



REPORT AND FINANCIAL STATEMENTS

for the year ended 31st July 2025



REPORT AND FINANCIAL STATEMENTS 2025**CONTENTS**

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ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31st JULY 2025
UNIVERSITY OF WORCESTER DIRECTORATE AND PROFESSIONAL ADVISERS

VICE CHANCELLOR AND CHIEF EXECUTIVE

Professor David Green CBE MA (Cantab.)

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Independent Auditors

External

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Birmingham
B3 3AG

Internal

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M13 9PL

Bankers

Barclays Bank PLC
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Snowhill Queensway
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B4 6GB

Barclays Bank PLC
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Leicestershire
LE87 2BB

Lloyds Bank
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Birmingham
B3 3SD

Insurance Brokers

Griffiths and Armour
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Princes Dock
Liverpool
L3 1BG

REPORT AND FINANCIAL STATEMENTS 2025**MEMBERS OF THE BOARD OF GOVERNORS**

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

Ms Ronke Akintan	Student governor	(start date 9.6.2025)
Mr Elliot Atkinson	Student governor	(term ended 13.6.2025)
Ms Lerverne Barber	Academic staff governor	
Professor Diana Beech	Independent governor - Vice Chair of the Board	
Mr Louis Coiffait-Gunn	Independent governor	(stood down 20.9.2024)
Ms Katie Costis	Student governor	(start date 9.6.2025)
Mr Sean Devlin	Independent governor	
Professor Neil Fleming	Academic staff governor	(start date 1.10.2025)
Professor David Green CBE	Vice Chancellor & Chief Executive	
Mr Mike Hardy	Independent governor	
Mr Tim Heywood	Independent governor	(stood down 14.10.2024)
Dr Claire Jones	Independent governor	
Mr Nadeem Khan	Independent governor	(term ended 31.07.2025)
Mr Jack Lambert	Student governor	(term ended 13.6.2025)
Dr Jonathan Leach	Independent governor	(start date 1.10.2025)
Miss Ruttuja Mane	Student governor	(term ended 13.6.2025)
Ms Carolyn Moir	Professional staff governor	
Mrs Sally Morgan	Independent governor	
Mr Asif Noorani	Independent governor	
Mr Olayemi Ogunleye	Student governor	(start date 9.6.2025)
Mr Darius Pocha	Independent governor	
Mr Robert Richards	Independent governor	
Mr Marc Scriven	Professional staff governor	
Mr Chris Smith	Independent governor	(start date 1.10.2025)
Mr Ian Smith	Independent governor	(term ended 31.12.2024)
Mr Keith Sorrell MBE	Independent governor - Vice Chair of the Board	
Mrs Sarah Speck	Independent governor - Chair of the Board	
Ms Lucy Taylor	Independent governor	
Mrs Natalie Waters	Independent governor	(start date 1.10.2025)

STRATEGIC REPORT**FOR THE YEAR ENDED: 31st JULY 2025**

This statement covers the period 1st August 2024 up to 25th November 2025

SECTION 1: The University's Strategy**THE UNIVERSITY OF WORCESTER'S VALUES AND VISION**

The University published its last Strategic Plan in February 2019, following its adoption by the Board of Governors. The Plan, like its predecessors, was the product of a widespread consultation process involving students, staff, governors, members of the College of Fellows and many external partners in the City of Worcester, the wider region and beyond. Educational partners in the UK and internationally were involved as were representatives of businesses, public and not-for-profit organisations and community groups.

The Plan commits the University to build on our many successes to further improve the quality and range of our courses, the skills of our graduates and the impact we have in society. The University aims to grow in scope and scale.

Read the University of Worcester Strategic Plan:

[University of Worcester Strategic Plan: Values and Vision](#)

MEASURING PROGRESS AND SUCCESS

The University's Strategic Plan 2019-2024 sets out three commitments: to create possibilities; to develop potential; and to increase community engagement. Among the detail was the vision to create a Medical School and to grow courses in the health professions; to extend our partnerships with schools, colleges, charities and businesses; and to further innovate to retain our long-standing graduate employment success. Over the past six years the University has made significant progress in these areas, the detail of which is explored in the following Public Benefit statement.

The Board of Governors employs a variety of measures, mostly drawn from nationally available datasets, to enable periodic comparisons and benchmarking of the University's performance in relation to its peers. The methodology of such comparisons is constantly evolving and 2019 witnessed a significant development in the publication of the first ever University Impact Tables compiled and published by the Times Higher Education magazine. The University has performed notably well in the tables since its inception.

At each meeting, The Board of Governors receives a report and update across the spectrum of University activity from the University's Vice Chancellor and Chief Executive who is the University's appointed accountable officer (previously the designated person). These reports are always subject to debate and questioning from Board members.

The University's Academic Board, including through the work of its sub-committees, receives and discusses detailed reports relating to academic quality, standards and the student experience.

The University's executive leadership has responsibility for ensuring appropriate action is taken to build on strengths and remedy weaknesses arising from these processes of regular scrutiny, periodic review, analysis and appraisal. This process of regular, open discussion and decisions enables the University to act in relation to those dimensions of progress and success which are significant but not directly measurable. It has long been known that not everything that counts can be counted and that not everything that can be counted counts. Some of the culture that makes the University a special place to learn and be beneficial to society cannot be measured directly but is deeply valuable and does produce measurable outcomes. For example, the University's long held commitment to equality and democracy has been manifested in consistently outstanding performance in respect of gender equality including being among the best in the UK for fair gender pay since national reporting was launched in 2018.

SECTION 1: The University's Strategy (*continued*)

The Board receives annual reports on performance indicators in relation to the following measures:

Learning and Teaching, Students

- A detailed annual report on Academic Quality and Standards
- Student retention and progression
- Student attainment
- Graduate destinations: work and further study
- Student satisfaction rates (from the National Student Survey)

Research

- Grant applications and income
- Number of staff submitted for the Research Excellence Framework

Financial Sustainability

- Surplus as a % of income
- Unrestricted reserves as % of income
- External gross borrowing as % of income
- Net cash flow as % of income
- Net liquidity days
- Staff costs as a % of income
- Ratio of current assets to current liabilities

The Board of Governors also receives reports on the University's in-year financial performance, student numbers and admissions, and by exception on any significant changes (positive or negative) in relation to the aforementioned indicators. The Board's People & Culture Committee receives reports on a range of staff-related indicators. The Audit Committee reviews the University's Transparent Approach to Costing (TRAC) returns in relation to the costs associated with delivering teaching and research, as well as receiving the internal audit reports on a range of relevant matters.

SECTION 2: Public Benefit

CHARITABLE STATUS AND CHARITABLE OBJECTIVES OF THE UNIVERSITY

As a Higher Education Corporation, the University is listed as an exempt charity under the Charities Act 2011. As such, the University benefits from the status of a charity but it is not registered with the Charity Commission.

The University's trustees, in formulating this statement, have paid due regard to the Charity Commission's public benefit guidance and their responsibility to provide information about how they have delivered their charitable objectives for the public benefit.

The University's charitable objectives are defined in s.124(i) of the Education Reform Act 1988:

- Provide higher education;
- Provide further education;
- Carry out research and publish the results of research.

Beneficiaries

The trustees identify the principal beneficiaries of the University's charitable activities as:

- Children, potential applicants and applicants to higher education and the University, in particular through its outreach and widening participation work;
- Its students and alumni;
- Research partners and collaborators;
- Professional practitioners and service users, especially in the Health and Education sectors, who benefit from the outputs of the University's educational, research and knowledge exchange activities;
- The wider public, who benefit from the contribution of the University's graduates, access to the University's facilities and the dissemination of its research findings.

INTRODUCTION

Over the next 12 months, the University of Worcester will celebrate two very special anniversaries – 80 years since being founded as an Emergency Teacher Training College to 'win the peace' at the end of the Second World War, and 20 years since gaining full university title.

During the last eight decades, we have educated tens of thousands of individuals who have gone on to make a significant contribution to society, as teachers, nurses, midwives, artists, entrepreneurs, sports coaches and more. Our mission is to provide quality, inclusive education that helps individuals to achieve their own full potential. Our success is evidenced by the fact that, in the 2024 government-published Longitudinal Educational Outcomes (LEO) survey, our graduates were once again ranked top in the UK for sustained employment and/or further study five years after graduation (excluding specialist institutions). Since the LEO was launched in 2017, Worcester has averaged the top-spot for multi-subject universities for sustained employment, further study or both, 5, 3 and 1 year after graduation.

In the 2025 Times Higher Education University Impact Rankings, we were once again top in the UK for Quality Education (joint first), a measure of the University's contribution to early years and lifelong learning, research on quality education and commitment to inclusive education.

We carry out research that extends the boundaries of human knowledge but is designed to have real world impacts: to improve people's lives and bring positive benefits for economy, society and environment.

We share our research and knowledge regionally, nationally and internationally, working in partnership with a wide range of organisations. We take our civic duty very seriously: we engage with local public and communities across our campus but also more broadly, with the aim of creating a more inclusive society, and of making a significant contribution to the city's, the region's and the nation's health and wellbeing, education, skills, and economy.

The following sets out just a few of the ways in which our work over the past 12 months has benefitted society.

SECTION 2: Public Benefit (continued)

EDUCATION

Described in our 2023 Teaching Excellence Framework report as “an engine of opportunity – supporting its students to benefit from an educational experience that is personally transformative and allows them to succeed in their chosen career”, the University is driven by a deep-seated commitment to educational opportunity and works hard to break down barriers to higher level learning. Highlights in 2024/25 included:

- The University launched its **first BSc Nursing programme in Dudley**, enabling students to study locally at the Black Country & Marches Institute of Technology. This initiative expands access to higher education and healthcare training in underserved areas, helping to address local NHS staffing shortages and improve community health outcomes.
- The University is now educating a record number of Nurses every year, with the **largest cohort** to date graduating in September 2024 – more than 250. Many have already begun working in NHS hospitals across



Herefordshire and Worcestershire. This milestone strengthens the regional healthcare workforce and demonstrates the University’s vital role in supporting the NHS and public health infrastructure.

This year we will graduate:

Health graduates	2024/25
Nurses	259
Midwives	53
Paramedics	58
Social Workers	37
Physiotherapists	54
Occupational Therapists	38

- Schools and education have been at the heart of our work since our inception in 1946. As one of the country’s 10 biggest providers of teacher training, we are at the forefront of educating caring and insightful professionals. Our Outstanding Ofsted report of 2023 describes Worcester as providing “an exceptional learning experience”. This year we will graduate 523 **teaching graduates** across our undergraduate and postgraduate programmes, most of whom have already been snapped up to work in local schools.



SECTION 2: Public Benefit (*continued*)

- The University's excellence in teaching was nationally recognised through **multiple prestigious nominations**, including Michelle Clarke, being shortlisted for the Oxford University Press Law Teacher of the Year award, Paul-John Alegado received a nomination for his outstanding contribution to nursing education in the British Journal of Nursing Awards, and Professor Kay Mohanna was awarded a Lifetime Achievement Award by the World Organisation for National Colleges and Associations of Primary Care (WONCA). The University itself was shortlisted for Nursing Associate Training Programme Provider of the Year in the Student Nursing Times Awards, highlighting its commitment to high-quality, student-focused teaching.

RESEARCH

Through our research we aim to fundamentally improve people's lives and make the world in which we live a better place. These are just a few examples of this:

- Professor Derek Kyte**, lead of the Living Well with Long Term Conditions Research Group, is an investigator on a multi-partner programme of research, funded through the National Institute of Health Research, designed to transform advanced kidney care at national level. The programme has explored the efficacy of electronic patient reported outcome measures in improving patient outcomes and reducing NHS costs. The ongoing research is already informing best practice and the development of sector guidelines.



- Our **Association for Dementia Studies**, a research centre focused on dementia care, is engaged in an ongoing programme of funded research (NIHR, ESRC, National Lottery) focused on the effectiveness of the Dementia Meeting Centre model, a model of community-based care for people living with dementia and their families and carers. This programme has shown a wide range of benefits of the model and the centre has played a key role in driving the implementation of Meeting Centres nationally and international. Thanks to ADS, Meeting Centres have been incorporated into Scottish Government's Dementia Strategy. The centre's research has also led to the establishment of meeting centres in Zimbabwe and Singapore.

- Professor Alan Dixon**, lead of the Sustainable Environments Research Group, is a leader in research focused on conservation agriculture in central Africa, particularly in the context of wetlands. His participatory research involves working with farmers and with NGOs and Charities in Uganda, Zambia, and Malawi to co-develop farming practices that are economically and environmentally sustainable. These approaches have had significant economic benefits for the communities involved, increasing the productivity of their land whilst also maintaining the environmental integrity of wetlands.

- Professor Nicoleta Cinpoes'** research explores the role of Shakespeare in performance and of Shakespeare festivals as drivers of social and cultural change. Her research has transformed the very nature of these festivals and taken Shakespeare into communities who have not experienced the transformative power of his plays. Most notably in 2024, Nicoleta helped to set up a festival in Ukraine in Ivano-Frankivsk at which the plays were performed in theatres doubling as bomb shelters. As part of the festival, she created educational opportunities currently lost to their young people, including courses on how to review theatrical performance for theatre students. Performers from Ivano-Frankivsk have subsequently travelled to the UK to perform, despite the ongoing war, being given permission to travel based on the meaningful nature of their journey.



SECTION 2: Public Benefit (continued)

KNOWLEDGE EXCHANGE

Knowledge Exchange describes the many ways in which the University works with the world outside of academia to share research and expertise to the mutual benefit of the organisations involved. A key area of knowledge exchange for the University is Continuing Professional Development (CPD).

In the last 12 months the University had delivered CPD across the health & care, education and business sectors unlocking significant benefits for the people and organisations involved and for the users of these organisations. Examples include:

- Our **Association for Dementia Studies** has delivered programmes of research-informed dementia education to professionals and organisations in the health and care sector, including major care providers such a Care UK and Hallmark, for over 10 years. Evidence shows that these programmes have enabled significant, positive organisational change and improved the quality of care for residents.
- Our **Institute of Education** provides a rich programme of CPD for qualified teachers from early career teachers (ECTs) through to senior leaders. The programme offers support networks for ECTs, bespoke workshops focused on particular subjects or issues, and one-to-one or one-to-many coaching and mentoring for educational leaders.
- The **Worcester Business School** has delivered the Herefordshire & Worcestershire Help to Grow course, a



government funded, leadership course aimed at Senior Managers in small and medium sized businesses. The course is designed in collaboration with industry experts, experienced entrepreneurs, and Business Schools. It provides practical skills and knowledge to develop employees, build business resilience, increase profits and support economic growth.

PUBLIC AND COMMUNITY ENGAGEMENT

Our approach to public and community engagement is strongly reflected in our estate. We have deliberately chosen to develop our estate inclusively, creating buildings that are sustainable and conducive to co-operation and success. We have reimagined the modern university, developing facilities to be public by design, opening our doors to the community to raise aspirations from the earliest age.

Sport, Exercise and Physical Activity

Our Sports facilities, including, the University of Worcester Arena, the country’s first indoor sports arena purpose-designed to include wheelchair athletes, are a hub for schools’ outreach activity, grass roots clubs and community groups:

Facility	Community users 2024/25
University of Worcester Arena, St John’s Campus and Riverside building	29,748
Lakeside Campus	10,258

SECTION 2: Public Benefit (continued)

A key component of the University’s community engagement activity in this area is its Senior Physical Activity and Adapted Sport programme. As part of this, a Fall Safe programme was introduced to help older members of the community reduce the potential for physical injury in the unfortunate event of a fall. More than 100 attendees have so far undertaken the training, and the programme has attracted national and international attention from organisations, such as care home providers and physiotherapists, as far as America, Japan and Saudia Arabia, looking to learn more and emulate the training. The University is now developing an accredited workshop to help instructors deliver training globally.



Arts, Culture and Heritage



The Hive, Europe’s first fully integrated university and public library, is now in its 13th year since opening and remains a cultural, learning and information centre of excellence for the City and wider region’s residents, as well as the University’s students. It is regularly filled with children and families, with weekly events such as Bounce and Rhyme and Rat-a-tat storytelling sessions. The varied adult learning programme helps people to secure jobs or start formal learning, having never been confident enough to do so before.

Visitor numbers and teenage membership remains strong and there were more than 30,000 more visitors in 2024/25 than the previous year:

Hive library	2024/25
Total number of visits	542,808
Teenage library membership	16,986
Number of children and adults participating in community events	37,722
Number of people attending public lectures	1,034

SECTION 2: Public Benefit (*continued*)

Our civic commitment

We are committed to our civic duties and work hard to ensure our local communities see and enjoy the benefits from having a university on their doorstep. Examples of this from 24/25 include:

- The University donated 300 sets of surplus bed linen to hospitals in war-affected regions of Ukraine. This act of sustainability and solidarity provided practical support to medical facilities under strain, while also strengthening community ties through collaboration with local Ukrainian groups.
- Law students, supervised by qualified solicitors, have been offering free legal advice to the community on non-urgent matters like family and medical law. This service enhances access to justice for the public while giving students invaluable real-world experience, reinforcing the University's role in civic engagement and legal education.
- Paramedic students at the University organised a 24-hour CPR marathon teaching lifesaving skills to the public while raising funds for emergency services and community defibrillator initiatives. The annual event promotes CPR awareness, encourages community engagement, and empowers individuals to act confidently in cardiac emergencies.



SECTION 3: Financial Management and Sustainability

In meeting the on-going challenges within the Higher Education sector our financial strategy is to:

- Continue to observe the principles of prudent financial management;
- Ensure that the expansion and development plans remain achievable and affordable;
- Take measures to maintain and further increase the University's popularity and student intake;
- Ensure efficient collection of cash and debtors together with payments to creditors and suppliers as per the relevant agreed terms;
- Maximise opportunities to diversify sources of income and increase income generation from these activities; and
- Attempt to improve overall cost efficiency to mitigate the ongoing challenges of higher inflation.

RESULTS FOR THE YEAR

The 2024/25 consolidated financial statements show a deficit of £(0.6)m (2024: deficit £(4.5)m). The deficit was not unexpected having been previously budgeted and forecast. The continued freeze of the UK tuition fees (albeit they are due to rise slightly for 2025/26), that form the majority of the University's income, combined with ever increasing cost pressures results in the University's finances continuing to be increasingly stretched. On-going increases in international student tuition fees and cost efficiency measures, including voluntary severance schemes, partly mitigate this but it remains a struggle in the current economic and political environment to achieve the banking covenants. The deficit (before other gains and losses) reduced from £(2.2)m in 2023/24 to a small surplus of £17K in 2024/25. This was a combination of increased income and lower overall costs. Tuition fee income rose, which was very welcome, given the continued reduction over the past few years along with a small rise in external research income. Income from residences, catering and conferencing reduced slightly during the year as did investment income. Given the fact that employer pension and national insurance costs increased again, overall staff costs remain fairly consistent. General repairs and maintenance costs along with payments to partner organisations reduced during the year. The consolidated results shown in the accompanying financial statements consist of the main University and its trading subsidiaries, U W Developments Limited, U W Enterprises Limited and UW Worcester Wolves Limited and the newly incorporated Uniworc Limited.

U W Developments Limited is the entity through which the University manages its significant student residences capital development projects. No new trading activity took place during the year. The only transactions during the year related to interest receivable and audit fees.

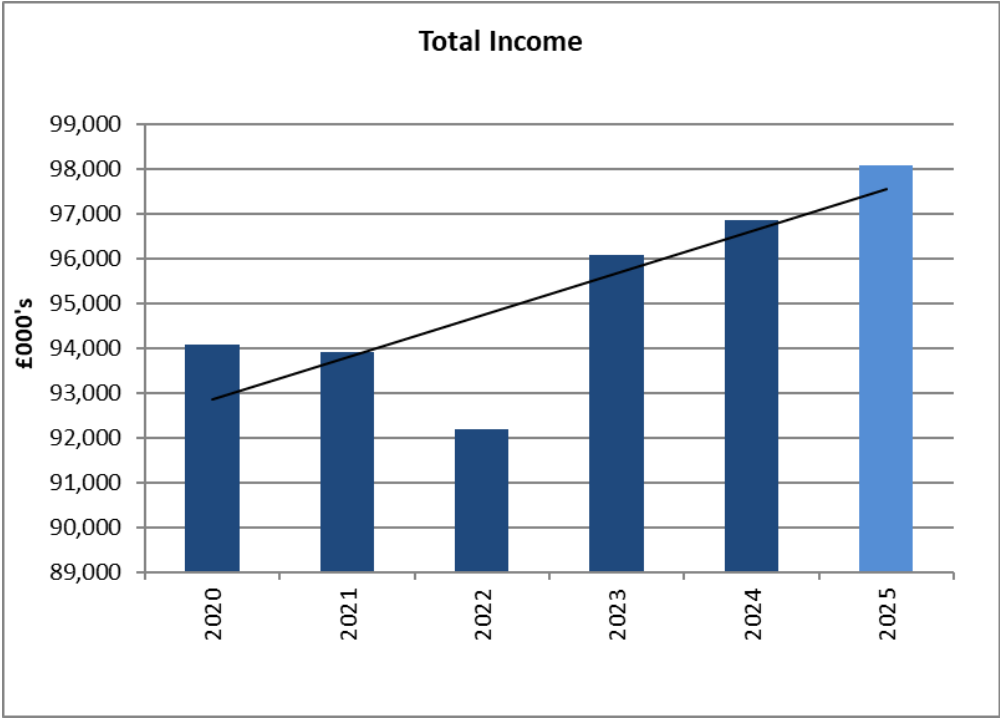
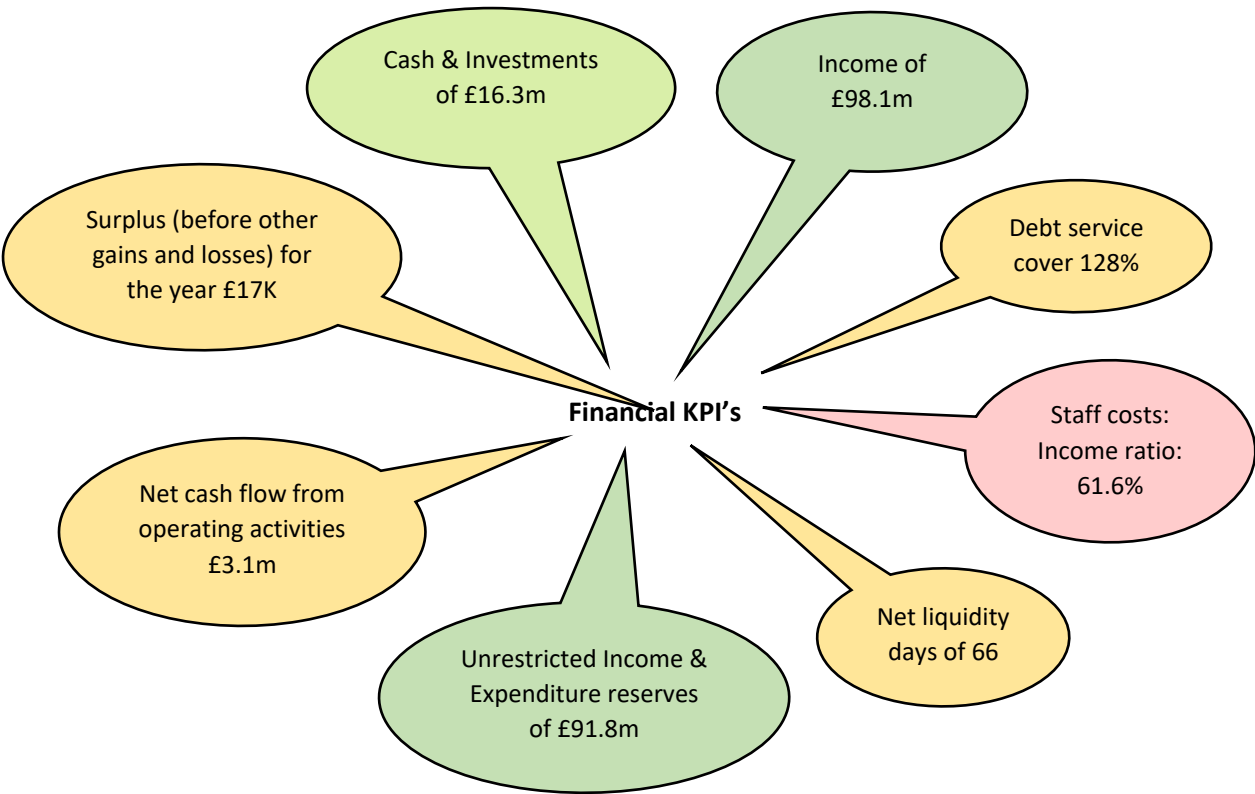
U W Enterprises Limited is the entity through which the University's commercial activities are channelled. Following a steady decline in full commercial trading, the University made the decision a few years ago that the on-going minimal amount of trading relating to the National Pollen and Aerobiology Research Unit would be filtered through the University, rather than the subsidiary company due to its links to educational services. This decision will be reviewed in the future if commercial trading activity increases, however for the year ending 31st July 2025 no trading activity was undertaken. There is a longer-term intention for the Company to be utilised for the employability of students, for which initial project planning works have commenced but as yet with no confirmed start date.

UW Worcester Wolves Limited is a 100% subsidiary company of U W Enterprises Limited. The principal activity of the company is to focus the company's operations on strengthening the grassroots basketball activities. The Company now operates 3 teams, being predominately all student teams, including operating one of the 4 UK High Performance Partnerships with British Wheelchair Basketball.

Uniworc Limited is the University's newest subsidiary company which was incorporated on 18th June 2024. The main activity of the company will be the employment of staff for which services will then be recharged to the University of Worcester. No activity took place during the year, apart from the issuing of share capital, minimal bank charges and audit fees. It is anticipated that activity will commence during 2025/26.

SECTION 3: Financial Management and Sustainability (continued)

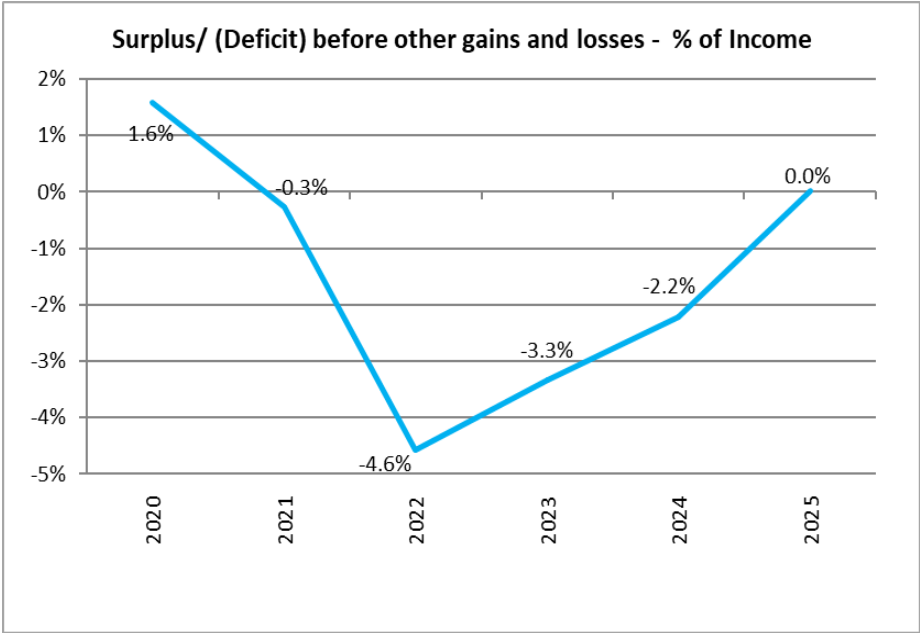
A visual summary of the financial Key Performance Indicators (KPI's) used by the University are shown below. The results of which relate to the actual performance during the year:



2024/25 saw a further slight increase to the University's income, attributable to a rise in overall tuition fee income. The was due to the substantial increase in international tuition fees, which also partly offset a small reduction in home student fees.

The budget for 2025/26 anticipates a further increase in income, which is predominately related to growth in student tuition fees along student and conferencing accommodation occupancy levels.

SECTION 3: Financial Management and Sustainability (continued)

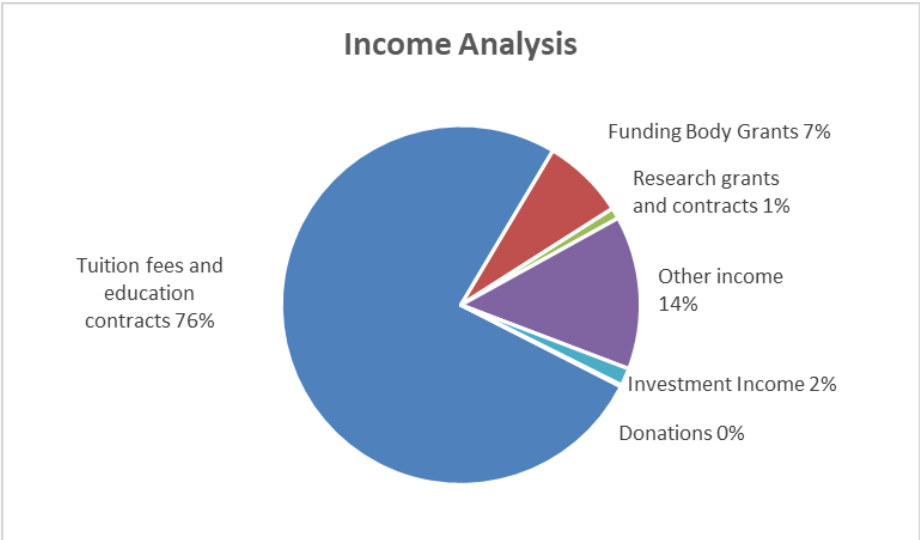


2024/25 saw a neutral surplus position, which after 3 years of substantial deficits was a positive outcome. The fluctuations between years are due to elements of non-recurrent income, differences relating to the movement of pension liabilities, and the rise in inflation over the last few years, albeit this has now slowed down. Overall tuition fee income had seen a slow continued reduction over the past few years; however, this has improved in 2024/25 as a small increase has been achieved. The 2025/26 budget hopes to achieve tuition fee income levels back at those similar to 2020/21.

The challenges facing the Higher Education sector are frequently reported in the press and the government is aware that easing financial stability for the sector is key. However, the University continues to struggle with the challenge of increasing tuition fee income, as well as substantial cost increases, primarily salary inflation and the associated Teachers Pension defined benefit scheme (TPS). The combination of these factors is leading to pressure on the banking covenants. To try to mitigate this the University has engaged in vigorous cost cutting measures but consequently, against this backdrop of uncertainty, the University continues to prepare prudent financial forecasts, maintain rigorous cost control activities, and focuses on maintaining a healthy level of cash reserves to allow it to achieve banking covenants whilst enabling it to exploit any opportunities as they arise. Nevertheless, noting that the landscape in which the University operates does frequently change, then the Board and the University Management regularly review the forecasts and budgets to ensure the on-going financial sustainability of the University.

Recognising the achievements of the University Leadership to maintain rigorous financial management against this uncertain Sector wide backdrop, Barclays Bank supported the University by agreeing to amend the bank covenants to reflect the current position. This support by the University’s bankers was most welcome and appreciated by the University and its Governors.

As expected, the 2024/25 financial results show the majority of income continuing to be received directly from tuition fees, as shown in the chart on the right. After a few consecutive years of this percentage slowly reducing, 2024/25 has seen a slight increase up from 74% to 76%.

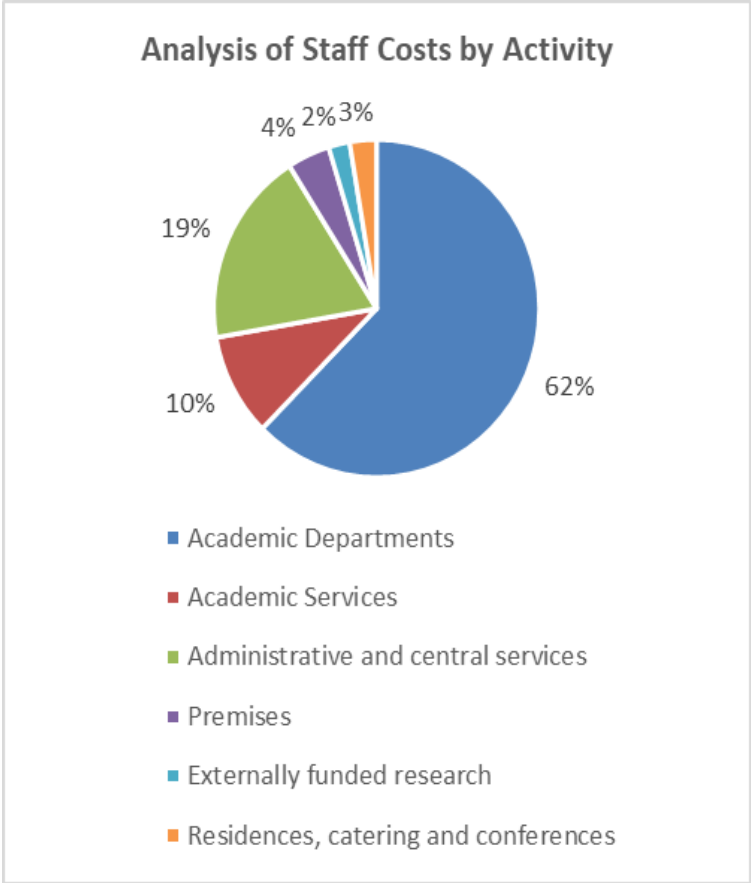
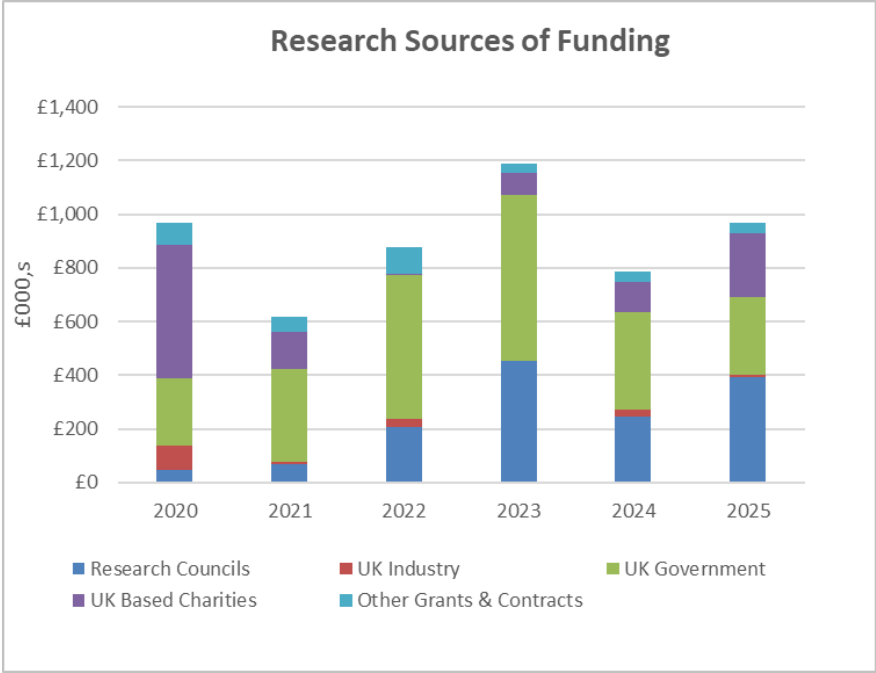


SECTION 3: Financial Management and Sustainability (continued)

The University of Worcester is not a research-intensive University, as indicated by the income analysis chart. However, research continues to play a key part in the educational offering to students and over the past few years focus has been on strengthening the University’s research department so that additional resources are made available to support academic research. Research income levels in 2024/25 saw an increase compared to the previous year, which is due to a number of factors, however levels are expected to increase to circa £1.3m over the next year, due to a couple of recent successful awards.

An element of the University’s deferred income, at the year-end, relates to research contracts for which cash has been received, however full contract conditions have not yet been achieved due to the stated timescales of the projects, therefore the income cannot be disclosed in 2024/25. This income will be released in future years as each project progresses.

The chart opposite shows the analysis of research related income relating to 2024/25 along with previous years.

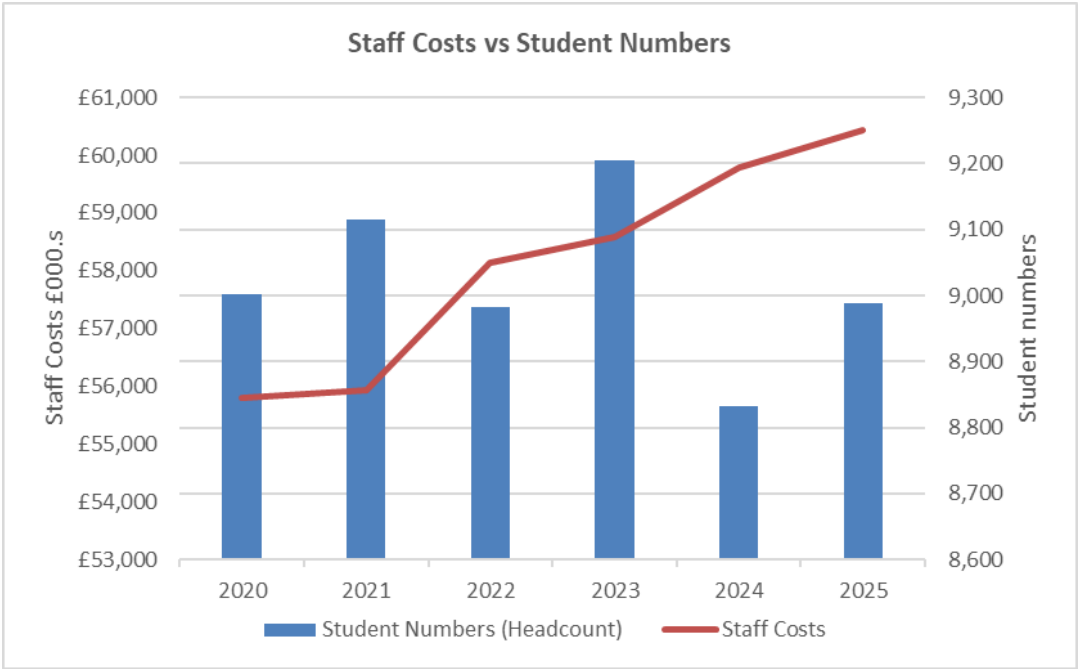


Total expenditure decreased in the year by £0.9m to £98.1m (2024: £99.0m). Staff costs remain the University's largest area of expenditure with individual employee salaries continuing to rise, along with Employer’s National Insurance costs and pension costs. However, due to the recent voluntary severance schemes along with the LGPS current service cost being lower than employer contributions (see Note 27 for further details) the staff costs overall total has not increased greatly year on year, although the real cash costs of wages and salaries continue to increase.

The ratio of staff cost: income has seen a marginal reduction with that of the previous year. Considering this ratio has continually risen for the past five years, this is positive and shows that the University is taking appropriate action to control the biggest area of expenditure. There are still challenges facing the University in relation to staff costs. Partly this is due to the cost-of-living crisis and therefore the demand for higher salaries is becoming more apparent, as it now becomes more difficult to recruit and retain good quality staff in schools and departments of the University. The chart opposite shows the analysis of staff costs between key areas.

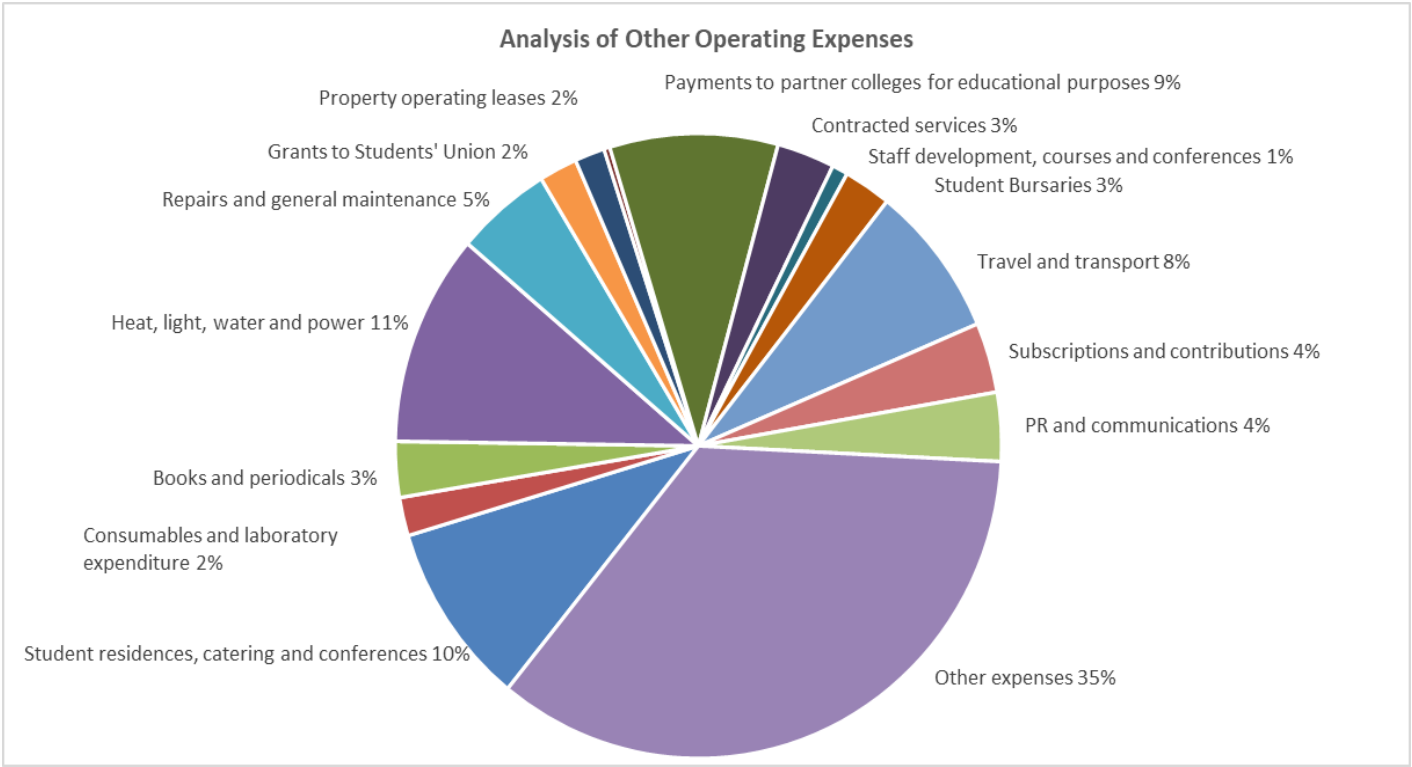
SECTION 3: Financial Management and Sustainability (continued)

The graph below shows the historical correlation between student numbers (headcount excluding students based at partner colleges) and staff costs.



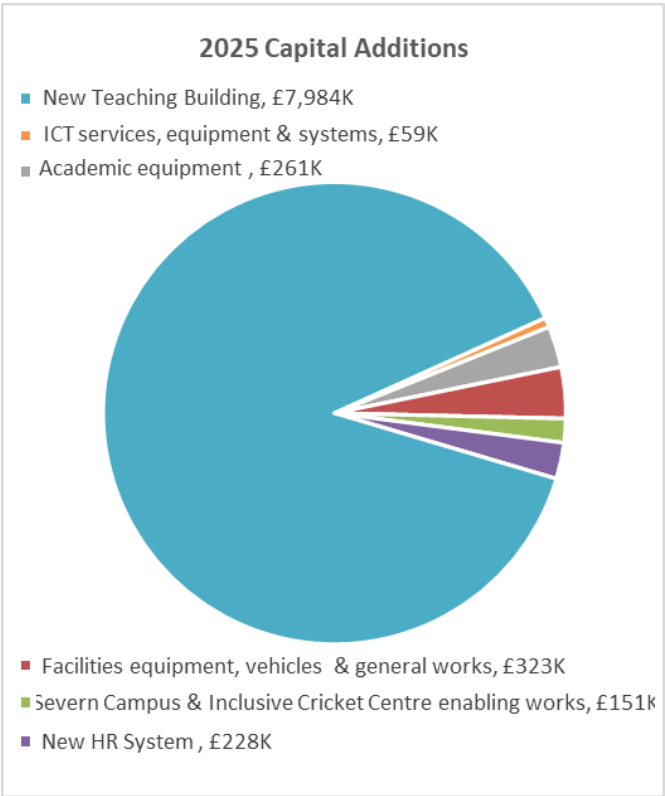
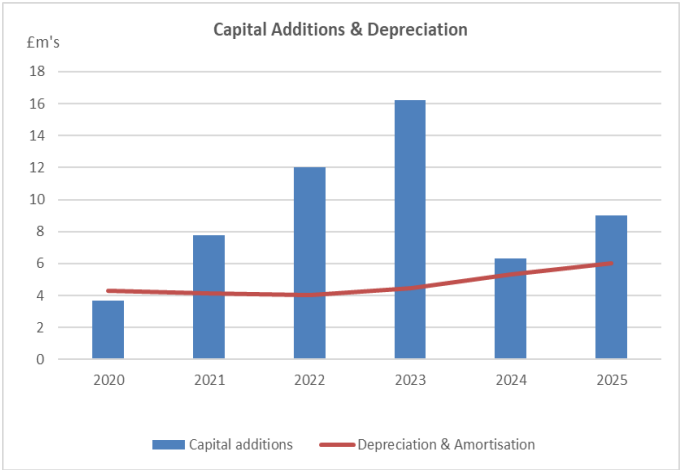
Other operating expenses decreased from £31.3m in 2023/24 to £29.5m in 2024/25. This was mainly due to a reduction in general repairs and maintenance costs along with payments to partner organisations along with other small fluctuations. Further details of this are shown in Note 9.

The breakdown of the total other operating expenses for the year is shown below:



SECTION 3: Financial Management and Sustainability (continued)

The depreciation and amortisation charge has increased slightly due to the continued level of capital investment during 2024/25. The majority of capital expenditure has been related to the construction of the new Health and Wellbeing Teaching building, now known as the Duke’s Building, located at Severn campus, which was completed in March 2025. Further details are shown in Section 4.



The University Group balance sheet showed a healthy position with net assets at £102.2m (2024: £104.0m). The main aspects of this were total non-current assets of £166.1m mostly relating to the physical estate of the University and associated equipment.

Net Current assets decreased from £6.0m to net liabilities of £(0.8)m due to lower cash and investment balances following the high level of capital investment in the new Dukes Building. The closing cash and investments balance at the end of the year remains healthy and the longer term cashflow forecast anticipates a closing cash and investments balance for next year to be in the region of £17.5m.

- Trade and other receivables £6.2m (2024: £4.1m)

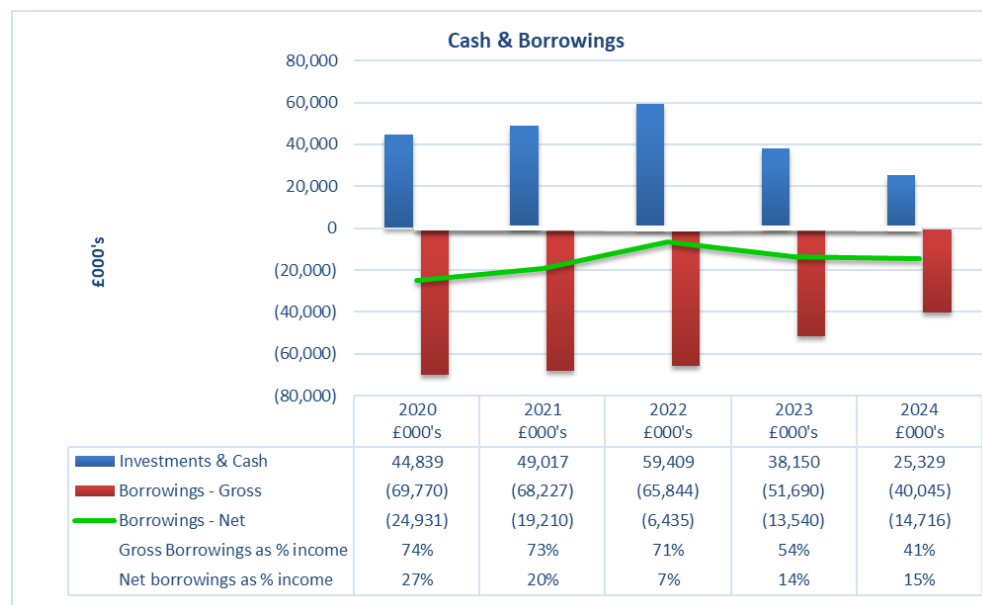
The total value of trade and other receivables at the financial year end has increased compared to that of the previous few years. This is due to higher levels of prepayments and accrued income at the year-end along with an increase in trade debtors. The University’s credit control processes remain strong, which has resulted in a continued low level of student debt at the year-end.

- Creditors (amounts falling due within one year) £(23.3)m (2024: £(23.5)m)

The overall value of short-term creditors has remained consistent with that of the previous year. Tax and social security, along with the WLGPS pension payments, relating to July, were paid early this year, and therefore these do not form part of the outstanding balance as of 31st July 2025, whereas they were outstanding the previous year end. Trade creditors have reduced dramatically as the University continued to try and pay suppliers in a timely manner. Accruals and deferred income, which includes, income in relation to research contracts, capital grants and student tuition and accommodation fees increased from £15.3m to £18.6m, due to the higher level of advanced tuition fee income received.

SECTION 3: Financial Management and Sustainability (*continued*)

Longer-term liabilities are related to loan borrowings, the Hive finance lease and government deferred capital grants, which will be released to income from 2026/27 onwards. The total bank loan facility of £80m has been fully drawn down and all of tranche C has now been repaid, so the borrowings are at their lowest level since 2008 when the original loans were agreed. The outstanding loan balance as at 31st July 2025 is £36m. Further breakdown is shown in Note 19.



Most of the remaining borrowings are due for repayment over a considerable number of years and the Board of Governors is satisfied at the University's ability to meet these repayments together with the associated interest charges as they fall due. The financial performance in the year ended 31st July 2025 meant that all bank and related covenant tests were again achieved. Further information on the loan repayments is shown in Note 19.

Provisions for liabilities

The University is now only accounting for an internal pension provision, due to the USS deficit being released in 2024 and the WLGPS now being in a surplus position. The performance of WLGPS assets during the year was positive, and this combined with a fairly substantial reduction in the present value of the schemes liabilities, resulted in the fund surplus increasing from £13.7m to £33.1m. This surplus value has not been recognised as a non-current asset within the financial position due to the accounting standards requirements around defined benefit plan assets. Further details regarding this are included within the accounting policies: critical accounting estimates and judgements section in Note 1 and also set out in Note 27.

Consolidated Cash flow

The cash inflow for the year from operating activities was £3.1m (2024: £5.8m). This was used to repay both the interest and capital elements of the loan during the year. Considering the challenges that have been faced this year, given the continued freeze in tuition fees, this encouraging cash generation, highlights how successfully the University management controlled the cash position, and as a result the relevant covenants with the University lenders were achieved. Future year achievement of the covenants remains a challenge with both Debt Service Cover and Net Borrowings Cover becoming equally demanding to meet, however the latest forecast indicates that this will be possible with on-going focus on income generation and cost control.

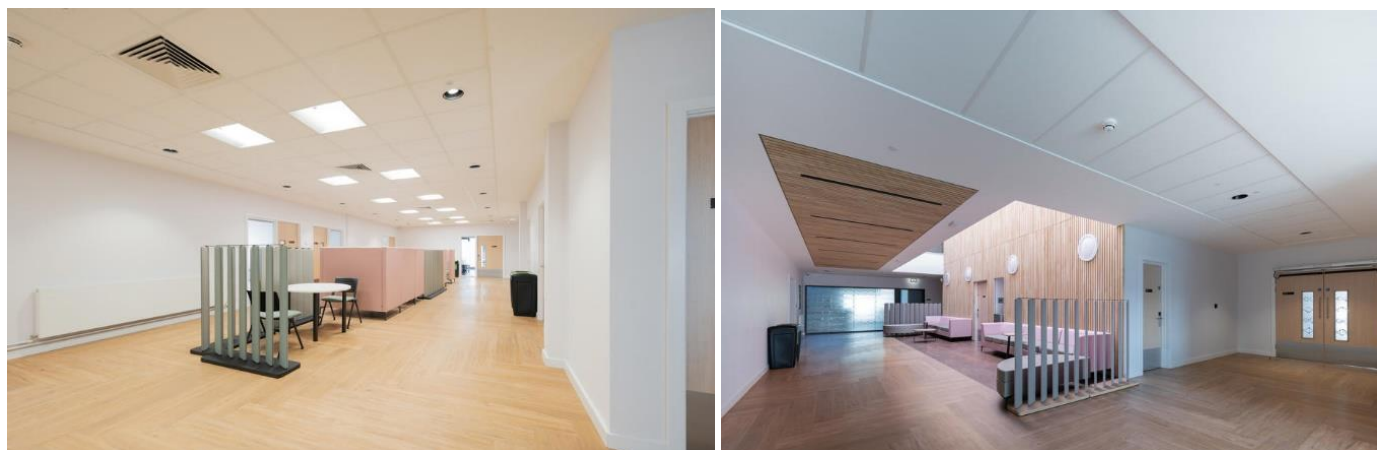
This is also aided by the on-going positive support of Barclays Bank who recognise the Sector wide challenges being faced and managed. This support extended to amending the covenant calculations, including recognising the one-off nature of restructuring costs.

SECTION 4: Infrastructure Development Programme

The completion of a new teaching facility, known as the Duke's Building, was completed in March 2025 and marked a major milestone in the development of the University's Severn Campus for Health, Well-being and Inclusive Sport.



The three-storey facility contains flexible teaching spaces designed to cater for health and sports students as they train to become the next generation of nurses, doctors, paramedics, occupational therapists and sports and exercise therapists. The building contains clinical skills rooms, sports and exercise science laboratories, as well as spaces for learning and teaching. Funded, in part, by an Office for Students Capital Grant the project was completed on time and on budget.



The building was designed by Birmingham based Architects Glancy Nicholls Associates and delivered by Malvern based contractor Speller Metcalfe. The building achieved an EPC A rating and over £4m of social value was generated from the construction project. Over £3m of the contract value was placed with suppliers within 30 miles of Worcester. Over 2000 tonnes of soil and stone material was reused on site significantly reducing the environmental impact and cost of the project and almost 20 tonnes of “hard to recycle” materials were diverted from landfill. During the construction phase over 200 weeks of apprenticeship or T-Level placements were provided, and Speller Metcalfe representatives dedicated almost 40 hours to engagement with local schools and colleges in the form of mock interviews and delivering talks on careers in construction.

SECTION 4: Infrastructure Development Programme (*continued*)

The work to complete the condition-based assessment of the University's building portfolio was completed in 2025 and this information will inform a future Estates Strategy and has already informed decisions to dispose of assets including the former Principal's House known as Oldbury House.

A contract to refurbish one of the University's 3G pitches has been placed with works due to be complete early in the 2025/26 academic year. This work will include installing energy saving floodlights.

In early January 2025 the planning application for up to 250 houses on the 29 (approx.) acres of land at Oldbury Road was registered. Discussions in respect of this application have been on going and additional information has been provided to inform the determination process. The University and its specialist are ready to market the site once a positive determination is received. The University is currently holding the land as Investment land as shown in Note 14.

SECTION 5: Staff

SUPPORTING STAFF WELLBEING AND WELFARE

This year we continued to offer support to staff on a range of wellbeing and welfare topics.

Financial wellbeing workshops continued to be provided by accredited external advisers offering support and advice for those experiencing **financial and economic pressures**. Planning for **retirement**, from a financial and a personal wellbeing perspective, was also made available.

A new **employee benefits scheme** was launched using an external provider. This has provided significant discounts to staff across a range of retailers.

We know that many of our staff are unpaid **carers** for older adults, and we have had a partnership with a regional carers network for some years. This has provided access to information, training and legal advice. A staff network has been formed where people can share experiences and exchange information.

Mental wellbeing support continued to be available by way of direct support for individuals, and also awareness training for managers and others. Mental Health First Aid training continued to be provided as part of the staff development programme. Separate sessions with a focus on suicide awareness and prevention were provided for colleagues who might be approached by students and staff in distress. We accepted an invitation to join a new mental wellbeing and suicide prevention programme developed by Mind, with central government support, for educational settings. The theme for Mental Health Awareness week in June 2025 was how 'community' impacts on mental wellbeing and we participated with several regional wellbeing organisations at an event to consider this.

We developed a **Celebrations and Observations Calendar** for 2025 to highlight national and international awareness days we would celebrate during the year, encouraging staff and students to participate in a range of events and activities. Several of which were directly related to wellbeing; others, indirectly, by raising awareness of the situation of those from minoritised groups.

Activity within the **Equality, Diversity and Inclusion** programme continued with the creation of groups to address key areas, including wellbeing. These groups consisted of colleagues from across the University including those from the staff network groups. We have responded to the increase in the number of students and staff sharing their **neurodivergent** conditions by providing advice and support to individuals, their managers and those teaching students.

HEALTH AND SAFETY

This year has seen further investment and development of our health and safety arrangements. There has been a particular focus on **fire safety**, with the introduction of online fire safety training for all staff. The appointment of a **Fire Safety Manager** will support the University in its development of fire safety practices, including collaborating with the Estates team on compliance with fire safety regulations for high rise residential buildings. We have continued to offer a range of training activities to promote Health and Safety awareness, including **effective COSHH management** and the development of spill response training. There has been a continued focus on **DSE assessments** to ensure good working practices are in place.

GENDER PAY GAP REPORT 2024

This year's [Gender Pay Gap Report](#) illustrates that females continue to be well represented at all levels of the University, accounting for **over 59% of employees in all four pay quartiles**. This data is indicative of the University's inclusive approach in all areas of work and the value it places on attracting and retaining female employees in roles at all levels of the institution.

This year's report shows an increase in the number of our students undertaking part-time employment within the University. This provides an excellent foundation for future careers and enhances employability. Many of these roles are located in Quartile 1 of the data. This shows that 70% within this quartile are female and this replicates the student

SECTION 5: Staff (continued)

population, as 70% of all students are female. This gender split continues to influence the Quartile data and has an impact on the overall data.

When students working part-time are removed from our gender pay gap data for the 2024 report, the **median pay gap for the University is 0%.**

We pro-actively review and monitor the employment ‘lifecycle’ of our staff; from initial recruitment, ensuring that we have fair and consistent selection processes; providing career development opportunities for all job roles; clear and consistent promotion and salary processes; and fair and flexible working practices.

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TRADE UNION FACILITY TIME APRIL 2024 – MARCH 2025

Facility Time is the provision of paid or unpaid time off from an employee’s normal role to undertake TU duties and activities as a TU representative.

The information below is for the period **1 April 2024 to 31 March 2025.**

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
11	9.92

Percentage of time spent on facility time

The number of employees who were relevant union officials employed during the relevant period spent the following percentage of their working hours on facility time:

Percentage of time	Number of employees
0%	0
1-50%	11
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£14,395.63
The total pay bill	£61,488,525
The percentage of the total pay bill spent on facility time	0.023%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	31.16%
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SECTION 6: Corporate Governance Statement

The following statement is given to assist the readers of the financial statements in obtaining an understanding of the Governance procedures applied by the University's Board of Governors.

Compliance

The University is committed to best practice in all aspects of corporate governance and conducts its business:

- in accordance with the seven principles identified in the Committee on Standards in Public Life (the Nolan Principles) namely: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- in compliance with the CUC Higher Education Code of Governance, published in September 2020.

The University's statutory framework upholds the public interest governance principles outlined by the Office for Students (OfS).

The University is an exempt charity under the terms of the Charities Act 2011 and is regulated by the OfS. Members of the Governing Body are the charitable trustees and are responsible for ensuring compliance with charity law.

The University is registered with the OfS as a higher education provider with degree awarding powers.

Summary of the University's Structure of Corporate Governance

The Governance structure of the University is specified in the Instrument and Articles of Government which sets out the responsibilities of the Board and Governors, Academic Board and the Vice Chancellor in managing and overseeing the University's activities.

The Board of Governors comprises independent, student and staff members as set out in the University's Instrument of Government. Independent members are in the majority. The Chair is elected from amongst the independent members and is supported by two Vice Chairs also elected from amongst the independent members. The Vice Chancellor and Chief Executive is the University's Accountable Officer and is a member of the Board by virtue of their role.

In accordance with the Article of Government, the Board holds itself responsible:

- for the determination of the educational character, mission and strategy and reputation of the University and for oversight of its activities;
- for the effective and efficient use of its resources, the solvency of the University and the Corporation and for safeguarding of its assets;
- for the approval of annual estimates of income and expenditure and the annual reports and accounts;
- for the appointment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts, including the Vice Chancellor; and
- for setting a framework for the pay and condition of all staff.

Matters specifically reserved to the Board of Governors for decision are set out in the University's Schedule of Delegation. The Board is in receipt of regular reports from the University's senior management on the day-to-day operation of the University and its subsidiary companies.

The Board of Governors meets formally four to five times during the academic year and is supported by a sub-committee structure comprising: the Audit Committee, Nominations & Governance Committee, Finance & Development Committee, People & Culture Committee, Remuneration Committee (VC & Chief Executive) and Remuneration Committee (Board Appointees). All sub-committees operate with agreed terms of reference, with independent governors in the majority, one of whom is designated as Chair. The major sub-committees meet formally between three and five times a year, other sub-committees meet formally between once and three times a year. All sub-committees report formally to the Board in writing.

SECTION 6: Corporate Governance Statement (*continued*)

Audit Committee

The Audit Committee meets four or five times a year. The University's External Auditors attend two to three meetings a year, dependent on their business, and the Internal Auditors attend all meetings. The External Auditors in 2024/25 were Grant Thornton, appointed in 2021/22 and the Internal Auditors were Uniac, appointed in 2024/25. The Committee members meet with the auditors on their own for at least one independent discussion per annum. During 2024/25, one 'in camera' session of this type was held with both the internal and external auditors.

The Committee membership in 2024/25 included a majority of independent members of the Board of Governors, none of whom are members of Finance & Development Committee, and at least one of whom has relevant finance and accounting experience. The membership also included student and staff members of the Board, who are full members of the Committee. The Vice Chancellor and Chief Executive is not a member of the Committee but is invited to attend meetings in an advisory capacity from time to time. The Pro Vice Chancellor Finance & Resources attends meetings of the Committee but is not a member. The Committee also invites senior managers to attend its meetings to present and discuss reports.

The Committee approves the External Audit Plan and the annual financial statements and management letter from the External Auditor, prior to their consideration and approval by the Board of Governors. The Committee approves the Internal Audit Strategy and the Annual Internal Audit Plan and receives and considers reports and recommendations from the internal audit providers for improvements to the University's internal control systems.

The Committee has a responsibility for oversight of the University's risk management arrangements, as articulated in the University's Risk Management Policy. It reviews the University's Strategic Risk Register twice a year, the Risk Appetite Statement annually and the Risk Management Policy every three years.

During the course of its work the Committee also receives regular reports on the University's Procurement function, the Whistleblowing Policy and Sustainability Policy, as well as an annual update to the Fraud Assurance Map. It also considers the Students' Union's Annual Accounts and approves the annual TRAC Return to the OfS and the Annual Value for Money (VFM) Report.

The Committee presents an Annual Report to the Board of Governors, which is considered by the Board alongside the Annual Opinion Statement of the Internal Auditors. In addition to including assurances regarding risk management and corporate governance processes the Audit Committee's Annual Report includes assurance on the quality of the University's data management and the accuracy of data returned to external agencies, this is in part informed by the annual update to the Data Assurance Map.

Finance & Development Committee

The Finance & Development Committee meets four to five times during the year. Membership is primarily of independent members, as well as student and staff members who are full members of the Committee. Members of the senior management team, namely the Pro Vice Chancellor Finance & Resources and the Pro Vice Chancellor Communications & External Affairs also attend meetings but are not members of the Committee. The Vice Chancellor and Chief Executive, who is a member of the Board of Governors, is a full member of the Committee.

The Committee reviews the detail of the University's Budget, Financial Forecasts and Accounts, prior to formal approval by the Board of Governors. The Committee monitors the in-year financial performance of the University in relation to the Budget and relevant financial performance indicators.

On behalf of the Board, the Committee monitors the development and implementation of strategic projects approved by the Board. During 2024/25 these included the completion of a new teaching building for Health courses, the Duke's Building, on Severn Campus.

SECTION 6: Corporate Governance Statement (*continued*)

Nominations & Governance Committee

The Nominations & Governance Committee has oversight, on behalf of the Board, of the University's governance arrangements. The Committee is responsible for ensuring that the membership of the Board is maintained and is diverse with an appropriate skills mix. It does this through regular consideration of a skills matrix. The Committee reports annually to the Board on the profile of the Board in respect of equality and diversity.

The Committee is also responsible for undertaking reviews of the Board's effectiveness and annual reviews of members of the Board.

Membership of the Committee comprises the Chairs of the Board and Committees and a Student Governor, normally the President of the Students' Union. The Vice Chancellor and Chief Executive is a full member of the Committee.

During 2024/25 the Committee oversaw a successful recruitment campaign for new independent and staff governors, as a result of which three new independent governors and one new staff governor have been appointed to join the Board in 2025/26.

People & Culture Committee

The Committee meets three times a year. Its membership has a majority of independent members as well as staff and student members, who are full members of the Committee. The Director of HR and the Pro Vice Chancellor Education, Culture & Society, whose responsibilities include Equality, Diversity and Inclusion, attend meetings but are not members of the Committee. The Vice Chancellor and Chief Executive, who is a member of the Board of Governors, is a full member of the Committee.

The People & Culture Committee oversees the development and implementation of the Human Resources Strategy and receives an Annual Report from the Director of HR as well as regular reports from the Health, Safety and Wellbeing Committee and the Equality, Diversity and Inclusion Committee. The Committee receives the Annual EDI Report.

The Committee keeps under review national arrangements for pay bargaining and makes recommendations to the Board on the appropriateness of the University's continued participation in the national bargaining arrangements. The Committee, as does Finance & Development Committee, maintains a watching brief on the current situation in relation to the various pension schemes operating in the University. In this connection, the Committee considered a proposal during the year to create a subsidiary company to enable the University to offer a Defined Contribution pension scheme to new employees.

During the year, the Committee also received updates on the actions arising out of the University-wide staff survey that was carried out in 2023/24.

Remuneration Committee (Vice Chancellor & Chief Executive)

Membership of the Committee comprises the Chairs of the Board's Committees, the Chair of the Board, Vice Chairs of the Board and the President of the Students' Union. The Committee is chaired by one of the Vice Chairs of the Board. The Vice Chancellor and Chief Executive is not a member of the Committee, nor do they attend meetings or receive meeting papers. A written report of the Vice Chancellor and Chief Executive's appraisal is provided to the Committee by the Chair of the Board.

In 2024/25 the Committee met once to discuss the remuneration of the Vice Chancellor and Chief Executive. The Vice Chancellor and Chief Executive's remuneration is reported later in this document in the format, and with the justifications, as required by the OfS in its Accounts Direction.

The Director of HR attends meetings of the Committee in an advisory capacity. The Clerk to the Board is the Secretary to the Committee.

SECTION 6: Corporate Governance Statement (*continued*)

Remuneration Committee (Board Appointee)

The Remuneration Committee (Board Appointee) considers the remuneration of Board appointees other than the Vice Chancellor and Chief Executive; in 2024/25 this was the Clerk to the Board. The Committee also receives a report on senior staff remuneration. The Committee's membership comprises the Chairs of the Board's Committees and Vice Chairs. The Chair of the Board and the Vice Chancellor and Chief Executive attend the meeting but are not members of the Committee. The Committee is chaired by one of the Vice Chairs of the Board. The Director of HR attends in an advisory capacity. The Clerk to the Board does not attend the meeting and does not receive papers for the meeting.

The Committee met twice in 2024/25 to discuss matters concerning the Clerk to the Board who retired during the course of the year and arrangements for an Acting Clerk. A report on senior staff remuneration was also received and discussed.

The Board of Governors receives an Annual Report from the two Remunerations Committees.

Investment Committee

The Investment Committee provides oversight, on behalf of the Board of Governors, of the management of the University's investments arising out of donations, endowments and bequests to the University. The Investment Committee is a sub-committee of the Finance & Development Committee and reports to the Board of Governors, via the Finance & Development Committee. Membership of the Committee comprises of up to three independent governors, one of whom is Chair, the Vice Chancellor and Chief Executive, the Pro Vice Chancellor Finance & Resources, the Pro Vice Chancellor Research and the President of the Students' Union. The Chair of Finance & Development Committee is excluded from being a member of the Investment Committee.

The Committee meets at least annually to evaluate the performance of the University's investments arising out of donations, endowments and bequests to the University.

Academic Board

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership from the staff and students of the University. The Academic Board is particularly concerned with general issues relating to the quality, learning, teaching and research work of the University.

An independent member of the Board of Governors attends meetings of the Academic Board, in an observer capacity, an arrangement which has existed since 2005. The Board of Governors receives a written report from each meeting of the Academic Board on the academic business and governance of the University.

The Board of Governors receives an annual report from Academic Board on the quality of the academic provision and the student experience in order to be generally assured and able to verify the required statements of the OfS Annual Accountability Return.

Clerk to the Board of Governors

The Board of Governors is served by the Clerk to the Board who attends all meetings of the Board and its Committees, with the exception of the Remuneration Committee (Board Appointees). The Clerk's role is to advise on matters of governance and the operation of the Board and its Committees. The Clerk ensures that independent advice on matters of governance is provided to all Board members.

From 1st February 2025, this role has been fulfilled by an Acting Clerk as the former Clerk to the Board retired. The Acting Clerk to the Board carries out all the duties of the Clerk to the Board in relation to the Board.

SECTION 6: Corporate Governance Statement (*continued*)

Additional Governance Matters

In addition to the governor observer on Academic Board, there is also governor representation on the University Community Forum and the Honorary Awards Committee. The Board of Governors also has nominated observer representation on the Boards of the University's wholly owned subsidiary companies.

The University maintains a register of interests of members (and related parties) of the Board of Governors, members of the University's Leadership Group and other staff in key positions. All Board members are expected to adhere to the seven Principles of Public Life as set out in the Nolan Principles and to meet the Fit and Proper Person requirements as set out by the OfS. None of the independent members receive any payment, apart from the reimbursement of expenses for the attendance of meetings or external training events.

Statement of Internal Control

The Board has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives as stated in the Strategic Plan, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Board of Governors in the Instrument and Articles of Government and the OfS terms and conditions of funding which also include charity regulation requirements.

The system of internal control is based on an ongoing process designed to identify the principle risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is designed to manage rather than eliminate the risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness against material mis-statement or loss.

A Strategic Risk Register is maintained, which is presented on a six monthly basis to the Audit Committee and the Board of Governors for approval. In addition to the Strategic Risk Register, and department and operational risk registers, separate and detailed risk registers are maintained for the key capital developments. Risk Assessments are also undertaken against any proposals for major new partnerships.

The Board's oversight of the effectiveness of the system of internal controls is informed directly by the work of the Internal Auditors and by feedback provided by the External Auditors in their management letter and other reports to the Audit Committee. The Internal Audit Strategy, approved annually by the Audit Committee, sets out priorities for the coming year. These priorities are based on a review of sector and University development and are informed by meetings held by the Internal Auditors with members of the senior management team and the Audit Committee.

The Board of Governors has approved a detailed Schedule of Delegation which is reviewed on an annual basis. The Schedule includes the key responsibilities of the Executive relating to the operation of the internal control environment. The Board receives a report, at each meeting of the Board, from the Vice Chancellor and Chief Executive concerning the operation of the University and emerging risks and opportunities affecting the University.

The Board receives an annual assessment of the University's compliance with each of the OfS Conditions of Registration as well as updates on matters relating to the OfS, including Reportable Events, to each of its Board meetings.

SECTION 6: Corporate Governance Statement *(continued)*

Board of Governors' Responsibilities Statement

In accordance with the Education Reform Act 1998, the Board of Governors is responsible for oversight of the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enables it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the SORP for Accounting in Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between the OfS and the Board of Governors of the University of Worcester, the Board of Governors, through its Accountable Officer, the Vice Chancellor and Chief Executive, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and accounting estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on a going-concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason, the going-concern basis continues to be adopted in the preparation of the financial statements, full details of the Board's consideration and conclusions on going-concern can be found in the going-concern section later in this Section and in Note 1.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the OfS, UK Research and Innovation (UKRI) and Education and Skills Funding Agency (ESFA) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the OfS and any other conditions which the OfS or other public funding bodies may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources, income and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of and the authority delegated to the leadership team of the University group;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- monthly reviews of financial results involving variance reporting and updates of forecast outturn;

SECTION 6: Corporate Governance Statement (*continued*)

- comprehensive financial regulations, detailing financial controls and procedures, approved by the Board of Governors;
- a professional internal audit service, under contract, whose annual programme is approved by the Audit Committee. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material mis-statement or loss.

Governance Developments in 2024/25

The Board undertook a successful recruitment campaign during 2024/25 for new independent and staff governors, as a result of which three new independent governors and one new staff governor have been appointed to join the Board in 2025/26. There have been no changes to the Chair, Vice Chairs nor Chairs of Committee during 2024/25.

As part of the continuing development of the effectiveness of the Board and its members two half day Development Sessions for the Board jointly with the senior management team were held. These sessions were designed to develop the Board's and senior management team's thinking around the development of a new Strategic Plan for the University and its continued financial sustainability. In addition, an online briefing session was provided to the Board on the University's Academic Schools and the portfolios of the two Academic Pro Vice Chancellors.

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability has always been a key foundation for the University strategy, but this has come under increasing scrutiny given the lingering financial consequences of the COVID-19 pandemic, the enduring 'cost-of-living' crisis and the on-going inflationary impact, the decision to significantly increase the employer's contribution to the Teachers' Pension Scheme and the recent Government increase to the Employers National Insurance. To help recognise the financial pressure that all Universities are under, the Government has allowed the student tuition fees to increase to £9,535 in 25/26. However the benefit of this 3% increase was in effect wiped out by the increased Employers National Insurance costs. This means that the University has to improve its underlying income and reduce its cost base further to ensure that it can cover the increased inflationary costs. To achieve this, the 25/26 student recruitment is up year-on-year, and the benefits of the prior year Voluntary Severance programmes are now being felt. The overall position though remains very challenging.

In light of the above and despite on-going deficits the key determinant of the University's ability to remain a going concern is focused on cash flow, banking covenant achievement and on-going bank support. To assess whether the University is still maintaining sufficient cash to pay its creditors, a detailed cash flow forecast for the period 1st August 2025 to 30th November 2026 has been produced. The key part of this analysis relates to the income from student tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. Some actions have already been undertaken to reduce expenditure such as the Voluntary Severance programmes, but the current forecast model has not needed to factor in any additional mitigating circumstances such as further reducing operating expenses or seeking additional borrowing. The forecast demonstrates that the University remains financially viable and is able to meet all its financial obligations as they fall due with positive cash balances being maintained, all loan payments being made on time and covenant compliance maintained for at least 12 months. The forecast has also been appropriately risk assessed through sensitivity analysis.

Barclays Bank Plc continue their support of the University and this was demonstrated by the mutually agreed adjustments to the year-end covenant calculations that recognised the University's financial position and the timing of future asset sale proceeds. This positive support and endorsement of the University remains strong and shows that the Bank understands the performance of the University and its on-going ability to rise to the challenges presented.

SECTION 6: Corporate Governance Statement (*continued*)

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30th November 2026 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the current general economic environment, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Board of Governors has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances. As such, the Board of Governors acknowledge that uncertainty exists but do not consider this to be material uncertainty in relation to going concern that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the date of signing the accounts and audit report. Therefore, the Board of Governors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.



Mrs Sarah Speck

Chair of the Board of Governor



Professor David Green CBE

Vice Chancellor and Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF WORCESTER

Opinion

We have audited the financial statements of University of Worcester (the 'parent University') and its subsidiaries (the 'group') for the year ended 31 July 2025, which comprise Consolidated and Institution Statements of Comprehensive Income and Expenditure, Consolidated and Institution Balance Sheets, Consolidated and Institution Statements of Changes in Reserves, Consolidated 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 group's and the parent University's affairs as at 31 July 2025 and of the group's and the parent University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 group and the parent University 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

We are responsible for concluding on the appropriateness of the Board of Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent University to cease to continue as a going concern.

In our evaluation of the Board of Governors' conclusions, we considered the inherent risks associated with the group's and the parent University's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and wider financial pressures on the Higher Education Sector, we assessed and challenged the reasonableness of estimates made by the Board of Governors and the related disclosures and analysed how those risks might affect the group's and the parent University's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Board of Governors' 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 group's and the parent University'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 Board of Governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the report and financial statements other than the financial statements and our auditor's report thereon. The Board of Governors is responsible for the other information contained within the report and financial statements. 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.

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 themselves. 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.

Opinion on other matters prescribed by the Office for Students ('OfS') Accounts direction (issued October 2019) (the 'OfS Accounts direction')

In our opinion, in all material respects:

- funds from whatever source administered by the parent University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England) and the Department for Education have been applied in accordance with the OfS Terms and Conditions of funding for higher education institutions (issued July 2024), the funding agreement with UK Research and Innovation (including Research England) and the Department for Education, and any other terms and conditions attached to them; and
- the requirements of the OfS Accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the OfS Accounts direction requires us to report to you where:

- the parent University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the parent University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of Board of Governors

As explained more fully in the Board of Governors' Responsibilities Statements set out on page 28, the Board of Governors is 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 Board of Governors 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 Board of Governors are responsible for assessing the group's and the parent University'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 Board of Governors either intends to liquidate the group or the parent University or to cease operations, or has 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 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and the sector in which it operates. We determined that the following laws and regulations were most significant: The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), FEHE SORP 2019, Further and Higher Education Act 1992, Higher Education and Research Act 2017, OfS Accounts Direction (October 2019), Relevant OfS regulatory notices and advices, The Higher Education Code of Governance and The Data protection Act 2018;
- We understood how the University is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of relevant committee minutes and through our legal and professional expenses review;
- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
 - Challenging assumptions and judgements made by management in its significant accounting policies
 - Identifying and testing journal entries, with a focus on unusual journals with specific risk characteristics and large value journals
 - Review of business register of interest and the general ledger for any undisclosed related party transactions
 - Inspecting the Board of Governors and other committee minutes
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the higher education sector
 - understanding of the legal and regulatory requirements specific to the University including:
 - the provisions of the applicable legislation
 - guidance issued by the OfS;
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue through manipulation of income and management override of controls; and
- In assessing the potential risks of material misstatement, we obtained an understanding of:

- the University's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the University's control environment, including: the policies and procedures implemented by the University to ensure compliance with the requirements of the financial reporting framework and relevant laws and regulations.
- the policies and procedures implemented by the University to ensure compliance with the requirements of the financial reporting framework and relevant laws and regulations
- the adequacy of procedures for authorisation of transactions and review of management accounts
- procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

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 University's Board of Governors, as a body, in accordance with paragraph 13(2) of the University's articles of government. Our audit work has been undertaken so that we might state to the University's Board of Governors 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 University and the University's Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 26/11/2025

Consolidated and Institution Statements of Comprehensive Income and Expenditure
For the year ended 31st July 2025

		Group		University	
	Note	2025 £000	2024 £000	2025 £000	2024 £000
INCOME					
Funding Body Grants	2	7,278	8,135	7,278	8,135
Tuition fees and education contracts	3	74,606	71,932	74,620	71,959
Research grants and contracts	4	969	786	969	786
Other income	5	13,552	13,891	13,664	13,908
Investment Income	6	1,564	2,078	1,564	2,083
Donations and endowments	7	123	38	152	141
TOTAL INCOME		98,092	96,860	98,247	97,012
EXPENDITURE					
Staff Costs	8	60,438	59,789	60,401	59,751
Other operating expenses	9 & 11	29,486	31,345	29,674	31,534
Depreciation and amortisation	9,12 & 13	6,016	5,321	6,140	5,445
Interest and other finance costs	10	2,135	2,555	2,135	2,555
TOTAL EXPENDITURE		98,075	99,010	98,350	99,285
Surplus/ (Deficit) before other gains/(losses)		17	(2,150)	(103)	(2,273)
Profit /(Loss) on disposal of fixed assets	13	447	(105)	447	(105)
(Loss) on investment property	14	(1,108)	(2,255)	(1,108)	(2,255)
Gain on investments	23	26	-	26	-
Deficit before taxation		(618)	(4,510)	(738)	(4,633)
Taxation	28	-	-	-	-
Deficit for the year		(618)	(4,510)	(738)	(4,633)
Actuarial loss in respect of pension schemes	27	(1,226)	(1,179)	(1,226)	(1,179)
Total comprehensive income for the year		(1,844)	(5,689)	(1,964)	(5,812)
Represented by:					
Endowment comprehensive income for the year		60	-	60	-
Restricted comprehensive income for the year		(96)	(24)	(96)	(24)
Unrestricted comprehensive income for the year		(1,808)	(5,665)	(1,928)	(5,788)
		(1,844)	(5,689)	(1,964)	(5,812)
Deficit for the year attributable to:					
University		(618)	(4,510)	(738)	(4,633)
Total Comprehensive income for the year attributable to					
University		(1,844)	(5,689)	(1,964)	(5,812)

The Income and Expenditure of the Group and the University relates wholly to continuing operations.

The notes on pages 39 - 73 form part of these financial statements.

Consolidated and Institution Balance Sheets as at 31st July 2025

	Note	Group		University	
		2025 £000	2024 £000	2025 £000	2024 £000
Non-current assets					
Intangible assets	12	884	1,146	884	1,146
Tangible fixed assets	13	154,569	152,163	160,587	158,305
Investments	14	10,640	11,350	10,670	11,370
Total Non-current assets		166,093	164,659	172,141	170,821
Current assets					
Stock	15	43	46	38	42
Trade and other receivables	16	6,238	4,111	6,531	4,524
Short term Investments	17	560	-	560	-
Cash and cash equivalents		15,699	25,329	15,512	25,028
Total Current assets		22,540	29,486	22,641	29,594
Current liabilities					
Creditors: amounts falling due within one year	18	(23,315)	(23,452)	(23,306)	(23,444)
Net Current (liabilities)/ assets		(775)	6,034	(665)	6,150
Total assets less current liabilities		165,318	170,693	171,476	176,971
Creditors: amounts falling due after more than one year	19	(63,051)	(66,572)	(63,051)	(66,572)
Pension provision	21	(87)	(97)	(87)	(97)
Total Net assets		102,180	104,024	108,338	110,302
Restricted Reserves					
Income and expenditure reserve - endowment	23	560	500	560	500
Income and expenditure reserve - restricted	23	907	1,003	907	1,003
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		91,778	93,344	97,936	99,622
Revaluation reserve		8,935	9,177	8,935	9,177
		100,713	102,521	106,871	108,799
Total Reserves		102,180	104,024	108,338	110,302

The financial statements on pages 35 - 73 were approved by the Board of Governors on 25th November 2025 and signed of their behalf:

The notes on pages 39 - 73 form part of these financial statements.

Sarah Speck

Mrs Sarah Speck
Chair of the Board of Governors

David Green

Professor David Green CBE
Vice Chancellor and Chief Executive

Consolidated and Institution Statements of Changes in Reserves**For the year ended 31st July 2025**

Group	Income and expenditure reserve			Revaluation reserve	Total Reserves
	<i>Endowment</i> £000	<i>Restricted</i> £000	<i>Unrestricted</i> £000		
Balance at 1 August 2024	500	1,003	93,344	9,177	104,024
Surplus/(deficit) from the income and expenditure statement	60	(96)	(582)	-	(618)
Other comprehensive income	-	-	(1,226)	-	(1,226)
Total comprehensive income/(expense) for the year	60	(96)	(1,808)	-	(1,844)
Transfers between revaluation and income and expenditure reserve	-	-	242	(242)	-
Balance at 31 July 2025	560	907	91,778	8,935	102,180

University	Income and expenditure reserve			Revaluation reserve	Total Reserves
	<i>Endowment</i> £000	<i>Restricted</i> £000	<i>Unrestricted</i> £000		
Balance at 1 August 2024	500	1,003	99,622	9,177	110,302
Surplus/(deficit) from the income and expenditure statement	60	(96)	(702)	-	(738)
Other comprehensive income	-	-	(1,226)	-	(1,226)
Total comprehensive income/(expense) for the year	60	(96)	(1,928)	-	(1,964)
Transfers between revaluation and income and expenditure reserve	-	-	242	(242)	-
Balance at 31 July 2025	560	907	97,936	8,935	108,338

Consolidated Cash flow Statement for the year ended 31st July 2025

	<u>2025</u>	<u>2024</u>
	£000	£000
Cash flow from operating activities		
Deficit for the year	(618)	(4,510)
Adjustment for non-cash items		
Depreciation and amortisation	6,016	5,321
Decrease in stock	3	16
(Increase)/Decrease in debtors	(2,069)	(30)
(Decrease)/ Increase in creditors	(1,509)	3,654
Annual pension cost adjustments	(1,236)	(1,982)
Revaluation of non-current asset investments	1,108	2,255
Adjustment for investing or financing activities		
Investment income receivable	(866)	(1,524)
Interest payable	2,130	2,532
Donations and endowment income	(123)	(38)
Gain on investments	(26)	-
(Profit)/Loss on the disposal of fixed assets	(447)	105
Loss on impairment of fixed assets	737	-
Net cash flow from operating activities	3,100	5,799
Cash flows from investing activities		
Proceeds from sales of tangible assets	559	397
Withdrawal of deposits	-	5,000
Investment income	808	1,574
Payments made to acquire tangible and intangible fixed assets	(9,684)	(6,290)
Payments made relating to investment land	(319)	-
New deposits	(535)	-
Net cash flow used in investing activities	(9,171)	681
Cash flows from financing activities		
Interest paid	(1,976)	(2,511)
Interest element of finance lease and service concession payments	(154)	(163)
Donation cash received	123	38
Repayments of amounts borrowed	(1,429)	(11,522)
Capital element of finance lease and service concession payments	(123)	(143)
Net cash flow used in financing activities	(3,559)	(14,301)
Decrease in cash and cash equivalents in the year	(9,630)	(7,821)
Cash and cash equivalents at beginning of the year	25,329	33,150
Cash and cash equivalents at end of the year	15,699	25,329
In year movement	(9,630)	(7,821)

Notes to the financial statements

Year ended 31st July 2025

1. Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31st July 2025. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability has always been a key foundation for the University strategy, but this has come under increasing scrutiny given the lingering financial consequences of the COVID-19 pandemic, the enduring 'cost-of-living' crisis and the on-going inflationary impact, the decision to significantly increase the employer's contribution to the Teachers' Pension Scheme and the recent Government increase to the Employers National Insurance. To help recognise the financial pressure that all Universities are under, the Government has allowed the student tuition fees to increase to £9,535 in 25/26. However the benefit of this 3% increase was in effect wiped out by the increased Employers National Insurance costs. This means that the University has to improve its underlying income and reduce its cost base further to ensure that it can cover the increased inflationary costs. To achieve this, the 25/26 student recruitment is up year-on-year, and the benefits of the prior year Voluntary Severance programmes are now being felt. The overall position though remains very challenging.

In light of the above and despite on-going deficits the key determinant of the University's ability to remain a going concern is focused on cash flow, banking covenant achievement and on-going bank support. To assess whether the University is still maintaining sufficient cash to pay its creditors, a detailed cash flow forecast for the period 1st August 2025 to 30th November 2026 has been produced. The key part of this analysis relates to the income from student tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. Some actions have already been undertaken to reduce expenditure such as the Voluntary Severance programmes, but the current forecast model has not needed to factor in any additional mitigating circumstances such as further reducing operating expenses or seeking additional borrowing. The forecast demonstrates that the University remains financially viable and is able to meet all its financial obligations as they fall due with positive cash balances being maintained, all loan payments being made on time and covenant compliance maintained for at least 12 months. The forecast has also been appropriately risk assessed through sensitivity analysis.

Barclays Bank Plc continue their support of the University and this was demonstrated by the mutually agreed adjustments to the year-end covenant calculations that recognised the University's financial position and the timing of future asset sale proceeds. This positive support and endorsement of the University remains strong and shows that the Bank understands the performance of the University and its on-going ability to rise to the challenges presented.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30th November 2026 and performed an assessment which considers a period of at least 12 months from this date of approval. Given

1. Statement of Principal Accounting Policies (*continued*)

the unprecedented nature of the current general economic environment, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Board of Governors has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances. As such, the Board of Governors acknowledge that uncertainty exists but do not consider this to be material uncertainty in relation to going concern that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the date of signing the accounts and audit report. Therefore, the Board of Governors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment or due to a tuition fee scholarship award, income receivable is shown net of the discount. Bursaries and scholarships that are issued in the form of a direct payment to the student, are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises as either restricted or unrestricted income and applied to the individual endowment fund.

1. Statement of Principal Accounting Policies (*continued*)

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Accounting for retirement benefits

The three principal pension schemes for the University's employees are the Universities Superannuation Scheme (USS), the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The schemes are defined benefit schemes and up until April 2016 were contracted out of the State Second Pension (S2P). In May 2022, the University also became an approved member of the NHS Pension Scheme.

The USS and TPS are multi-employer schemes for which the assets are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes assets are not hypothecated to individual institutions and scheme wide contribution rates are set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore as required by FRS 102 "Retirement Benefits", accounts for the schemes as if they are defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the schemes in respect of the accounting period

The University is able to identify its share of assets and liabilities of the LGPS and thus the University fully adopts section 28 of FRS 102 'post-employment benefits'. The contributions are determined by qualified actuaries on the basis of triennial valuations, using the projected unit credit method, for the LGPS and the USS and on the basis of quadrennial valuations using a prospective benefit method for the TPS.

The NHS Pension Scheme is a statutory, unfunded, defined benefit occupational pension scheme backed by the Exchequer, which is open to all NHS employees and employees of other approved organisations, of which the University became one in May 2022. The University accounts for the scheme as if it is a defined contribution scheme.

The University maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement. The pensions paid are charged against the provision and interest accrued is added to the provision.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

1. Statement of Principal Accounting Policies (*continued*)

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement. Termination benefits are recognised as a liability, and an expense, at the point the University is committed to either terminate the employment of an employee or group of employees before their normal retirement date; or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1. Statement of Principal Accounting Policies (*continued*)

Fixed assets

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use in addition to any irrecoverable VAT.

The University's buildings are largely specialised buildings and therefore it is not appropriate to value them on the basis of open market value. A valuation of the educational land and buildings was carried out by GVA Grimley International Property Advisers and Chartered Surveyors as at 31st July 1995 on the basis of depreciated replacement cost. The two houses owned by the University were valued on an open market value for existing use basis. Other buildings constructed since 1995 are included in the Balance Sheet at cost. The option under the transitional provisions of FRS 15, and more recently the 2019 HE SORP, to retain the book values of land and buildings based on the 1995 revaluation has been adopted and the valuation has not been updated subsequently.

Freehold land is not depreciated as it is considered to have an infinite useful life. Where land is acquired with the aid of specific grants it is capitalised but not depreciated therefore the related grant is credited to the Statement of Comprehensive Income at the time of purchase. Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

Freehold buildings are depreciated on a straight-line basis over their expected useful economic life to the University over 60 years. Where parts of a fixed asset have different useful economic lives, they are accounted for as separate items of fixed assets. New major refurbishments are depreciated as follows:

Mechanical and Electrical Infrastructure installations or upgrades	15 - 25 years
IT Infrastructure installations or upgrades	15 years
Roof replacements	60 years
Window replacements	15 years
Reconfiguration and general refurbishments	10 years

Assets in the course of construction are accounted for at cost, based on the value of the architects' certificates and other direct costs incurred to the Balance Sheet date. They are not depreciated until they are brought fully into use.

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item is recognised as expenditure. All other equipment which has a useful life of greater than one year is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	3 years
Fixtures and Fittings	8 years
General Equipment	8 years
Specialist Equipment	5 - 10 years
Motor Vehicles	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

1. Statement of Principal Accounting Policies (*continued*)

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. General borrowing costs are recognised as expenditure in the period in which they are incurred.

Intangible assets

Intangible assets are amortised over a straight-line basis over 3 years representing the remaining estimated economic life of the assets. Intangible assets are subject to periodic impairment reviews as appropriate.

Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering educational services. Halls of residences are classified as tangible fixed assets rather than investment assets as they are integral to the operations of the University.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31st July each year.

Investments

Non- current asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

Stocks

Stock is held at the lower of cost and estimated selling price, less costs to sell.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

1. Statement of Principal Accounting Policies (*continued*)

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a probable obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes.

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is therefore a charity within the meaning of Paragraph 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Most of the services provided to students are, however, exempt from VAT. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial or corporate organisations.

Financial Instruments

Financial assets and liabilities are recognised when the University becomes party to the contractual provision of the instrument, and they are classified according to the substance of the contractual arrangements entered into. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets 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. With the exception of investments, such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income. Current asset investments are held at fair value with movements recognised in the statements of comprehensive income and expenditure.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

1. Statement of Principal Accounting Policies (*continued*)**Financial liabilities**

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities 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 payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Critical accounting estimates and judgements**Critical accounting estimates**

Provisions - Provision has been made for early retirement obligations for which further details regarding each provision are shown in Note 21. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme - The University has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management are provided with actuarial estimates in relation to these factors, by the administrators of the fund. A judgement is then taken to assess if the information and factors used centrally are appropriate in determining the net pension obligation or surplus in the balance sheet.

The University has recognised provisions for bad debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable.

Tangible fixed asset depreciation – Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation and accumulated impairment losses. The annual depreciation charge is calculated by applying an appropriate economic useful life to each asset. Management have made a judgement regarding the appropriate economic useful lives, for which details are shown earlier in this Note.

1. Statement of Principal Accounting Policies (*continued*)

Investment land - As required by FRS102, Investment land has been revalued to fair value, with the movement recognised within income or expenditure. For the year ending 31st July 2025, the valuation was performed in accordance with the RICS Valuation – Professional Standards and the valuation method used was residual method. Management feels this is the most appropriate method of valuation. Further details are given in Note 14.

Significant Judgements

For the year ending 31st July 2025, the University's share of the Local Government Pension Scheme continued to report a surplus position. However, due to the limited guidance contained with FRS102 on this area, IFRIC 14 has been considered and after assessing the present value of the future accounting service costs, taking into account the asset ceiling, no asset has been recognised. Further information is provided in Note 27.

2. Funding body grants

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Recurrent grant:				
Office for Students	3,910	4,120	3,910	4,120
Research England	1,099	1,125	1,099	1,125
Specific Grants:				
OFS Apprenticeship Funding	-	498	-	498
Higher Education Innovation Fund	439	488	439	488
Widening Participation	177	238	177	238
Department for Education	242	141	242	141
Department for Education Apprenticeship Levy	99	87	99	87
Office for Students other grants	2	2	2	2
Research England other grants	180	421	180	421
Deferred Capital Grants released:				
Buildings	350	347	350	347
Equipment	780	668	780	668
	7,278	8,135	7,278	8,135

3. Tuition fees and education contracts

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Full time home students fees	49,872	50,381	49,886	50,408
Part time home students fees	3,017	3,067	3,017	3,067
EU student fees	3,221	3,543	3,221	3,543
Overseas student fees	15,146	12,326	15,146	12,326
Apprenticeships	1,059	683	1,059	683
Short course fees	414	296	414	296
Other fees	1,877	1,636	1,877	1,636
	<u>74,606</u>	<u>71,932</u>	<u>74,620</u>	<u>71,959</u>

4. Research grants and contracts

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Research Councils	394	248	394	248
UK Industry	8	22	8	22
UK Government	289	366	289	366
UK Based Charities	239	110	239	110
Other Grants & Contracts	39	40	39	40
	<u>969</u>	<u>786</u>	<u>969</u>	<u>786</u>

5. Other Income

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Residences, catering and conferences	8,366	8,565	8,366	8,565
Other services rendered	186	153	186	153
Release of other deferred capital grants	631	441	631	441
Other income	4,369	4,732	4,310	4,650
Inter Company Sales	-	-	171	99
	<u>13,552</u>	<u>13,891</u>	<u>13,664</u>	<u>13,908</u>

Other income above includes £234K of funding in relation to the Turing Scheme. Further information on the scheme can be found here: www.apply-for-turing-scheme-study-abroad-funding.service.gov.uk.

6. Investment income

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Other investment income	866	1,524	861	1,521
Net return on pension scheme	698	554	698	554
Interest from Subsidiaries	-	-	5	8
	1,564	2,078	1,564	2,083

7. Donations and endowments

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Donations with restrictions	118	28	118	28
Unrestricted donations	5	10	5	10
Donations from subsidiary companies	-	-	29	103
	123	38	152	141

8. Staff costs

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Wages and Salaries	45,606	46,542	45,573	46,508
Social Security Costs	5,202	4,919	5,199	4,916
Movement on USS past service cost on pensions	-	(781)	-	(781)
Other Pension Costs	9,165	8,478	9,164	8,477
Termination Costs	465	631	465	631
	60,438	59,789	60,401	59,751

The termination costs above include £69K relating to early retirement strain pension costs associated with round 3 of the voluntary severance scheme, for which £24K has been paid across to the scheme during the year with the remaining balance included within creditors. Due to the timing of the termination of employment contracts cash payments of £655K were paid to 35 individuals during the year.

8. Staff costs (continued)

Emoluments of the Vice Chancellor and Chief Executive:	Group		University	
	2025 £000	2024 £000	2025 £000	2024 £000
Salary	325	325	325	325

The remuneration package for the Vice Chancellor consists of basic salary only and does not include any additional benefits.

The review and determination of remuneration for the Vice Chancellor and Chief Executive is delegated by the Board of Governors, to the Remuneration Committee (Vice Chancellor and Chief Executive).

The Committee is committed to acting in accordance with the Higher Education Senior Staff Remuneration Code, and reports to the Board of Governors on an annual basis. This report was approved by Board members at the meeting on 6th May 2025 and is also published on the University website.

During 2024/25 the membership of Remuneration Committee (Vice Chancellor and Chief Executive) comprised:

Members:

- Vice Chair of the Board (Chair)
- Chair of Audit Committee
- Chair of People & Culture Committee
- Chair of Finance & Development Committee
- President of the Students’ Union & Student Governor
- Chair of the Board

In attendance

- Director of Human Resources
- Clerk to the Board of Governors

The performance review of the Vice Chancellor is conducted with reference to the CUC Code on Higher Education Senior Staff Remuneration and Regulatory Advice 9 from the Office for Students.

The Chair of the Board conducts an annual review of the performance of the Vice Chancellor and Chief Executive against objectives, which are agreed at the start of the year. In advance of the review, the Clerk to the Board of Governors seeks comments on the Vice Chancellor’s performance from all members of the University’s Board of Governors, including the staff and student representatives. The outcome is discussed at the Remuneration Committee and subsequently reported to the Board of Governors. The Vice Chancellor is not present at the Committee nor at the Board meeting when his performance and remuneration are discussed.

The Committee met on 20th January 2025 to consider the performance review of the Vice Chancellor for the academic year 2023/24 and to conduct a review of the Vice Chancellor’s remuneration. The Director of Human Resources provided the Committee with an overview of the remuneration review process, information on the previous outcomes of the Remuneration Committee and details of the current salary arrangements for the Vice Chancellor. Benchmark salary data from the Committee of University Chairs survey of Vice Chancellors Remuneration was also provided, with reference to institutions of a similar size and/or in the region and included data from recent years.

8. Staff costs (continued)

The Chair of the Board presented their report summarising the performance review of the Vice Chancellor for the academic year 2023/24. The Chair reflected that it had been a challenging year financially for the University and the Vice Chancellor had led the University well and had shown compassionate leadership, particularly in the context of the introduction for the first time of a voluntary severance scheme and deferral of the national pay award.

Members were reminded that the national pay award for staff of 2.5% (with additional increases applied to staff on lower pay bands) effective from 1st August 2024 had been deferred by the University to 1st July 2025. The national pay award is not automatically applied to the Vice Chancellor.

Members noted that the Vice Chancellor had led the University well during challenging times. However, having considered the benchmarking data, the national sector financial position and the University's financial position, members agreed that it would not be appropriate to apply an award to the Vice Chancellor's salary. Following the meeting this decision was conveyed to the Vice Chancellor and Chief Executive by the Chair of the Board.

The multiple of the Vice Chancellor and Chief Executive's total remuneration, to that of the median total remuneration for all staff, including student employees was 8.9 (2024: 9.4).

The multiple of the Vice Chancellor and Chief Executive's salary, to that of the median salary, for all staff, including student employees was 10.2 (2024: 10.9).

The above ratios are required to be disclosed under the Office for Students Accounts Direction. Due to the considerable earn as your learn programme that the University operates, the below ratios have also been calculated which exclude any student employees:

The multiple of the Vice Chancellor and Chief Executive's total remuneration, to that of the median total remuneration for all staff, but EXCLUDING student employees was 6.7 (2024: 7.1).

The multiple of the Vice Chancellor and Chief Executive's salary, to that of the median salary, for all staff, but EXCLUDING student employees was 8.7 (2024: 8.8).

No Independent Governor has received any remuneration from the group during the year (2024: £nil). Governors are entitled to reimbursement of travel expenses of which £288 was claimed by 1 individual (2024: £138 by 1 individual).

8. Staff costs (continued)

Key Management Personnel	Group		University	
	<u>2025</u> £000	<u>2024</u> £000	<u>2025</u> £000	<u>2024</u> £000
Salary and employee benefits including pension contributions & employers' national insurance	2,087	2,377	2,087	2,377

FRS102 defines key management personnel as “those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity”. The University consider that the University Executive Board meets this definition and therefore the total compensation, including pension contributions, paid to individuals who are members of this group, is disclosed above.

The membership of the University Executive Board includes the Vice Chancellor and Chief Executive, Pro Vice-Chancellors, Deputy Pro Vice-Chancellors, Provost, Director of Human Resources, Director of Quality and Educational Development, Clerk to the Board of Governors, Academic Registrar and Head of Vice Chancellor's Office.

Emoluments of higher paid staff:

	Group		University	
	<u>2025</u> number	<u>2024</u> number	<u>2025</u> number	<u>2024</u> number
£100,001 - £105,000	2	1	2	1
£105,001 - £110,000	1	2	1	2
£110,001 - £115,000	1	3	1	3
£120,001 - £125,000	1	1	1	1
£125,001 - £130,000	1	1	1	1
£130,001 - £135,000	2	2	2	2
£150,001 - £155,000	2	2	2	2
£325,001 - £330,000	1	1	1	1

The above figures are exclusive of any pension contributions where applicable.

The average monthly number of persons (including senior post holders) employed by the Group and University during the year, expressed as full-time equivalents (fte), was:

Average Monthly number of staff:	Group		University	
	<u>2025</u> fte	<u>2024</u> fte	<u>2025</u> fte	<u>2024</u> fte
Academic Departments	586	585	586	585
Academic Services	133	132	133	132
Administrative and central services	230	249	229	248
Premises	73	81	73	81
Research	23	24	23	24
Residences, catering and conferences	51	56	51	56
	1,096	1,127	1,095	1,126

9. Other operating expenses

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Residences, catering and conferences	2,810	2,938	2,810	2,938
Consumables and laboratory expenditure	587	555	587	554
Books and periodicals	850	890	850	890
Heat, light, water and power	3,238	3,281	3,238	3,281
Repairs and general maintenance	1,505	2,725	1,505	2,725
Grants to UW Students' Union	600	600	600	600
External audit fees in relation to the financial statements	95	86	83	78
Other fees charged by external auditors	25	7	25	7
Other audit fees	75	91	75	91
Property operating leases	471	440	470	440
Equipment operating leases	94	92	94	92
Payments to Partners	2,644	4,329	2,644	4,329
Student Bursaries	907	690	907	690
Other expenses	15,585	14,621	15,786	14,819
	<u>29,486</u>	<u>31,345</u>	<u>29,674</u>	<u>31,534</u>
Depreciation and Amortisation	<u>6,016</u>	<u>5,321</u>	<u>6,140</u>	<u>5,445</u>

Other expenses include travel expenses, staff development, contracted services, subscriptions and contributions along with PR and communications. The external audit fees quoted above are inclusive of VAT where irrecoverable.

10. Interest and other finance costs

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Loans not wholly repayable within 5 years	1,976	2,369	1,976	2,369
Lease Finance Costs	154	163	154	163
Unwind of discount on USS pension provision	-	18	-	18
Pension Interest	5	5	5	5
	<u>2,135</u>	<u>2,555</u>	<u>2,135</u>	<u>2,555</u>

11. Analysis of Expenditure by Activity

Group	Staff costs	Other expenses	Depreciation and amortisation	Interest and other finance costs	<u>2025 Total</u>	<u>2024 Total</u>
	£000	£000	£000	£000	£000	£000
Academic Departments	37,692	9,533	470	-	47,695	43,643
Academic Services	5,955	6,903	372	154	13,384	13,172
Administrative and central services	11,357	4,276	3,598	1,981	21,212	24,737
Premises	2,555	5,460	755	-	8,770	10,112
Research	1,270	420	18	-	1,708	1,870
Residences, catering and conferences	1,609	2,894	803	-	5,306	5,476
	<u>60,438</u>	<u>29,486</u>	<u>6,016</u>	<u>2,135</u>	<u>98,075</u>	<u>99,010</u>

University	Staff costs	Other expenses	Depreciation and amortisation	Interest and other finance costs	<u>2025 Total</u>	<u>2024 Total</u>
	£000	£000	£000	£000	£000	£000
Academic Departments	37,692	9,533	470	-	47,695	43,643
Academic Services	5,955	6,903	372	154	13,384	13,172
Administrative and central services	11,320	4,464	3,598	1,981	21,363	24,888
Premises	2,555	5,460	755	-	8,770	10,112
Research	1,270	420	18	-	1,708	1,870
Residences, catering and conferences	1,609	2,894	927	-	5,430	5,600
	<u>60,401</u>	<u>29,674</u>	<u>6,140</u>	<u>2,135</u>	<u>98,350</u>	<u>99,285</u>

11. Analysis of Expenditure by Activity (continued)**Access and Participation**

	Group and University	
	2025	2024
	£000	£000
Access Investment	1,412	1,393
Financial Support	478	358
Disability Support (excluding expenditure included in the two categories above)	811	853
Research and Evaluation	282	279
	2,983	2,883

Included in the above are staff costs of £2,134K (2024: £2,194K) which are already included in the overall staff costs disclosed in Note 8 to the financial statements.

Details of the approved plan can be found at <https://www.worcester.ac.uk/about/university-information/governance/access-and-participation-plan.aspx>.

The total approved expenditure in our plan did not include the cost of support for disabled students, which has been included in the above figures.

12. Intangible assets

	Group and University	
	2025	2024
	£000	£000
Cost		
At beginning of year	1,775	1,223
Additions at cost	282	-
Assets in course of development	5	554
Disposals	(28)	(2)
At end of year	2,034	1,775
Accumulated amortisation		
At beginning of year	629	502
Charge for year	549	129
Amortisation on disposals	(28)	(2)
At end of year	1,150	629
Net book value		
At end of year	884	1,146
Previous year	1,146	721

All intangible assets consist of software and system implementation costs.

13. Tangible Fixed Assets

Group	Freehold Land and Buildings	Finance Lease Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total <u>2025</u> £000
	£000	£000	£000	£000	£000	
Cost or valuation at beginning of year	171,718	11,331	767	18,571	5,686	208,073
Additions at cost	117	-	137	261	8,204	8,719
Transfers (reclassification)	11,927	-	-	1,037	(12,964)	-
Disposals at cost	(319)	-	(108)	(170)	-	(597)
Impairments	-	-	-	-	(737)	(737)
Reclassification	-	-	-	-	2	2
At end of year	183,443	11,331	796	19,699	191	215,460
Accumulated depreciation						
At beginning of year	45,496	2,487	657	7,270	-	55,910
Charge for year	3,856	189	51	1,371	-	5,467
Depreciation on disposals	(210)	-	(108)	(170)	-	(488)
Reclassification	2	-	-	-	-	2
At end of year	49,144	2,676	600	8,471	-	60,891
Net Book Value						
At end of year	134,299	8,655	196	11,228	191	154,569
Previous Year	126,222	8,844	110	11,301	5,686	152,163

Included within the above Freehold Land and Buildings figure is £27,609K that relates to freehold land that is not subject to depreciation.

13. Tangible Fixed Assets (continued)

University	Freehold Land and Buildings £000	Finance Lease Land and Buildings £000	Plant and Machinery £000	Fixtures, Fittings and Equipment £000	Assets in the Course of Construction £000	Total 2025 £000
Cost or valuation at beginning of year	179,087	11,331	767	18,571	5,686	215,442
Additions at cost	117	-	137	261	8,204	8,719
Transfers (reclassification)	11,927	-	-	1,037	(12,964)	-
Disposals at cost	(319)	-	(108)	(170)	-	(597)
Impairments	-	-	-	-	(737)	(737)
Reclassifications	-	-	-	-	2	2
At end of year	190,812	11,331	796	19,699	191	222,829
Accumulated depreciation						
At beginning of year	46,722	2,487	657	7,271	-	57,137
Charge for year	3,980	189	51	1,371	-	5,591
Depreciation on disposals	(210)	-	(108)	(170)	-	(488)
Reclassifications	2	-	-	-	-	2
At end of year	50,494	2,676	600	8,472	-	62,242
Net Book Value						
At end of year	140,318	8,655	196	11,227	191	160,587
Previous year	132,365	8,844	110	11,300	5,686	158,305

Included within the above Freehold Land and Buildings figure is £27,609K that relates to freehold land that is not subject to depreciation.

14. Investments

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Investment Land				
At beginning of year	11,350	-	11,350	-
Reclassifications	-	13,605	-	13,605
Additions	398	-	398	-
Movement in fair value	(1,108)	(2,255)	(1,108)	(2,255)
At end of year	10,640	11,350	10,640	11,350
Investments in subsidiary companies	-	-	30	20
	10,640	11,350	10,670	11,370

The Investment land value stated above relates to the land held at University Court (Oldbury Road). The reclassifications value from the prior year includes the initial purchase price and associated fees along with the values of works that were undertaken by the University, following initial purchase, relating to the intended plans to convert the site into a Halls of Residence. The University no longer has any intentions of developing this land for operational purposes, due to focusing on other capital development projects, and therefore it is now being held for capital appreciation and is classified as an investment asset. The site is being brought forward as part of the outline planning consent for the West Worcester Urban Extension. The site is the subject of a live application, which seeks Outline Planning Permission for the erection of up to 250 dwellings together with public open space, landscaping, foul sewage pumping station and associated engineering works. As at the year-end date, the planning officer has drafted the planning report which includes a recommendation for approval. Accordingly, there is a high probability that the site will benefit from outline planning approval for residential development within a short period of time, at which point the land will be marketed for sale. The in-year additions shown in the above table relate to costs associated with the planning application of the site.

As required by FRS102, the land has been revalued to fair value, with the movement recognised within income or expenditure. For the year ending 31st July 2025 this has resulted in a charge to the statement of comprehensive income of £1.1m as shown above. The valuation was undertaken by Avison Young (UK) Limited, which is regulated by the Royal Institution of Chartered Surveyors. The valuation was performed in accordance with the RICS Valuation – Professional Standards and the valuation method used was residual method. The site was valued as a residential development opportunity with the Gross Development Value (GDV) being estimated based on assumed sales prices for both private and affordable housing units. Gross Development Costs (GVC) were deducted from the GDV, including construction costs, professional fees, section 106 contributions, Infrastructure and drainage costs and developer profit. The residual land value was calculated as the difference between GDV and GDC and a 5% discount was applied to reflect planning risk, resulting in a final Market Value of £10,640,000.

Subsidiaries

Name	University holding	Business activity
U W Enterprises Limited	100%	Research and experimental development of natural sciences and engineering and commercial activities relating thereto. No activity during the year.
U W Developments Limited	100%	Development of building projects
UW Worcester Wolves Limited	100% (*)	Worcester Wolves basketball club
National Pollen and Aerobiology Research Unit Limited	100%	Dormant
Uniworc Ltd	100%	Incorporated 18 June 2024

(*) Held indirectly

The registered office of all of the above is Henwick Grove, Worcester, WR2 6AJ.

15. Stock

	Group		University	
	2025 £000	2024 £000	2025 £000	2024 £000
Merchandise stock	43	46	38	42

16. Trade and other receivables

	Group		University	
	2025 £000	2024 £000	2025 £000	2024 £000
Amounts falling due within one year:				
Research grants receivables	45	360	45	360
Other trade receivables	1,983	1,182	1,983	1,182
Amounts owed by subsidiary undertakings	-	-	89	159
Prepayments and accrued income	4,210	2,569	4,206	2,566
	6,238	4,111	6,323	4,267
Due after more than one year				
Amounts owed by subsidiary undertakings	-	-	208	257
	6,238	4,111	6,531	4,524

17. Short Term Investments

	Group		University	
	2025 £000	2024 £000	2025 £000	2024 £000
Short term deposits	560	-	560	-

As at 31st July 2025 the balance held as short term investments relates to the endowment fund donated by The Kildare Trust for which further details are set out in Note 23.

18. Creditors: Amounts falling due within one year

	Group		University	
	2025 £000	2024 £000	2025 £000	2024 £000
Payments received on account	325	270	325	270
Trade Creditors	481	2,052	481	2,052
Subsidiary undertakings	-	-	3	8
Finance Lease	134	123	134	123
Tax, Social Security and Pension	171	2,371	168	2,368
Accruals and deferred income	18,603	15,254	18,594	15,241
Other Creditors	2,172	1,953	2,172	1,953
Bank Loan	1,429	1,429	1,429	1,429
	23,315	23,452	23,306	23,444

18. Creditors: Amounts falling due within one year (*continued*)**Deferred income**

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions are met.

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Research grants received on account	247	360	247	360
Grant income	1,422	1,673	1,422	1,673
Other income	1,616	1,386	1,616	1,386
Student tuition and accommodation fees received in advance	8,979	5,917	8,979	5,917
	<u>12,264</u>	<u>9,336</u>	<u>12,264</u>	<u>9,336</u>

19. Creditors: Amounts falling due after more than one year

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Accruals and deferred income	93	532	93	532
Obligations under finance lease	1,931	2,065	1,931	2,065
Secured loans	35,000	36,429	35,000	36,429
Deferred Income in relation to Government Capital Grants	26,027	27,546	26,027	27,546
	<u>63,051</u>	<u>66,572</u>	<u>63,051</u>	<u>66,572</u>

Analysis of secured and unsecured loans:

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Due within one year or on demand	1,429	1,429	1,429	1,429
Due between one and two years	1,429	1,429	1,429	1,429
Due between two and five years	4,286	4,285	4,286	4,285
Due in five years or more	29,285	30,714	29,285	30,714
Due after more than one year	35,000	36,428	35,000	36,428
Total secured and unsecured loans	<u>36,429</u>	<u>37,857</u>	<u>36,429</u>	<u>37,857</u>

19. Creditors: Amounts falling due after more than one year (*continued*)**Analysis of finance lease repayments**

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Due within one year	279	277	279	277
Due between one and two years	277	279	277	279
Due between two and five years	813	822	813	822
Due in five years or more	1,679	1,947	1,679	1,947
Total gross payments	3,048	3,325	3,048	3,325
Less finance charges included above	(983)	(1,137)	(983)	(1,137)
	2,065	2,188	2,065	2,188

Finance lease liability

	Group		University	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	£000	£000	£000	£000
Opening balance	2,188	2,331	2,188	2,331
Payments	(123)	(143)	(123)	(143)
Closing balance	2,065	2,188	2,065	2,188

The University has a loan facility with Barclays Bank PLC of £80 million for capital development works, of which all has now been drawn down. The outstanding balance as at 31st July 2025 is £36 million. Of the loan drawn down £36 million is at a fixed interest rate of 4.952%. The repayment schedule includes a bullet payment of £12.5 million payable on 31st July 2042. The loans are secured by specific charges on the St Johns Campus. Total carrying amounts of these assets as at 31st July 2025 are £39,380K (2024: £40,864K).

The University has a 25-year finance lease in respect of the joint library with Worcestershire County Council. The finance lease liability relates to the University share of the library facility, The Hive which opened in July 2012. The Hive has been developed through a partnership between the University of Worcester (UoW) and Worcestershire County Council (WCC) and has been financed through a Private Finance Initiative (PFI). The project partnership is for the provision of a fully integrated public and University library. The PFI agreement was originally between Galliford Try Investments Ltd and WCC for the construction and provision of the library, however it is now with Equitix (Caterham) Acquisition Co 1 Limited. The University is not party to the PFI agreement and instead a stakeholder agreement exists between WCC and UoW for the 25-year term of the development project. The partners are committed to the project in the share WCC 70% and UoW 30%, or as altered by mutual agreement to reflect actual usage of The Hive by the various parties. The cost is reflected in these proportions after PFI credits have been applied by WCC. The value on the balance sheet of £2.065 million relates to a 30% share of the total PFI contract. The finance lease cost represents the UoW obligation to the project for the building element of the agreement plus any allocated depreciation for the period.

20. Consolidated reconciliation of net debt

	2025 £000	
Net debt 1 August 2024	(14,716)	
Movement in cash and cash equivalents	(9,630)	
Other non-cash changes	1,552	
Net debt 31 July 2025	(22,794)	
Change in net debt	(8,079)	
Analysis of net debt:		
	2025 £000	Restated 2024 £000
Cash and cash equivalents	15,699	25,329*
Borrowings: amounts falling due within one year		
Secured loans	(1,429)	(1,429)
Obligations under finance leases	(134)	(123)
	(1,563)	(1,552)
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	(1,931)	(2,065)
Secured loans	(35,000)	(36,429)
	(36,931)	(38,493)
Net debt	(22,794)	(14,716)

*The prior year cash and cash equivalents have now been restated to include the £6.75m of highly liquid investments that were held with Barclays Bank PLC at the end of last financial year as these had been omitted from this table.

21. Provisions for liabilities

	Pension enhancements on termination £000	Defined Benefit Obligations (Note 27) £000	Total Pension Provisions £000
At 1 August 2024	97	-	97
Utilised in year	(52)	-	(52)
Additions in 2024/25	42	-	42
At 31 July 2025	87	-	87

Pension enhancement

The University has provided for future pension costs associated with the granting of additional years of service to certain members of staff taking early retirement. The pension costs are charged directly against the provision. Interest on the balance of the provision is added annually to the provision through a charge to the Income and Expenditure Account. This provision covers pension costs not met by the Teachers' Pension Scheme, Universities Superannuation Scheme and the Local Government Pension Scheme. This provision is expected to be utilised during the staff members' retirement.

Defined benefit obligations

The Worcestershire Local Government Pension Scheme is now valued with a surplus position rather than a liability; therefore, no liability is recognised. See Note 27 for further details.

Note 22. Financial instruments

	Group		University	
	<u>2025</u> £000	<u>2024</u> £000	<u>2025</u> £000	<u>2024</u> £000
<u>Financial assets</u>				
Financial assets that are debt instruments measured at amortised cost				
- Cash and cash equivalents	15,699	25,329	15,512	25,028
- Other investments	560	-	560	-
- Trade debtors	1,983	1,182	1,983	1,182
- Other debtors	-	-	297	416
- Accrued Income	1,036	1,295	1,034	1,294
	<u>19,278</u>	<u>27,806</u>	<u>19,386</u>	<u>27,920</u>
<u>Financial liabilities</u>				
Financial liabilities measured at amortised cost				
- Loans	36,429	37,857	36,429	37,857
- Finance lease	2,065	2,188	2,065	2,188
- Trade creditors	481	2,052	481	2,052
- Accruals	5,573	7,935	5,564	7,925
	<u>44,548</u>	<u>50,032</u>	<u>44,539</u>	<u>50,022</u>

Risk management

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the Finance and Development Committee approved Treasury Management Policy. The Treasury Management Policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Service as issued by Chartered Institute of Public Finance and Accountancy (CIPFA) as recommended by the Office for Students and is reviewed and updated bi-annually.

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31st July 2025, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly.

Note 22. Financial instruments (continued)

Student and commercial debtors are reviewed on an-ongoing basis, and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. Increasing numbers of self-funded students from overseas over recent years have increased levels of credit risk. Despite this the concentration of risk remains limited due to a large number of diverse customers across both students and commercial customer populations.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University's 5-year strategic model and are revised during the financial year. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. It is unlikely that fluctuations in foreign exchange rates would create a significant unexpected burden on the University's overall finances. The University is committed to best value in reducing charges relating to foreign currency transactions. The University does not currently enter into any currency hedging or similar arrangements due to the low volume of activity. Any schemes for currency hedging or similar will be presented to the Finance and Development Committee for approval.

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk). The University will incorporate in its budgets and cash flows, the effect of fluctuating interest rates where appropriate.

Financial instruments – fair values

The fair values of each category of the University's financial instruments are the same as their carrying value in the balance sheet.

23. Restricted Reserves

Reserves with restrictions are as follows:

	Restricted Permanent Endowments	Restricted Donations	2025 Total	2024 Total
	£000	£000	£000	£000
Balances at 1 August	500	1,003	1,503	1,527
New restricted donations	-	117	117	28
Investment Income	22	-	22	23
Investment Management fee	(1)	-	(1)	-
Increase in market value of investments	26	-	26	-
Transfer between funds	13	(13)	-	-
Expenditure	-	(200)	(200)	(75)
At 31 July	560	907	1,467	1,503
Capital	500	897	1,397	1,480
Accumulated income	60	10	70	23
Total	560	907	1,467	1,503
Analysis by type of purpose:				
Scholarships and bursaries	560	884	1,444	1,474
Student prize funds	-	12	12	17
Others	-	11	11	12
Total	560	907	1,467	1,503
Analysis by asset:				
Current and non-current asset investments	560	-	560	-
Cash and cash equivalents	-	907	907	1,503
Total	560	907	1,467	1,503

All of the University's non-government capital grants have either been released to income, due to the performance conditions already being met, or are held as deferred income. No restricted grants have been included within income for which the purpose of the restriction has not been achieved.

In September 2023, the University's new Three Counties Medical School welcomed its first cohort of students. During 2022/23 the University received a donation from The Kildare Trust for the sum of £1.5m, of which £1m is to be used for scholarship awards in relation to medical school students, and the other £0.5m is to be held as a permanent endowment, of which any associated income can also be used for medical school scholarships awards. Awards have started to be issued during the year, and these will increase in the coming years. The balance of the endowment fund has now been invested with the investment portfolio being managed by Rathbones Asset Management. Due to the return on the endowment fund being expendable, this will be transferred to restricted donations at the point the original £1m donation has been fully utilised.

In relation to the University's Investment portfolio, currently managed by Rathbones Asset Management, more information is available [here](#).

24. Capital and other commitments

Provision has not been made for the following capital commitments at year end:

	2025 £000	2024 £000
Commitments contracted for:		
Building Refurbishment Works	-	17
Infrastructure Works	32	8
Construction	64	7,716
Enabling Works for Future Capital Developments	100	14
General Refurbishment Works	-	15
HR System Upgrade	5	90
Equipment	-	53
Upgrade of 3G AstroTurf	406	-
Investment Land sale	45	-
	652	7,913

25. Contingent liabilities

The University has given written undertakings to support the subsidiary companies for at least twelve months from the date of approval of these financial statements, albeit these documents are not legally binding.

26. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Equipment £000	31 July 2025 £000	31 July 2024 £000
Payable during the year	103	88	191	183
Future minimum lease payments due:				
Not later than 1 year	99	78	177	173
Later than 1 year and not later than 5 years	243	96	339	331
Later than 5 years	880	-	880	725
Total lease payments due	1,222	174	1,396	1,229

27. Pension schemes

The three principal pension schemes for the University's staff are provided by the Local Government Pension Scheme (LGPS) administered by the Worcestershire Pension Fund (WPF), the Teachers' Pension Scheme (TPS), and the Universities Superannuation Scheme (USS). In May 2022, the University also became a member of the NHS Pension Scheme. The assets of the Schemes are held in separately administered funds.

Worcestershire Pension Fund (WPF)

WPF is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the WPF actuary reviews the progress of the WPF scheme. A full actuarial valuation was carried out at 31st March 2022 on a FRS basis by a qualified independent actuary.

The pension scheme assets are held in a separate Trustee-administered fund to meet long term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

The employer contribution payable increased from 15.7% to 17.4% in April 2023 following the latest actuarial valuation. Employee contribution rates ranged from 5.5% to 12.5%

Under the definitions set out in FRS 102, the WCCPF is a multi-employer defined benefit pension scheme. In the case of the WPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31st July 2025, using the updated assumptions shown below:

	2025	2024
Rate of CPI inflation	2.75%	2.75%
Rate of increase in salaries	4.25%	4.25%
Rate of increase in pensions	2.75%	2.75%
Discount Rate	5.80%	5.00%

Mortality Assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	As at 31st July 2025	As at 31st July 2024
Males		
Current Pensioner	21.5	21.2
Future pensioner aged 65 in 20 years' time	22.7	22.5
Females		
Current Pensioner	23.7	23.6
Future pensioner aged 65 in 20 years' time	25.5	25.4

27. Pension schemes (continued)

The assets in Worcestershire Pension Fund (WPF) scheme were:

The breakdown of Assets in the scheme are as follows:

	% at 31st July 2025	Value at 31st July 2025	% at 31st July 2025	Value at 31st July 2024
	%	£000	%	£000
Equities	68.00	80,102	66.00	70,885
Government Bonds	7.00	8,246	8.00	8,592
Other Bonds	-	-	-	-
Property	23.00	27,093	25.00	26,850
Cash/Liquidity	2.00	2,356	1.00	1,074
		117,797		107,401

Reconciliation of fair value of assets

	2025	2024
	£000	£000
Fair Value of assets at beginning of year	107,401	94,547
Interest on plan assets	5,423	4,889
Remeasurements of assets	2,749	5,350
Employer Contributions	3,276	3,356
Member Contributions	1,246	1,269
Benefits/transfers	(2,298)	(2,010)
Fair Value of assets at end of year	117,797	107,401

Reconciliation of present value of scheme liabilities

	2025	2024
	£000	£000
Benefit Obligation at beginning of year	93,723	86,714
Current Service Cost	2,718	2,687
Interest on Pension Liabilities	4,725	4,335
Member Contributions	1,246	1,269
Past Service Costs	30	44
Remeasurements of liabilities		
- Experience (Gain)/Loss	(697)	1,774
- (Gain)/Loss on financial assumptions	(15,155)	(1,039)
- Loss/(Gain) on demographic assumptions	373	(51)
Benefits/transfers paid	(2,298)	(2,010)
Benefit obligation at end of year	84,665	93,723

	2025	2024
	£000	£000
Total market value of assets	117,797	107,401
Present value of scheme liabilities	(84,665)	(93,723)
Surplus position	33,132	13,678

27. Pension schemes (continued)**Provision for pensions**

	<u>2025</u>	<u>2024</u>
	£000	£000
As at 1st August	(13,678)	(7,833)
Increase in pension surplus	(19,454)	(5,845)
As at 31st July	(33,132)	(13,678)

Amount recognised in the Statement of Comprehensive Income (SOCl)

	<u>2025</u>	<u>2024</u>
	£000	£000
Current service Cost	2,718	2,687
Past service cost	30	44
Net interest cost	(698)	(554)
Total pension cost recognised in Income & Expenditure	2,050	2,177
Remeasurements (liabilities & assets)	(18,228)	(4,666)
Adjustment for asset ceiling	19,454	5,845
Total pension transactions recognised in SOCI	3,276	3,356

The movement in surplus during the year is made up as follows:

	<u>2025</u>	<u>2024</u>
	£000	£000
Surplus on scheme at 1st August	13,678	7,833
Current service cost	(2,718)	(2,687)
Past service cost	(30)	(44)
Contributions	3,276	3,356
Net interest cost	698	554
Remeasurements (liabilities & assets)	18,228	4,666
Surplus at 31st July	33,132	13,678

The present value of the defined benefit obligation as of 31st July 2025 is less than the fair value of plan assets which has generated the above surplus. Management have reviewed the appropriate accounting standard, being FRS102 section 28 and HE SORP, and do not consider the asset to be recoverable, therefore no asset has been disclosed. This conclusion has been reached after assessing the present value of the future accounting service costs, taking into account the asset ceiling, in comparison to the reported surplus.

27. Pension schemes (continued)**Teachers' Pension Scheme (TPS)**

The Teachers' Pension Scheme is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Scheme

As a result of the latest scheme valuation employer contributions were increased in April 2024 from 23.6% to 28.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses. A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

Universities Superannuation Scheme (USS)**Principal accounting policies**

The University participates in Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme and the deficit recovery contributions payable under the scheme's Recovery Plan.

Where a scheme valuation determines that the scheme is in deficit on a technical provisions basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. The University, has in the past, recognised a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the income statement.

27. Pension schemes (continued)

Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102.

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. No deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The University was therefore no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account during the year ending July 2024.

The latest available complete actuarial valuation of the Retirement Income Builder, the defined benefit part of the scheme, is as at 31 March 2023 (the valuation date), which was carried out using the projected unit method. Since the institution cannot identify its share of the Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1bn and the value of the scheme’s technical provisions was £65.7bn indicating a surplus of £7.4bn and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles <https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles>

CPI assumption	3.0% p.a. (based on a long-term average expected level of CPI, broadly consistent with long-term market expectations)
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a “soft cap” of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.

27. Pension schemes (continued)

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme’s experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2023 valuation
Mortality base table	101% of S2PMA “light” for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2021 with a smoothing parameter of 7.5, an initial addition of 0.4% p.a., 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2025	2024
Males currently aged 65 (years)	23.8	23.7
Females currently aged 65 (years)	25.5	25.6
Males currently aged 45 (years)	25.7	25.4
Females currently aged 45 (years)	27.2	27.2

NHS Pension Scheme

The NHS Pension Scheme is a statutory, unfunded, defined benefit occupational pension scheme backed by the Exchequer, which is open to all NHS employees and employees of other approved organisations, of which the University became one in May 2022. Contributions due to the Scheme are set at rates determined by the Scheme’s Actuary and approved by the Secretary of State for Health and Social Care. Employee contribution rates range from 5.2% - 12.5%. The employer contribution rate payable is 14.38%, plus an additional 1.8% payable every 6 months. During the year contributions were made relating to six employees (2024: 6 employees).

28. Taxation

The University Group incurred a tax liability of £0K (2024:£0K) during the year as all subsidiary profits were donated to the parent charity, the University of Worcester, under a deed of covenant.

29. Department for Education Training Bursaries

Funding received from the Teaching Agency for Schools in respect of the PGCE Training Salaries and Subject Knowledge Enhancement bursaries are available solely for students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

	2025 £000	2024 £000
Funding	3,210	2,487
Disbursements to Students	(3,177)	(2,405)
Balance unspent as at 31st July	33	82

30. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (with members drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest are conducted in accordance with the University's financial regulations and normal procurement procedures.

All members of the Board, along with the University's Senior Management Team, are required to complete an annual Declaration of Interest form. Any interests disclosed are then assessed in nature to determine if they come under the definition of FRS 102 section 33, 'Related Party Disclosures'. No transactions have been identified which meet this definition.

The University has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 102 section 33, 'Related Party Disclosures', on the grounds that its subsidiary undertakings are wholly owned by the group.

University of Worcester Students' Union:

In accordance with FRS 102 section 33, the activities of Worcester Students' Union have not been consolidated on the grounds that the University does not operate dominant influence over its activities. During the year, the University contributed grants of £600K (2024: £600K) to the Students' Union, along with reimbursement for travel costs relating to student sporting teams and specific insurance costs relating to equipment. In addition, the Students' Union occupies the building on a rent-free basis under a licence agreement, subject to the Union maintaining the building in a good state of repair. The President, Vice President (Education) and Vice President (Student Activities) occupy a position on the Board of Governors.

31. Events after the reporting period

The Hive library (as referred to on page 61) opened in July 2012 and from then until October 2025 there had been an on-going issue related to the lack of charitable relief on the Hive Rates invoices. Eventually after thirteen years of discussions a settlement was agreed with Worcestershire County Council and the University received £3m in October 2025. This will be included in 'other income' in the year ending 31st July 2026 accounts.