemes (continued)

Financial assumptions (CCCPF)

The principal financial assumptions used by the actuary were as follows:

	2022	2021
	% pa	% pa
Pension increase rate	3.15 %	2.8%
Salary increase rate	3.65 %	3.3%
Discount rate	2.75 %	2.05%
	<hr/>	<hr/>

The Accounting Standards state that the discount rate used to place a value on the obligations should be determined by reference to market yields on high quality corporate bonds at the reporting date. The independent actuary (Hymans Robertson) has adopted an approach to setting the discount rate by

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constructing a corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

The rate of general increases in salaries adopted in the 2019 triennial valuation for the CCCPF has been based on inflation (CPI) plus 0.5%. In 2022 the salary increase rate was assumed to be 3.65% (2021: 3.30%).

The post retirement mortality assumptions used to value the benefit obligation at 31 March 2019 allowed for future improvements in mortality based on the CMI 2018 model with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.2%p.a. for both women and men. This has been revised in the latest FRS102 pension fund report (as at 31 March 2022) based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions the life expectancy of a male current pensioner is projected to be 87.0 years (future pensioners 87.9). The life expectancy of a female current pensioner is projected to be 89.2 years (future pensioners 91.0).

The major categories of plan assets (CCCPF) as a percentage of the total plan assets, are as follows:

	2022	2021
	% pa	% pa
Equities	68 %	69%
Bonds	16 %	15%
Property	15 %	15%
Cash and other	1 %	1%
	<hr/>	<hr/>
	100%	100%

10 Defined benefit pension schemes (continued)

Consolidated notes for both pension schemes

Balance Sheet

The amounts recognised in the balance sheet are as follows:

	2022	2021
	£	£
Fair Value of plan assets	27,917,000	25,079,000
Present Value of funded retirement obligations	(34,679,000)	(35,207,000)
Net liability	(6,762,000)	(10,128,000)

Statement of financial activities

The total amounts recognised in the period are as follows:

	2022	2021
	£	£

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Current service cost	(1,772,000)	(1,101,000)
Net interest expense	(220,000)	(129,000)
Total recognised in net expenditure	(1,992,000)	(1,230,000)
Actuarial gains/(losses)	4,805,000	(4,100,000)
Total recognised in other gains/(losses)	4,805,000	(4,100,000)
Total net amount recognised in the period	2,813,000	(5,330,000)

The amounts charged to net expenditure in the statement of financial activities are included in finance and salaries costs. The estimate of the Employer's contribution for the year ending 31 March 2022 is approximately £553,000 (2021: £506,000).

10 Defined benefit pension schemes (continued)

Reconciliation of defined benefit obligation:

	2022 £	2021 £
Opening defined benefit liabilities at 1 April	35,207,000	25,253,000
Current service cost	1,772,000	1,101,000
Interest cost	738,000	592,000
Change in assumptions & re-measurements	(2,959,000)	8,589,000
Estimate of benefits paid	(397,000)	(334,000)
Experience loss/(gain) on defined benefit obligation	73,000	(218,000)
Contributions by plan participant	245,000	224,000
Closing defined benefit liabilities at 31 March	34,679,000	35,207,000

Reconciliation of fair value of employer's assets:

	2022 £	2021 £
Opening fair value of plans' assets at 1 April	25,079,000	19,949,000
Interest on assets	518,000	463,000
Return on asset less interest	1,919,000	4,271,000
Estimate of benefits paid	(397,000)	(334,000)
Contributions by employer	553,000	506,000
Contributions by plan participant	245,000	224,000
Closing fair value of plans' assets at 31 March	27,917,000	25,079,000

Supplementary note: In addition to the defined benefit pension schemes referred to in Note 10, Oxford Archaeology Ltd also contributes to a defined contribution pension scheme. The Employer's contribution for the year ending 31 March 2022 is £267,928 (2021: £180,349).

11 Fund reconciliation

	2022 £	2021 £
Balance at 1 April 2021	(2,276,810)	(1,149,532)
Actuarial (losses)/gains	4,805,000	(4,100,000)
Net income/(expenditure)	1,653,964	2,972,722
Balance at 31 March 2022	<u>4,182,154</u>	<u>(2,276,810)</u>

All funds of the Oxford Archaeology Limited are unrestricted. The pension reserve makes up part of the unrestricted funds of the charity but represents the liability on the defined benefit pension schemes.

12 Leases

Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings

	2022 £	2021 £
Within one year	238,053	160,171
More than one year and less than five years	<u>579,933</u>	<u>151,233</u>

Other:

Within one year	687	916
More than one year and less than five years	<u>229</u>	<u>687</u>

Operating leases – lease payments recognised as an expense in the period
£238,741 (2021: £161,087).

13 Notes to the statement of cash flows

Reconciliation of net expenditure to net cash inflow from operating activities

	2022 £	2021 £
Net income/(expenditure)	1,653,964	2,972,722
Net interest on defined LGPS liability	220,000	129,000
Depreciation	104,118	73,680
Contributions to defined benefit pension schemes	1,219,000	595,000
(Increase)/decrease in stocks (note 7)	(682,207)	(115,714)
(Increase)/decrease in debtors (note 8)	3,071,686	(2,297,012)
Increase/(decrease) in creditors (note 9)	(428,121)	2,819,119
Net cash inflow from operating activities	<u>5,158,440</u>	<u>4,176,795</u>

Reconciliation of net cash flow to movement in net funds

	2022 £	2021 £
Increase/(decrease) in cash in the year	4,960,204	4,114,248
Change in net funds	<u>4,960,204</u>	<u>4,114,248</u>
Net funds at 1 April 2021	6,776,685	2,662,437
Net funds at 31 March 2022	<u>11,736,889</u>	<u>6,776,685</u>

Analysis of changes in net funds

	At 1 April 2021 £	Cash flows 2022 £	At 31 March 2022 £
Net cash:			
Cash in hand and at bank	6,776,685	4,960,204	11,736,889
Net funds	<u>6,776,685</u>	<u>4,960,204</u>	<u>11,736,889</u>

14 Related Party Transactions

Prof. Hamerow is on the governing board of the Historic Buildings and Monuments Commission for England (the Commission has direct responsibility for the work of Historic England). OA received £23,906 (2021: £52,802) from Historic England on three separate projects in 2020-21.

An annual subscription of £1,140 (2021: £1,090) was paid to The Federation of Archaeological Managers & Employers (FAME). One of OA's key management personnel (Mr D Poore) is also a director of FAME.