



University of
Lancashire

Financial Statements

For the year ended 31 July 2025

Where opportunity creates success



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Legal and Administrative Details

Members of the Board

A McCarthy (Chair from 1 January 2025)
(Resigned as Chair and Member of the Board on 26 September 2025)

G Baldwin

J Baldwin (Interim Chair from 26 September 2025) (Chair from 13 November 2025)

J Carter

R Frediani

L Fitzgerald (Resigned 30 June 2025)

R Gurjee (Resigned 31 July 2025)

R Hext (Resigned 31 July 2025)

V Hutchinson (from 1 January 2025)

S Ion (Resigned as Chair and Member of the Board on 31 December 2024)

L Lloyd

R Lowry (Resigned 31 July 2025)

L Norris

F Rayment

K Rehman

R Robins (from 1 January 2025)

L Robinson

L Smith

C Yee (from 25 July 2025)

Professional Advisors

Auditor - external: KPMG LLP

Auditor - internal: PricewaterhouseCooper LLP

Tax advisor: Grant Thornton

Banker: Lloyds Bank plc

Insurance broker: AON Limited

Solicitor: Shakespeare Martineau LLP



Introduction

During the year 2024/25 the University continued to make great progress despite the considerable external challenges that it, and indeed the wider university sector, continued to face. The financial environment for UK higher education remained extremely difficult, with a range of issues outside of the University's control, most notably the level of employer contribution to the Teachers' Pension Scheme, the significant increase in employer National Insurance contributions and the reduction in demand from international students. All this placed considerable pressure on the institutional budgets but, despite these headwinds the University delivered a strong financial performance, generated a surplus and continued to deliver its strategic priorities.

The surplus reflects the University's ongoing commitment to financial discipline, strategic agility, and responsible stewardship. It was achieved through careful cost control with the cost reduction efforts implemented in the previous financial year also proving to have been successful. Many of the challenges we faced were caused by changes that were either unpredictable or outside of our control. Despite this we were still able to generate a surplus which was a significant improvement on the originally budgeted deficit. The changes also impact the longer-term

financial forecast, so during 2024/25 we once again went through a process of cost reduction and financial realignment, investing in areas of growth and reducing costs in areas of declining demand. The University is also focused on diversifying income streams and looking for alternative opportunities whilst continuing to focus on delivering value and an excellent experience to students, staff, and the wider community.

A truly landmark moment in the University's history was the decision to change its name to the University of Lancashire. This strategic move better reflects the institution's presence across the county and its deep-rooted engagement with communities throughout Lancashire. The move away from the University of Central Lancashire, and specifically the acronym 'UCLan', also ensures that our name will clearly state what we are and where we are in a way that has not been the case in recent years. The new name symbolises the University's commitment to regional development, widening participation, and civic responsibility, while reinforcing its identity as a leading anchor institution in the North West. It explicitly identifies us as an institution of and for the region with national and international influence.

Introduction (continued)



The year was also marked by exceptional achievements across the University. Staff engagement continued to be very strong, with the biennial staff survey returning high positivity scores despite the challenges faced in the last few years. Colleagues reported high levels of satisfaction, pride in working at the University, and confidence in the University's direction of travel. This was mirrored by the best-ever performance in the National Student Survey (NSS), where students praised the quality of teaching, academic support, and learning resources. The University remained in the top tier nationally for overall student satisfaction, reinforcing its reputation for delivering an outstanding student experience. The average overall positivity score placed us 35th out of the 122 UK universities listed in the Guardian University Guide.

One of the transformative developments, and a major milestone, was the opening of the new Veterinary School building, a state-of-the-art facility that supports the continued growth of the School of Veterinary Medicine. This investment strengthens the University's distinctive 'One Health' approach, integrating veterinary medicine with other health disciplines such as medicine, dentistry, pharmacy, optometry, nursing, and allied health professions. The new building has already begun to enhance both teaching and research, positioning the University as a leader in veterinary education.

The University launched the Altitude facility, a cutting-edge innovation space designed to foster collaboration between students, researchers, and industry partners in the critical area of aerospace engineering. Altitude has quickly become a hub for entrepreneurship, digital innovation, and interdisciplinary research, supporting the region's economic development and providing students with real-world experience and opportunities.

The University also celebrated further academic and institutional successes. Our Burnley campus continued to expand, with the completion of a new building that significantly increases capacity and supports new programme delivery in East Lancashire. This development, made possible through close collaboration with Burnley Council and other stakeholders, reinforces the University's commitment to regional growth and widening participation.

Introduction (continued)

Research excellence remained a core focus, with notable progress in health and care sciences, environmental sustainability, and astro-physics and aerospace. The University secured new strategic partnerships enabling the translation of research into practical applications that benefit industry and society. Our researchers continued to attract external funding and recognition, contributing to national priorities and global challenges. We are focused on applied research and therefore undertake significant knowledge transfer activity. The Knowledge Exchange Framework (KEF) has seen the University score highly since its inception. We are one of the most successful universities in the sector based on the outputs of KEF 2024.

The University's international strategy also evolved in response to changing visa regulations and global dynamics. While international student recruitment remained challenging, the University expanded its transnational education (TNE) footprint, strengthening partnerships overseas and diversifying its global engagement. These efforts helped to mitigate recruitment risks and ensure continued international presence and impact.

Leadership continuity and development were also key themes. The University's senior team remained focused on delivering the strategic plan, with strong governance and oversight from the Board. Several new Board members commenced their terms of office during the year and there was further planned leadership change with the retirement of Dame Sue Ion as Chair. Dame Sue was replaced by the Deputy Chair Anne McCarthy who was in turn replaced by Jon Baldwin as Deputy Chair. Anne McCarthy resigned as Chair in September 2025 and was replaced by Jon Baldwin. The academic school structure introduced in the previous year continued to deliver benefits, streamlining operations and enhancing collaboration. Deans played a pivotal role in driving academic excellence and aligning school activities with institutional goals.



Introduction (continued)

Despite the financial pressures, the University maintained its commitment to social mobility, inclusion, and community engagement. Initiatives to support underrepresented students, enhance access to higher education, and promote civic responsibility continued to deliver. The University remained an active member of the Preston Regeneration Board and strengthened its relationships with councils across Lancashire and Cumbria, contributing to regional development and public service innovation.

The past year has seen the Students' Union undergo a significant transformation, both in its internal structure and in the way it collaborates with the University. Responding to the changing needs of the student body and the broader institutional strategy, the Union has reimagined its governance, introducing new representative roles and streamlining its operational processes. This is intended to enable more agile decision-making and a greater focus on student wellbeing, inclusion, and advocacy. Regular joint forums and collaborative working groups have ensured that student voices are not only heard but actively shape policy and campus life. The Union has played a pivotal role in co-designing initiatives around mental health support, academic feedback, and social mobility, ensuring that the student experience remains at the heart of institutional priorities.

The annual varsity competition was another resounding success, drawing enthusiastic participation from students across a wide range of sports. The event fostered a spirit of camaraderie and healthy competition, with teams excelling and ultimately completing a resounding victory. The varsity's inclusive approach ensured that students from all backgrounds could take part, further strengthening the sense of belonging and pride within the University community. Student achievement was evident not only in the varsity competition but across the spectrum of academic and extracurricular activities. Of particular note was the outstanding success of fashion students, who earned coveted places at London Fashion Week. Their innovative designs and professionalism were recognised on a national stage, reflecting the high calibre of teaching and support provided by the University's academic staff.

Among the year's highlights were, once again, the graduation ceremonies, which stood out as truly memorable occasions. These events not only marked the culmination of academic success for thousands of students but also showcased the University's commitment to excellence and community. The ceremonies were enhanced by the active engagement of the University's honorary fellows, whose presence and contributions again added gravitas and inspiration.

Looking ahead, the University of Lancashire remains focused on navigating the evolving financial landscape while continuing to invest in its people, infrastructure, and academic mission. The achievements of 2024/25 provide a strong foundation for future transition and impact. With a clear strategic direction, robust financial governance, and a vibrant academic community, the University is well-positioned to navigate the challenges anticipated to be faced in the years to come, continuing to deliver value to students, staff, and the wider community.



Jonathan Baldwin
Pro Chancellor and
Chair of the Board



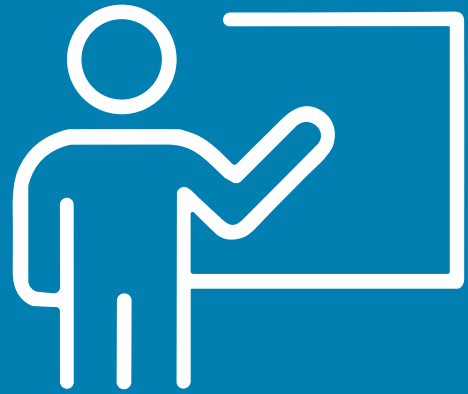
Graham Baldwin
Vice-Chancellor



Highlights of the Year



34,000+
students



3,000+
staff



240,000+ alumni



**Over 140 partner
institutions worldwide**



£7.6m

spent on bursaries and
other financial support
for our students



to fully modernise
our IT network, with
£9m spent to date

Continued reduction in
utilities costs year on year,
with further **31%** saving
made in 2024/25 on
electricity and gas



£18.3m

Research grant
income

£8.5m

spent on student
placements and
educational visits

£40m

New School of
Veterinary Medicine
with **£15m** invested this year

Operating and Financial Review

Financial highlights

The University is pleased to report an operating surplus of £3.1m for the year ended 31 July 2025. This achievement comes despite the persistent and well-documented challenges facing the higher education sector, including funding pressures, policy uncertainty, and inflationary cost increases.

Our surplus reflects the success of strategic decisions taken in prior years, including targeted restructuring, prudent financial management, and continued investment in areas that support long-term sustainability and academic excellence. It is a testament to the resilience and adaptability of our institution and its people.

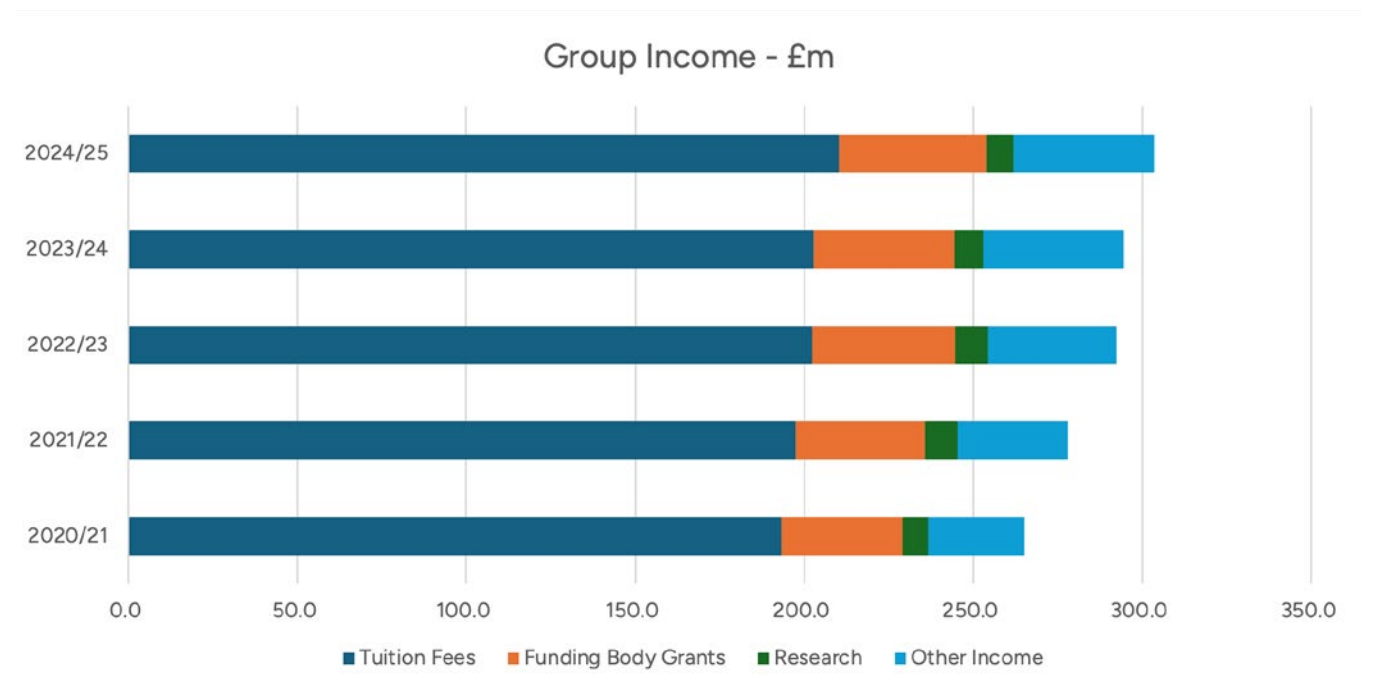
Income

Total revenues for 2024/25 increased by £9.1m (3.1%) to £303.5m.

Tuition fees and education contracts continue to represent the most significant income stream for the University £210.2m (69.2%). While UK student fee income remains under pressure due to static tuition fees and demographic shifts, the University has performed well with increased income of £4.5m (3.9%). International student income and education contracts have also shown resilience with growth of £2.7m (3.1%). The University continues to diversify its income base, including growth in apprenticeship income, non-credit bearing course fees, and selective initiatives.

Research grants and contracts remain a vital component of our income, and we are committed to expanding our research portfolio through strategic partnerships and investment in innovation. However, funding has reduced by £0.6m (7.1%) in this area during 2024/25.

Other income sources, including investment returns and knowledge exchange contracts, contribute to our financial stability. We continue to manage our cash and investment balances prudently to ensure long-term sustainability.



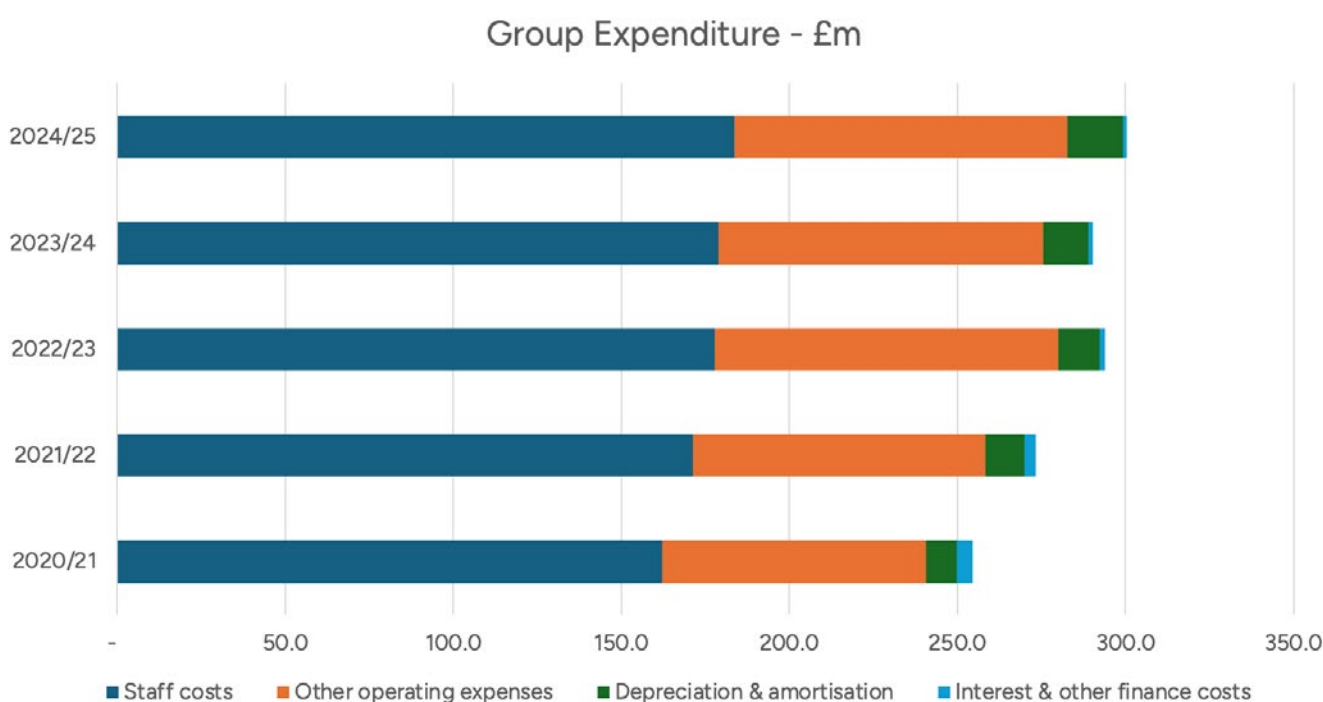
Operating and Financial Review (continued)

Expenditure

Total expenditure reflects our ongoing investment in staff, infrastructure, and student support. Staff costs were £183.7m including strategic restructuring initiatives aimed at streamlining services and enhancing operational efficiency. We remain committed to supporting our workforce while aligning resources with institutional priorities.

Operating expenses have been managed effectively with costs of £99.1m (2024: £96.7m) reflecting the growth in revenues and teaching activity. There have however been some notable savings in utilities £5.6m (2024: £8.2m) due to energy reduction initiatives and a shift to long-term hedging strategies.

Depreciation costs have increased by £3.0m to £16.4m in 2024/25 reflecting capital additions in the current and prior year.



Operating and Financial Review (continued)

Statement of Financial Position

At 31 July 2025 Total Net assets sat at £332.0m a reduction of £2.8m which reflects the total comprehensive expenditure outturn for 2024/25.

Current assets remain strong at £129.1m (2024: £146.0m). The movement has been driven in the main by a reduction in cash and cash equivalents, and current investments to £77.1m (2024: £98.6m). This is reflected by the increase in fixed assets to £385.8m (2024: £367.3m). The University remain committed to investing in its physical and digital infrastructure which is reflected below.

University liabilities have remained relatively static.

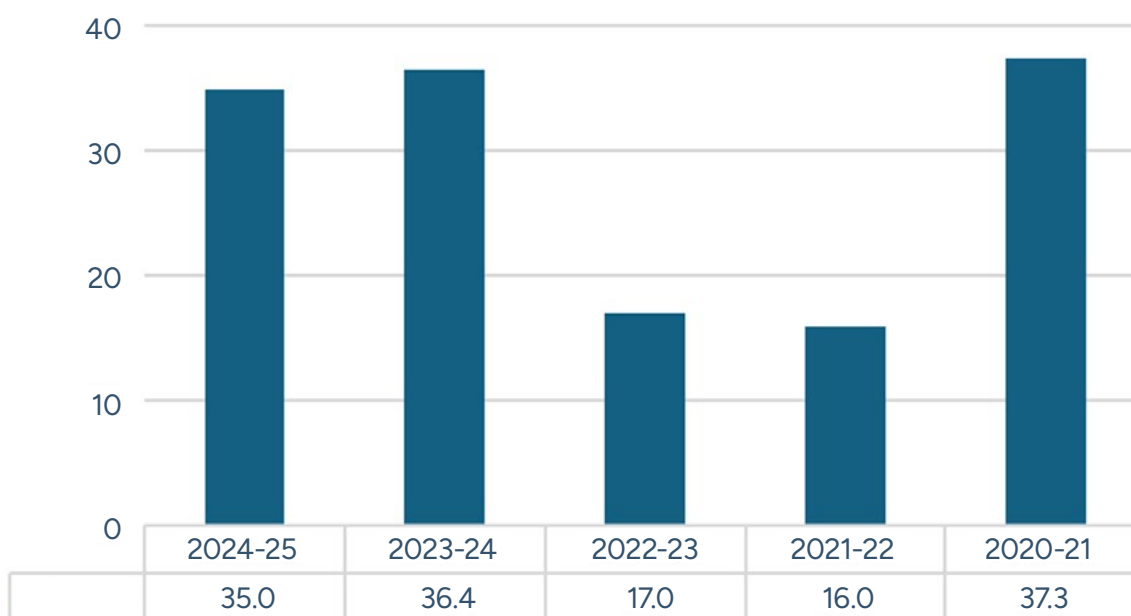
Extract of the statement of financial position £'m

	As at 31 July 2025	As at 31 July 2024
Non-current assets	387.7	369.2
Fixed assets	385.8	367.3
Investments	1.9	1.9
Current assets	129.1	146.0
Creditors due within 1 year	(94.3)	(89.9)
Net current assets	34.8	56.1
Total assets less currently liabilities	422.5	425.3
Creditors due after 1 year	(86.2)	(85.6)
Pension provisions	(4.3)	(4.9)
Total net assets	332.0	334.8

Capital Expenditure

The University continues to invest to ensure that the campus provides students with the best experience possible. There is a continued commitment to direct funds to areas that will make the biggest impact while ensuring long-term financial viability. Spend within the year of £35.0m was used to fund projects including the completion of our state-of-the-art veterinary school and the roll out of improved networks across the campus.

Capital Expenditure - £m



The University's financial performance for 2024–25 demonstrates our ability to navigate sector-wide challenges while delivering an operating surplus and investing in our future. We remain focused on strategic growth, financial sustainability, and academic excellence.

Going Concern

The higher education sector continues to face significant challenges arising from changes and uncertainty in the external environment. The global political and economic landscape is marked by turbulence and shifting dynamics. The recent U.S. elections have set the tone for debates on democracy and international leadership, while the new UK government grapples with economic challenges and the post-Brexit reality. Global tariffs remain a contentious issue, with the U.S. and China locked in a strategic competition; China's responses to U.S. policies increasingly reflect its broader ambitions in trade and geopolitical influence. Europe is witnessing political shifts, including the rise of populist movements and recalibrations within the EU amid economic and energy crises exacerbated by the ongoing war in Ukraine. Meanwhile, the Middle East remains unstable, with renewed conflicts and power struggles drawing global attention. Together, these developments underscore an era of uncertainty and realignment on the world stage. The University continues to work on ensuring that its provision is aligned to the needs of students and employers, that it attracts and retains excellent employees and operates in a sustainable manner. The University's published strategic plan that runs from 2021-2028 is underpinned by six key priorities that add assurance to the going concern assessment.

These are:


1. Student opportunity and success
2. Leading the way in modern learning
3. Our people experience
4. Real-world research and innovation
5. Our place in the world
6. Future-proofing our University

Sound financial management is a key part of Priority 6 and the financial results showing continued cash generation demonstrate this.

The University carries out detailed analysis and scenario planning to provide assurance in the ability to continue to operate as a going concern. This includes an in-depth 2024/25 budget cycle, monthly management accounting reports and a quarterly forecasting cycle. The University also produce a detailed long-term financial model that is scenario tested and includes a monthly cash flow forecast. The University of Lancashire has significant cash reserves meaning that, if required, the significant downside scenarios tested would be withstood with balances remaining above the minimum levels agreed by the Board. The budget for 2024/25 anticipates that a small deficit will be incurred.



Statement of Public Benefit



As the University of Lancashire, we remain committed to transparency and delivering value for money for our students and taxpayers. We aim to make student fees worthwhile - not only through high-quality education, but by offering a full university experience in a safe, supportive environment that fosters personal growth and community impact.

Changing our name to the University of Lancashire reflects our proud heritage and evolving ambition. It strengthens our identity, making it clear who we are and where we come from, while positioning us for the future. The change signals our commitment to excellence, regional leadership, and a global outlook, ensuring that students, partners, and communities immediately recognise our values and mission.

Statement of Public Benefit (continued)

We are proud to play a central role in the region's economy: our students and graduates drive growth, culture, and community development, while our multiple campuses reflect our ongoing commitment to Lancashire and beyond.

As one of the largest employers in the area, we create job opportunities for students and local residents, reinforcing our role as a force for positive change in both education and the wider community.

Our vision is to “transform lives by delivering an outstanding educational experience, creating prosperity and opportunity in the communities we serve”. We believe this vision creates value for students by offering:

- Innovative teaching and strong industry links;
- Work experience opportunities that enhance employability;
- Comprehensive student support services;
- Active student engagement and participation in governance;
- A stimulating learning environment and opportunities for external engagement;
- Travel opportunities that enrich the overall student experience; and
- Meaningful contributions to the local community, adding value beyond the campus.

We continue to demonstrate value for money through a range of transformative initiatives.





Training more dentists, supporting our community

We have expanded our dentistry clinical teaching facilities, increasing the number of bays from 16 to 24 thanks to funding from the Office for Students. The eight new state-of-the-art bays provide additional capacity for students to gain hands-on experience in both general and specialist dental treatments. This includes students on our Bachelor of Dental Surgery international programme, which prepares qualified overseas dentists for practice in the UK and has maintained a 100% graduation rate since 2022. Our approach, approved by the General Dental Council, combines practical competency with exams, benefiting both graduates and local patients. The expansion supports clinical training for an extra 16 students and helps address the national challenge of recruiting and retaining dentists, providing more dental care to staff, students, and the wider Lancashire community.

New School of Veterinary Medicine

In summer 2025, we opened Lancashire's only School of Veterinary Medicine, the second in the North of England, marking a major milestone in regional and national veterinary education. The School combines a new four-storey purpose-built facility with refurbished spaces in the Greenbank Building, it offers anatomical skills laboratories, simulated operating theatres, diagnostic suites, consultation rooms, physiotherapy and rehabilitation facilities, and immersive teaching spaces that support hands-on learning from day one. Our flagship five-year BVMS course and additional programmes in veterinary medicine, bioveterinary science, physiotherapy and rehabilitation, and animal behaviour provide a broad pipeline of veterinary expertise. Students benefit from nationally recognised animal husbandry facilities, strengthening practical training. The School is developed with a strong commitment to ethics, sustainability, and widening participation, actively working to increase diversity in the veterinary profession. Beyond student outcomes, the School delivers significant public benefit by enhancing access to veterinary education in the North. This is by supporting regional animal health and agriculture, embedding community partnerships, and creating a sustainable facility that reflects our responsibility to future generations.



Bringing science to life: Lancashire Science Festival

In May 2025, we hosted the 11th annual Lancashire Science Festival, welcoming around 10,000 visitors over three days. As a free, community-focused event, it provided hands-on activities and engaging shows designed to make science, technology, engineering, and mathematics (STEM) accessible and exciting for people of all ages. Highlights included interactive exhibits such as the dinosaur trio Tyrone, Terry, and Donna, the "Look Up" space exploration display, emergency service vehicle demonstrations, and the "Chemistry Unleashed" show with dramatic chemical reactions. Returning favourites like "This is Amazing Chemistry," the Bubble Science Show, and the Teddy Bear's Clinic further engaged attendees. By inspiring curiosity, fostering learning, and creating opportunities for families and young people to experience STEM firsthand, the festival demonstrated our commitment to public education, community engagement, and developing the next generation of scientists and innovators.

Small Business Charter reaccreditation

We have been successfully reaccredited with the prestigious Small Business Charter (SBC), recognising our excellence in supporting small businesses, fostering student enterprise, and driving regional economic growth. Through the work of our Centre for SME and Enterprise Development, we have supported 851 start-ups over the past six years. This has created 1,617 jobs and generated £37.3 million in turnover, making us the top university in the North and fifth in the UK for student start-ups. Our impact has also been recognised nationally, with our SME-focused activities judged "world-leading" or "internationally excellent" in the 2021 Research Excellence Framework. This achievement reaffirms our role as a catalyst for entrepreneurship, innovation, and inclusive growth across Lancashire and beyond.

Statement of Public Benefit (continued)



First cohort of military paramedics graduated

We graduated our first cohort of military paramedics, five from the Royal Air Force and twelve from the Army, who completed the three-year BSc (Hons) Paramedic Science course. These graduates, all former combat medics, gain experience treating both military and civilian patient groups. After graduation they will work in NHS roles for two years before returning to service in the Armed Forces for at least three years. We secured the contract to provide the course in 2022, following the requirement for paramedics to hold degree-level qualifications. Key outcomes highlighted include graduates' enhanced clinical decision-making, improved patient assessment, and broader exposure than found in standard military medical training.

Celebrating literature for all ages

We hosted the Northern Young Adult Literary Festival in summer 2025, with an expanded programme that included events for young children, older children, and adults. For the first time in the festival's seven-year history, we catered to readers of all ages. Held on our Preston Campus, the festival featured a series of workshops led by authors and guest speakers covering topics such as writing genres, techniques, and character development. Notable participants included Carnegie-nominated author and KPMG Children's Book Ireland Award winner C.G. Moore, who discussed writing romantic relationships in young adult fiction. Organised by our Publishing House, the festival provided a platform for literary enthusiasts of all ages to engage with the world of literature.

Our 2025 Health Melas

In 2025, we hosted two major Health Mela events in Burnley and Preston, offering free health services and community engagement. The Burnley Health Mela, held at the Burnley Campus in Victoria Mill, featured health checks, wellness advice, and interactive activities like yoga and reiki. The Preston Health Mela, marking its 20th year, took place on our Preston campus in Foster Building, offering over 70 health-related stalls, free health checks, and activities such as Reiki and Bollywood dance. Both events were organised in partnership with the National Forum for Health and Wellbeing and our School of Medicine and Dentistry, demonstrating our commitment to public health, education, and community wellbeing.

Statement of Public Benefit (continued)



Championing race equality

In February 2025, we were awarded the Advance HE Race Equality Charter (REC) Bronze Award, recognising our commitment to tackling racial inequalities and fostering a more inclusive environment. The award, valid until 2030, highlights our dedication to improving the representation, progression, and success of Black, Asian, and minority ethnic colleagues and students. Following consultation with nearly 2,000 stakeholders, we identified six key priorities for the next five years, supported by over 250 actionable steps, covering inclusive recruitment, career progression, student outcomes, and infrastructure to embed race equality. As Professor Andrew Ireland, Pro Vice-Chancellor for Students and Teaching, noted, the Bronze Award marks the start of meaningful change as we implement our action plan to create a fairer university community.

Hands-on learning and compassion

We formalised a strategic partnership with St Catherine's Hospice, designating it as a "University Hospice". Through this initiative, we aim to enhance patient care by integrating education, research, and practice. We provide our clinical and non-clinical students with placements in the hospice. This gives them hands-on experience in palliative care, while also creating development opportunities for hospice staff

and fostering collaborative research. Each year, over 300 of our medical students participate in placements ranging from first-year introductions to hospice care to extended modules for final-year students. The partnership also recognises hospice staff with honorary University appointments and guest lecture opportunities, strengthening the connection between our academic community and local healthcare services.

Convention of the North 2025

We hosted the Convention of the North at our Preston campus, bringing together leaders from business, academia, politics, and communities to discuss the North of England's future. This prestigious event, held on 27–28 February, was co-hosted with Lancashire County Council and focused on skills and innovation. Our Chancellor, Ranvir Singh, who hails from Preston and is an alumna of our University, chaired the convention. Her role underscored our commitment to regional development and the vital role of universities in driving economic and social progress. The convention provided a platform to align regional strategies with national priorities, showcasing our leadership in fostering collaboration for the North's growth.

Corporate Governance Statement

Regulation and charitable status

The University of Lancashire is a Higher Education Corporation (HEC) established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. The principal regulator is the Office for Students (OfS) and the University is subject to its ongoing conditions of registration, as defined in the OfS Regulatory Framework. Under the terms of the Charities Act 2011, the University is also exempt from registration and regulation by the Charities Commission.

The charitable purpose of the University is the advancement of education for the public benefit, and the Members of the Board of Governors are also Trustees of the University for the purposes of Charity Law.

At its meeting on 6 February 2025, having received the necessary regulatory consents and in line with the Instrument of Government, the University Board resolved to change the name of the University of Central Lancashire to the 'University of Lancashire' with immediate effect. Notwithstanding the change of name, the University's governance arrangements have remained unchanged.

The governance arrangements in place throughout the year ended 31 July 2025 and up to the date of approval of the Financial Statements are described below.

Our approach to corporate governance

The University's updated Instrument and Articles of Government were approved and adopted with immediate effect by the University Board at its meeting on 11 April 2025. These documents provide the constitutional framework for the University and define its powers. Amongst other things, the Instrument and Articles provide that the University has a Board of Governors (The Board), a Vice-Chancellor and an Academic Board, each with clearly defined objectives and responsibilities.

The University is committed to achieving best practice in all aspects of corporate governance via compliance with the Committee of University Chairs (CUC) Higher Education Code of Governance, and CUC Codes relating to Audit Committees and Senior Staff Remuneration, the OfS's ongoing Conditions of Registration and the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

Summary of the University's structure of corporate governance

The Board is the Governing Body of the University. The responsibilities of the Board and its Committees are set out in the Instrument and Articles, Statement of Primary Responsibilities, Committee Terms of Reference and by the OfS Regulatory Framework and various other statutory regulatory provisions.

The Articles of Government provide that the following key responsibilities are reserved for decision by the Board:

- the determination of the educational character and mission of the University and oversight of its activities;
- the effective use of resources for the University including its solvency and safeguarding its assets;
- approving annual estimates of income and expenditure for the University;
- the appointment and dismissal of the Vice-Chancellor or the Clerk; and
- the varying and revoking of the Instrument or Articles.

The Board of Governors is led by an Independent Chair and has a majority of Independent Members. Board members also include the Vice-Chancellor, a Student Governor and up to two Staff Governors.

The Vice-Chancellor is accountable to the Board and has responsibility for the organisation, direction and management of the University and the leadership of its staff and is the Accountable Officer for the purpose of the OfS Conditions of Registration.

The University Governance is responsible for OfS compliance issues and reports are regularly presented to the Executive Team (Vice-Chancellor's Group) and the Governance, Risk and Nominations Committee of the Board.

Register of interests

Members of the Board and Vice-Chancellor's Group declare any potential conflicts of interest biannually. In addition, they are also asked to declare any specific interests relating to matters on the agenda at each Board and Committee meeting. A Register of Interests of Members of the Board and Vice-Chancellor's Group is maintained by the Office of the University Secretary and General Counsel.

Conduct of business

During the 2024/25 academic year, the Board met six times in addition to one strategy session and one briefing session and approved four Written Resolutions.

The Board has appointed Committees which have delegated responsibilities as set out in agreed Terms of Reference which define their remit, powers and rules for how meetings are conducted.

The Board has the following Committees:

- Governance, Risk and Nominations Committee
- Resources Committee
- Audit Committee
- Remuneration Committee
- Urgent Business Committee
- Honorary Awards Committee

Corporate Governance Statement (continued)

Governance, Risk and Nominations Committee

The Governance, Risk and Nominations Committee advises the Board on matters relating to Corporate Governance of the University, in order to ensure compliance with best practice and the OfS regulatory requirements. It is also responsible for monitoring the risk register and the implementation of the risk management processes, as well as supporting and advising the Board in the identification and appointment of new Members of the Board and its Committees and the ongoing development of Board Members, having due regard for the University's policies on Equality, Diversity and Inclusion.

The Committee led a recruitment process for new Independent Board Members which resulted in the recommendation of three new Independent Board Members, whose appointments were approved by the University Board in the 2024/25 academic year.

The Committee met three times during the 2024/25 academic year.

Resources Committee

The Resources Committee is responsible for considering and agreeing (or recommending to the Board) various key financial decisions and documents, including the budget and capital expenditure plans. The Committee also has oversight of the Estates, Health and Safety, People and Information Technology strategies. The Committee acts on behalf of the University in respect of the University's involvement in limited companies and significant developments and joint ventures. The Committee also agrees the terms of the University's Financial Regulations and various related policies and procedures.

The Committee met six times during the 2024/25 academic year and approved four Written Resolutions.

Audit Committee

The Audit Committee is responsible for oversight of the entire assurance and control environment of the University. The Committee scrutinises the work of the University's auditors and in doing so helps to protect the University's reputation and provide a level of assurance to key stakeholders, partners (including the student community) and society more widely. It advises the Board on matters relating to the appointment of Internal and External Auditors.

The Committee agrees an annual Internal Audit Plan, oversees the work of both Internal and External Auditors and receives regular reports from both on their activities and conclusions. The Committee produces an Annual Report to the Board summarising its work during the year and provides the Board with assurance that the Committee has fulfilled its responsibilities and discharged its functions.

The Committee met three times during the 2024/25 academic year.

Remuneration Committee

The Remuneration Committee agrees the remuneration and Terms and Conditions of Employment of the Vice-Chancellor and members of the Vice-Chancellor's Group. The Committee also reviews the performance of the Vice-Chancellor.

In line with best practice, the Committee presents an Annual Report to the Board summarising the Committee's work and certain information set out in the CUC Senior Staff Remuneration Code, which is published on the University's website.

The Committee met three times during the 2024/25 academic year.

Urgent Business Committee

The Urgent Business Committee has power to take any decision on behalf of the Board provided that:

- It is not a decision specifically required by legislation and/or the University's Instrument and Articles to be taken by the Board; and
- The Committee is satisfied that the decision sought is urgent and cannot reasonably await consideration at the next meeting of the Board.

The Committee met on one occasion during the 2024/25 academic year and approved one Written Resolution.

Honorary Awards Committee

The Honorary Awards Committee has responsibility for the consideration of nominations for Honorary Fellowships and Doctorates bestowed by the University and it maintains the relevant processes.

The Committee met twice during the 2024/25 academic year and approved one Written Resolution.

Corporate Governance Statement (continued)

IP/Commercialisation Panel

On 12 June 2023, the Resources Committee agreed the proposal to form an IP/Commercialisation Panel with a remit to advise the Committee and/or Vice-Chancellor's Group on commercial opportunities with the potential to become a spin-out company or otherwise to provide a significant financial return to the University. The Panel did not meet during the 2024/25 academic year.

Board Champions

The Board has appointed 'Board Champions' for specific areas of strategic responsibility where this is a regulatory or statutory requirement or to bring an element of expert, independent and supportive challenge. These areas include Equality Diversity and Inclusion; Degree Apprenticeships; Safeguarding and Prevent; IT and Cyber; and Estates. In addition, up to two members of the Board are appointed to serve as ex-officio members of the Academic Board.

The Board Champions for Degree Apprenticeships and Safeguarding were actively involved in the Ofsted Inspection of the University's degree apprenticeship provision in November 2024, resulting in an overall rating of 'Good'.

Review of corporate governance and board effectiveness

The Board has established its governance arrangements with due regard to the provisions of relevant guidance and good practice, in particular the Higher Education Code of Governance issued by the Committee of University Chairs (CUC). The Board is assisted in ensuring its effectiveness by periodic independent reviews of the University's corporate governance arrangements and its compliance with relevant best practice.

The latest Governance Effectiveness Review (GER) was undertaken during the 2023/24 academic year, through a Panel led by the Chair of the Board, which included an independent expert advisor. The remit of the Review was to evaluate the University's compliance with the CUC Higher Education Code of Governance and Office for Students (OfS) Regulatory Framework and to look more broadly at the University's overall governance arrangements including Board effectiveness, Committee structure and working relationships between the University Board and the Executive.

The GER concluded that overall, governance at the University was effective, whilst making several recommendations to enhance the current arrangements. The report and the recommendations were endorsed by the Board at its meeting on 18 September 2024.

The recommendations arising from the GER have been progressed during 2024/25. As a consequence, the Board has approved and adopted the following: revised Instrument and Articles of Government; revised Committee Terms of Reference; a Governors' Code of Conduct; a role profile for the Chair of the Board; a new University Board and Committee Report cover sheet; and the appointment of a new Senior Independent Governor.

Governor training and development

The University has an induction process in place for all newly appointed Board Members which is tailored to meet the needs of each individual. In addition, Board Members are given the opportunity to attend training, briefings and events hosted internally or by the Internal and External Auditors of other relevant experts on a range of subjects that may help them undertake their role. The Vice-Chancellor and Vice-Chancellor's Group colleagues also provide relevant updates at each Board meeting and, if necessary, between meetings on any significant issues and/or developments.

During 2024/25, the Board received briefings on the following:

- The 5-Year Forecast and Capital Plan – presentation by the Chief Finance Officer
- Estates Strategy – presentation by the Executive Director of Estates and Campus Services
- Cyber Security – presentation by the Executive Director of IT and Digital Services
- University Name Change – presentation by the Director of Marketing and briefing note
- UUK Strategic Priorities – presentation by Vivienne Stern MBE, Chief Executive, UUK
- University Strategy Refresh – various presentations and workshops
- UCLan Cyprus (UCY) – briefing meeting hosted by the Vice-Chancellor

Use of public funding

The University aims to achieve value for money in its use of resources and publishes a Value for Money Statement.

The Financial Regulations of the University ensure that budget holders within the University operate in compliance with the relevant legislation, within their delegated authority and with propriety. The Financial Regulations reflect the need for efficiency, economy, effectiveness and prudence in the administration of the University's resources.

The University's Financial Regulations and associated operational guidance notes are reviewed on a continuous basis to ensure that they remain relevant.

Corporate Governance Statement (continued)

Transparency

In order to maximise the transparency of the University's corporate governance arrangements, the constitutional documents, Terms of Reference, Board and Executive members' details and memberships of Committees and all non-confidential Board Minutes are available online or from the Office of the University Secretary and General Counsel.

Academic governance

Oversight of academic issues within the University is principally undertaken by the University's Academic Board in line with the arrangements set out in the Academic Governance Manual.

The Academic Board is responsible for general issues relating to the research, scholarship, teaching and courses at the University, including:

- Criteria for the admission of students;
- The appointment and removal of internal and external examiners;
- Policies and procedures for assessment and examination of the academic performance of students;
- The content of the curriculum;
- Academic standards and the approval and review of courses;
- The procedures for the award of qualifications and honorary academic titles;
- The procedures for the expulsion of students for academic reasons;
- The governance of standards and returns to the OfS and other Professional, Statutory and Regulatory Bodies relating to academic and professional body standards;
- Policies and procedures relating to equality, diversity and inclusion.

In order to provide the University Board with assurance as to academic quality issues in the University, the University Board receives an Annual Report from the Vice-Chancellor on the activities of the Academic Board. In order to further strengthen the oversight of academic quality and standards, the University Board has appointed up to two independent Board Members to serve as ex-officio members of the Academic Board. These Members also present assurance reports to the University Board on academic quality and related issues.

Internal control and risk management

The University Board has overall responsibility for ensuring that the University's internal control and risk management systems are effective.

The University's internal control system is embedded in ongoing operations, supported by policies and documents approved by the University Board and/or its Committees.

These include:

- Financial Regulations
- Risk Management Policy (including Risk Appetite Statement)
- University Risk Register
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Treasury Management Policy and Ethical Investment Policy
- Fraud Response Plan
- Whistleblowing Policy
- Fraud Policy Statement

The University has an ongoing process for identifying, evaluating and managing significant risks to the achievement of its objectives. The system of internal control is designed to manage, rather than eliminate, the risk of failure and therefore provides a reasonable, not absolute, assurance of effectiveness. The following arrangements have been in place throughout the year ended 31 July 2025 and up to the date of the approval of the Financial Statements.

The Risk Management Policy and Framework including the Risk Appetite Statement, are prepared by the Vice-Chancellor's Group, reviewed and agreed by the Governance, Risk and Nominations Committee and shared with the Board. The Risk Appetite Statement which is reviewed annually, sets out the degree of risk the University is willing to accept for each category of risk and is designed to align with the University's Strategy.

The Strategic Risk Register is maintained by the Vice-Chancellor's Group, reviewed regularly by the Governance, Risk and Nominations Committee and agreed by the Board.

The Register includes key risks including financial, corporate, academic, operational and compliance. The likelihood and impact of each risk is assessed, and robust prioritisation is applied. The Register sets out current control measures, further action proposed to mitigate each risk and the direction of travel for each over time. This enables the Governance, Risk and Nominations Committee to consider what further action may be necessary and report to the Board accordingly.

Corporate Governance Statement (continued)

The Governance, Risk and Nominations Committee discusses key strategic risks as well as the University Risk Register as a whole. The University Board receives and discusses reports on specific internal control and risk issues. During the period covered by this statement, this has included: regular reports on the policy and external environment, financial sustainability and student recruitment (UK and international); specialist reports on the review of Cyber Security and the Estates Strategy, including the Decarbonisation Masterplan, the Academic Board Annual Assurance and Research Integrity Reports; reports from Executives on key issues including Equality and Diversity, the Race Equality Charter, Access and Participation, Safeguarding and Prevent, Student Mental Health and Wellbeing, and Safety, Health and the Environment; regular reports from the Students' Union including the representation review; as well as specific reports on the University's name change, the outcome of the Governance Effectiveness Review, and specific partnership issues.

The Audit Committee reviews the University's frameworks of governance, risk management and internal control on behalf of the Board, and assesses the assurance available over their adequacy and effectiveness. It therefore considers the risk management framework set out above as well as the assurance available from both internal and external sources over the adequacy and effectiveness of controls designed to manage the University's risks.

The University relies on the work of its internal audit service to obtain objective and independent assurance, and the Audit Committee oversees the University's relationship with that service. The Committee reviews and approves the internal audit charter and annual internal audit plan and monitors the effectiveness of internal audit work and management's responses to it. It also has the authority to undertake annual (or more frequent) 'deep dives' of one or two key risks from the Risk Register to enable an audit of the controls that are in place.

The Audit Committee is also responsible for overseeing the University's relationship with its external auditor, reviewing the external auditor's findings in relation to internal controls as well as to financial reporting, and the University's responses to them.

The University's Internal Auditor during 2024/25, PwC, undertook a risk-based programme of audit reviews and presented reports to each meeting of the Audit Committee. The Internal Audit Annual Report presents the internal auditor's opinion on the adequacy and effectiveness of:

- Governance, risk management and control
- Economy, efficiency and effectiveness (value for money) arrangements

For 2024/25 the Internal Auditor's Annual Report sets out an opinion rating of 'reasonable assurance', as follows:

'Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non-compliance in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control and value for money arrangements. The rating 'Reasonable assurance' is the second highest rating within our opinion categories (the top rating being 'Substantial assurance').'

'We are satisfied that sufficient internal audit work has been undertaken to allow [this] opinion to be given as to the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money). To assist the Audit Committee in understanding how our work corresponds to their reporting responsibilities, we have mapped our work against these areas in Appendix 4.'

The below is based on information included in the Internal Auditors Annual Report:

Governance

In assessing the governance aspect of the internal auditor's opinion, consideration has been given by the internal auditor to the governance related elements of each internal audit undertaken as part of the 2024/25 internal audit plan.

Risk Management

Our risk management opinion for 2024/25 is informed by our assessment of the risk mitigation procedures undertaken in the areas covered by the risk-based reviews completed as part of the 2023/24 internal audit plan. This has included the Data Quality: Annual Financial Return and Equality, Diversity & Inclusion Framework reviews.

Furthermore, our risk management opinion is also informed by our attendance at meetings of the Audit Committee, whilst recognising the Governance, Risk and Nominations Committee is responsible for the oversight of risk.

Corporate Governance Statement (continued)

Internal Control

In assessing the control aspect of the internal auditor's opinion consideration has been given by the internal auditor to the effectiveness of internal controls in each internal audit undertaken as part of the 2024/25 internal audit plan.

Economy, Efficiency and Effectiveness

In assessing the value for money aspect of the internal auditor's opinion consideration has been given by the internal auditor by the value for money related elements embedded in each of the internal audits undertaken as part of the 2024/25 internal audit plan. Of particular relevance were the audits of Academic Partnerships; Financial Controls: Expenses; and People Processes: Cost Control.

Data quality and management

Consistent with regulatory requirements, the internal auditors do not provide a formal opinion on data quality and management, however to support the requirement for the Audit Committee to provide an opinion on the quality of data submitted to regulatory bodies, the internal auditors undertake at least one audit per year focusing on statutory data returns. In 2024/25 the internal auditor undertook a review of and tested data fields relating to the student record return. The results of this audit have been taken into consideration informing the Audit Committee's opinion on data quality.

Audit Committee's Opinion

Based on the information presented to the Audit Committee during the year, the Committee is satisfied with the adequacy and effectiveness of the University's arrangements for:

- Risk management, control and governance;
- Sustainability, economy, efficiency and effectiveness (Value for Money); and
- Management and quality assurance of data submitted to external regulatory agencies, including the Higher Education Statistics Agency, the Student Loans Company, the Education and Skills Funding Agency (ESFA), the OfS, Research England and other bodies.

The Audit Committee is satisfied that the control systems in place at the University are generally effective and are operating satisfactorily. Where issues are identified there is open discussion at the Committee of the matters raised, with senior managers in attendance to explain and to confirm arrangements for remedial action.

In 2024/25, the University Board received reports from the Chair of the Audit Committee following meetings of the Committee. The Board also received various reports during Board meetings, providing assurance that the risk to effective management and internal control arrangements continued to be appropriately identified and addressed.

Statement of Primary Responsibilities of the Board

1. To set and agree the mission, strategic vision and values of the institution with the Executive.
2. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
4. To delegate authority to the Vice-Chancellor for the academic, corporate, financial, estate and human resource management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the institution.
9. To appoint the Vice-Chancellor as Chief Executive and to put in place suitable arrangements for monitoring their performance.
10. To appoint a Clerk to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
11. To oversee the University's role as an employer and to be accountable for ensuring that an appropriate People Strategy is established.
12. To be the principal body overseeing financial and business arrangements of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the institution's assets, property and estates.
13. To be the institution's chief legal authority and, as such, to ensure systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes compliance with all applicable legislation.
14. To receive assurance that adequate provision has been made for the general welfare of students.
15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
16. To ensure that the University complies with its constitution and applicable regulatory framework and conditions, and that appropriate advice is available to enable this to happen.
17. To promote a culture which supports inclusivity and diversity across the institution.
18. To maintain and protect the principles of academic freedom and freedom of speech legislation.
19. To ensure that all students and staff have opportunities to engage with the governance and management of the institution.

Statement of the Board of Governors' Responsibilities in respect of the Operating and Financial Review and the Financial Statements

The Board of Governors is responsible for preparing the Operating and Financial Review and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

It is required to prepare the Group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the parent University and of their income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for that period. In preparing each of the Group and parent University financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Government;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Department for Education have been applied in accordance with the relevant terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Board of Governors of the University of Lancashire

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the University of Lancashire ("the University") for the year ended 31 July 2025 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Balance Sheet, Consolidated and University Statement of Changes in Reserves, Consolidated Cash Flow Statement and related notes, including the accounting policies in note.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2025, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

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

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Board of Governors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of governors and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, and the public interest disclosure "whistleblowing" policy as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee, Resources Committee, Remuneration Committee and Governance, Risk and Nominations Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the Board of Governors (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we have rebutted the presumed fraud risk related to revenue recognition because tuition fees are generally based on standard fee rates and are non-variable in nature. We do not believe there to be an incentive or pressure to manipulate this or other income streams that are material as amounts received either typically relate to a single specific financial year or the source transactions are non-complex, involving little judgement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, journals with unusual debits or credits to revenue, journals posted by infrequent users and journals posted to seldom used accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with Board members and other management (as required by auditing standards) and discussed with the management the policies and procedures regarding compliance with laws and regulations.

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with Higher Education's regulatory requirements of Office for Students (OfS), recognising the regulated nature of the University's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the governors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Board of Governors (continued)

Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review, the Statement of Public Benefit and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors responsibilities

As explained more fully in its statement set out on page 27, 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; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 it either intends to liquidate the Group or the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Government;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in note 9b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in notes 1 and 2 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors in accordance with the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.



Debra Chamberlain
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

11 December 2025



Statement of Accounting Policies

1. Basis of preparation

The Group and parent University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the Higher Education and Research Act 2017, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the OfS and the terms and conditions of Research England grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and investments).

The Group has adopted amendments permitted under FRS 102 paragraphs 29.14A and 29.22A which relate to gift-aid payments made within charitable groups. The University has taken the exemption permitted under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

The Group has applied the exemption permitted under s479A of the Companies Act 2006 in relation to the requirement for audit in respect of three of the group companies, University of Lancashire Holdings Limited, University of Lancashire Community Dentists Limited and University of Lancashire Business Services Limited.

Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The University has prepared cash flow forecasts for a period of eighteen months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Forecasts have looked at potential financial impacts from, particularly, changes in student recruitment and student progression, as well as other income losses and exceptional expenditure. Stress testing of these forecasts has shown that the University has sufficient cash flows and significant cash reserves to be able to withstand the downside scenarios and meet its commitments.

Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2025. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the University of Lancashire Students' Union as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method. For the purposes of consolidation, UCLan (Cyprus) Limited is treated as an associate.

2. Recognition of income

Income from the sale of goods and services is credited to the Consolidated Statement of Comprehensive Income and Expenditure 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 Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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.

Revenue grants

Revenue government grants including funding council block grant and government research grants are recognised within the Consolidated Statement of Income and Expenditure 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 credits due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure 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 deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met. Investment income is credited to the statement of income and expenditure on a receivable basis.

Statement of Accounting Policies (continued)

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. 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.

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

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

Capital grants

Government grants which relate to the purchase or construction of assets are recorded in income on a systematic basis over the useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance conditions being met.

3. Pension schemes

The three principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) (formerly the Teachers' Superannuation Scheme), for academic staff, the Local Government Pension Scheme (LGPS). Since August 2021, new employees of the University Group other than academic staff have been enrolled into a defined contribution scheme operated by Royal London (RL). In addition a small number of mainly academic staff are members of the Universities' Superannuation Scheme (USS).

The TPS is valued every five years by the Government Actuary and the LGPS is valued every three years by a professionally qualified independent actuary. Pension costs are assessed on the latest actuarial valuations of each scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services. Variations from regular cost are spread over the expected remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The USS scheme is a multi-employer scheme and is unable to identify an individual employer's share of assets and liabilities. Consequently, individual employers are unable to apply defined benefit accounting. Section 28 of FRS 102 states that if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan as if it was a defined contribution plan.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the employer 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 income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The University's net obligation in respect of defined benefit pension plans (and other post-employment benefits) is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) (and any unrecognised past service costs) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in sterling and having maturity dates approximating to the term of the University's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan, and takes into account the adverse effect of any minimum funding requirements.

4. 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 liability expected to arise as a result of the unused entitlement.

5. 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 are stated 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, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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.

Statement of Accounting Policies (continued)

6. 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.

7. 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 retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

8. Maintenance of premises

The cost of all maintenance is charged to the Consolidated Statement of Comprehensive Income and Expenditure as incurred.

9. Intangible fixed assets

Intangible software assets purchased separately or developed within the University are initially recognised at cost.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight line basis over their estimated useful life of 5 years from initial use of the asset.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

10. Tangible fixed assets

a) Land and buildings

Land and buildings are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Certain land and buildings that had been revalued to fair value on or prior to 31 July 2014, the date of transition to SORP 2015/FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a tangible fixed asset have different useful lives they are accounted for as separate items of assets.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of 50 years. Leasehold buildings are amortised over 50 years or, if shorter, the life of the lease.

Where land and buildings are acquired with the aid of government grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a tangible fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the tangible fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of quantity surveyors' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Costs incurred in relation to land and buildings after the initial purchase or construction are capitalised to the extent that they are expected to derive future benefits to the University.

b) Equipment

Equipment costing less than £10,000 per individual item or in the same category of items is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. Capitalised equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment - 20% per annum

Computer equipment - 33% per annum

Equipment acquired for specific projects - Project life

Where equipment is acquired with the aid of specific government grants it is capitalised and depreciated in accordance with the above accounting policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income and Expenditure over the useful economic life of the related equipment.

c) Borrowing costs

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

Statement of Accounting Policies (continued)

11. Investment properties

Investment property is land and buildings held for rental income or capital appreciation, rather than for use in delivering services.

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

12. Investments

Both non-current and current asset investments are held on the Balance Sheet at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Investments in subsidiaries and associates are carried at cost less any impairment in the University's accounts.

13. Stocks and work in progress

Stocks and work in progress are valued at lower of cost and net realisable value.

14. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash with insignificant risk of change in value.

15. Provisions and contingent liabilities

Provisions are recognised in the financial statements when:

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

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

A contingent liability arises from a past event that gives the University a possible 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. Contingent liabilities are not recognised in the Balance Sheet, but are disclosed in the notes.

16. Taxation status

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It 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. 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 organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered, and hence are not recognised. Deferred tax assets and liabilities are not discounted.

17. Accounting for associates

The University accounts for its share of associates using the equity method.

18. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The University has a number of basic financial instruments included on its Balance Sheet with associated income and expense recognised as part of the Consolidated Statement of Income and Expenditure. A financial asset or a financial liability is recognised when the University becomes party to the contractual provisions of the instrument. At inception, they are measured at either transaction price or the discounted present value of the asset or liability subject to the nature of the transaction. Subsequent measurement at each Balance Sheet date will be at cost or amortised cost using the effective interest method and are subject to an annual impairment review as detailed in FRS 102.

Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2025

		Year Ended 31 July 2025		Year Ended 31 July 2024	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	210,159	209,408	202,709	202,010
Funding body grants	2	43,865	39,506	41,795	37,477
Research grants and contracts	3	7,734	8,019	8,326	8,519
Other income	4	33,645	34,998	32,008	32,139
Investment Income	5	8,102	7,762	9,609	9,300
Total income		303,505	299,693	294,447	289,445
Staff costs	6	183,651	180,887	186,488	183,072
Other operating expenses	7	99,137	98,273	96,714	95,948
Depreciation and amortisation	11,12	16,410	16,257	13,441	13,264
Interest and other finance costs	8	1,189	1,142	1,167	1,104
Total expenditure	9a	300,387	296,559	297,810	293,388
Surplus/(Deficit) before other gains/(losses)		3,118	3,134	(3,363)	(3,943)
Gain/(loss) on investment property valuation		(40)	-	15	-
Gain/(loss) on investments		49	-	122	-
Profit/(loss) on sale of tangible fixed assets		20	20	(9)	2
Profit/(loss) on disposal of asset held for sale		77	77	-	-
Interest on opening asset ceiling	26	(3,941)	(3,941)	-	-
Other effect of asset ceiling	26	(64,049)	(64,049)	(8,275)	(8,275)
Surplus/(Deficit) before tax		(64,766)	(64,759)	(11,510)	(12,216)
Taxation	10	(505)	(482)	(277)	(263)
Surplus/(Deficit) for the year		(65,271)	(65,241)	(11,787)	(12,479)
Actuarial gain/(loss) in respect of pension schemes	26	61,683	61,499	3,331	3,172
Total comprehensive income/ (expenditure) for the year		(3,588)	(3,742)	(8,456)	(9,307)

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

Consolidated and University Statement of Changes in Reserves

Year Ended 31 July 2025

	Income and expenditure account	Revaluation reserve	Total
Consolidated			
	<i>Unrestricted</i>		
	£'000	£'000	£'000
Balance at 1 August 2024	246,693	88,160	334,853
Surplus/(deficit) from the income and expenditure statement	(65,271)	-	(65,271)
Other comprehensive income/(expenditure)	61,683	-	61,683
Transfers between revaluation and income and expenditure reserve	1,984	(1,984)	-
Exchange differences	13	-	13
Balance at 31 July 2025	245,102	86,176	331,278
University			
	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2024	236,915	87,721	324,636
Surplus/(deficit) from the income and expenditure statement	(65,241)	-	(65,241)
Other comprehensive income/(expenditure)	61,499	-	61,499
Transfers between revaluation and income and expenditure reserve	1,979	(1,979)	-
Balance at 31 July 2025	235,152	85,742	320,894

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

Consolidated and University Statement of Changes in Reserves

Year Ended 31 July 2025

	Income and expenditure account	Revaluation reserve	Total
Consolidated			
	<i>Unrestricted</i>		
	£'000	£'000	£'000
Balance at 1 August 2023	253,228	90,145	343,373
Surplus/(deficit) from the income and expenditure statement	(11,787)	-	(11,787)
Other comprehensive income/(expenditure)	3,331	-	3,331
Transfers between revaluation and income and expenditure reserve:	1,985	(1,985)	-
Exchange differences	(64)	-	(64)
Balance at 31 July 2024	246,693	88,160	334,853
	Income and expenditure account	Revaluation reserve	Total
University			
	<i>Unrestricted</i>		
	£'000	£'000	£'000
Balance at 1 August 2023	244,242	89,701	333,943
Surplus/(deficit) from the income and expenditure statement	(12,479)	-	(12,479)
Other comprehensive income/(expenditure)	3,172	-	3,172
Transfers between revaluation and income and expenditure reserve:	1,980	(1,980)	-
Balance at 31 July 2024	236,915	87,721	324,636

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

Consolidated and University Balance Sheet

Year ended 31 July 2025

		2025		2024	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	12,870	12,870	11,453	11,453
Tangible assets	12	372,964	367,720	355,880	350,443
Investments	13	1,907	2,158	1,877	2,158
		<u>387,741</u>	<u>382,748</u>	<u>369,210</u>	<u>364,054</u>
Current assets					
Assets held for sale	14	-	-	135	135
Stock	15	57	30	44	17
Trade and other receivables	16	51,907	51,760	47,168	47,139
Investments	17	30,500	30,500	19,500	19,500
Cash and cash equivalents	22	46,589	40,001	79,149	72,457
		<u>129,053</u>	<u>122,291</u>	<u>145,996</u>	<u>139,248</u>
Less: Creditors amounts falling due within one year	18	94,310	93,079	89,888	88,655
Net current assets		<u>34,743</u>	<u>29,212</u>	<u>56,108</u>	<u>50,593</u>
Total assets less current liabilities		422,484	411,960	425,318	414,647
Creditors: amounts falling due after more than one year	19	86,180	86,180	85,594	85,594
Provisions					
Pension provisions	21	5,026	4,886	4,871	4,417
Total net assets		<u>331,278</u>	<u>320,894</u>	<u>334,853</u>	<u>324,636</u>
Unrestricted Reserves					
Income and expenditure reserve		245,102	235,152	246,693	236,915
Revaluation reserve		86,176	85,742	88,160	87,721
Total Reserves		<u>331,278</u>	<u>320,894</u>	<u>334,853</u>	<u>324,636</u>

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

The financial statements were approved by the Board on 27 November 2025 and were signed on its behalf by:



J Baldwin
Pro-Chancellor and Chair of the Board



G Baldwin
Vice-Chancellor

Consolidated Cash Flow Statement

Year ended 31 July 2025

		2025	2024
	Notes	£'000	£'000
Cash flow from operating activities			
Surplus/(deficit) for the year		(65,271)	(11,787)
Adjustment for non-cash items			
Depreciation	12	13,692	11,894
Amortisation	11	2,718	1,547
(Gain)/loss on investments	13	(49)	(122)
(Increase)/decrease in stock	15	(13)	18
(Increase)/decrease in debtors	16	(5,438)	6,926
Increase/(decrease) in creditors	18	4,112	(46)
Increase/(decrease) in pension provision	26	(2,006)	(8,388)
Interest on opening asset ceiling	26	3,941	-
Other impact of asset ceiling	26	64,049	8,275
Exchange rate differences		13	(65)
Adjustment for investing or financing activities			
Investment income	5	(8,102)	(9,609)
Interest payable	8	1,189	1,167
(Profit)/loss on the sale of tangible fixed assets		(20)	9
(Profit)/loss on the disposal of assets held for sale		(77)	-
Capital grant income (deferred grants released)		(2,658)	(2,333)
Revaluation of investment properties	12	40	(15)
Net cash inflow from operating activities		6,120	(2,529)
Cash flows from investing activities			
Proceeds from sales of tangible fixed assets		20	115
Proceeds from disposal of assets held for sale		212	-
Capital grants receipts		3,377	1,940
Investment income		4,655	5,439
Payments made to acquire intangible fixed assets	11	(4,135)	(5,309)
Payments made to acquire tangible fixed assets	12	(30,816)	(31,050)
Net (purchase)/disposal of investments		(10,980)	26,966
		(37,667)	(1,899)
Cash flows from financing activities			
Interest paid		(1,013)	(993)
		(1,013)	(993)
Increase/(decrease) in cash and cash equivalents in the year	22	(32,560)	(5,421)
Cash and cash equivalents at beginning of the year		79,149	84,570
Cash and cash equivalents at end of the year		46,589	79,149

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

Notes to the Financial Statements

Year ended 31 July 2025

		2025		2024	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
1	Tuition fees				
	UK students	118,392	117,672	113,930	113,261
	International students	83,118	83,118	79,047	79,047
	Education contracts	6,189	6,189	7,558	7,558
	Non-credit bearing course fees	2,460	2,429	2,174	2,144
		210,159	209,408	202,709	202,010
2	Funding body grants				
	Recurrent grant				
	Office for Students	15,210	15,210	13,918	13,918
	Research England	7,150	7,150	7,136	7,136
	Education & Skills Funding Agency	15,339	10,980	14,084	9,766
	Specific grants				
	Selective initiatives	1,206	1,206	2,102	2,102
	Higher Education Innovation Fund	3,188	3,188	3,111	3,111
	Capital grant	1,772	1,772	1,444	1,444
		43,865	39,506	41,795	37,477
3	Research grants and contracts				
	Research Council	1,570	1,570	1,255	1,255
	UK charities	717	1,002	506	699
	UK Government and other bodies	4,050	4,050	3,864	3,864
	UK industry and commerce	332	332	441	441
	EU Government and other bodies	172	172	1,273	1,273
	Other	724	724	818	818
	Capital Grant	169	169	169	169
		7,734	8,019	8,326	8,519
4	Other income				
	Residences, catering, conferences	8,113	8,064	7,674	7,617
	Education and knowledge exchange	4,897	4,897	6,988	6,988
	Overseas validated partners	8,871	8,871	8,531	8,531
	UK validated partners	2,451	2,451	2,509	2,509
	Other capital grants	718	718	720	720
	Rental income	856	575	957	643
	Commercial income	757	-	983	-
	Other income	6,982	9,422	3,646	5,131
		33,645	34,998	32,008	32,139

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

4 Other income (continued)

Other income generating activity above includes £332k (2024: £357k) Turing Scheme grant funding received for the purpose of providing international opportunities to students in education across the world.

	2025		2024	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Note: The source of grant and fee income included in notes 1-4 above is as follows:				
Grant income from the OfS	17,129	17,129	15,542	15,542
Grant income from other bodies	26,736	22,377	26,270	21,897
Fee income for taught awards (exclusive of VAT)	205,051	204,300	199,940	199,242
Fee income for research awards (exclusive of VAT)	5,108	5,108	2,769	2,769
Fee income from non-qualifying courses (exclusive of VAT)	735	735	578	578
Total grant and fee income	254,759	249,649	245,099	240,028

5 Investment income

Net gain on pension scheme	4,146	4,146	3,862	3,862
Other investment income	3,956	3,616	5,747	5,438
	8,102	7,762	9,609	9,300

6 Staff costs

Salaries	141,515	142,600	147,131	146,755
Social security costs	15,277	13,156	14,515	12,958
Pension costs	26,214	24,571	24,222	22,838
Apprenticeship levy	645	560	620	521
Total costs	183,651	180,887	186,488	183,072

Staff costs above include severance costs of £3.9m relating to 126 persons (2024: £10.5m relating to 264 persons).

Emoluments of the Head of Institution

	2025 £'000	2024 £'000
Vice-Chancellor – Professor G Baldwin		
Salary	311	307

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

6 Staff costs (continued)

The salary of the Vice-Chancellor is benchmarked against external market data for the Higher Education sector, with the comparator group chosen to reflect the fact that the University of Lancashire is one of the UK’s largest universities, with a turnover of £304m per annum and over 34,000 students across a number of UK and overseas campuses. The University is a major civic institution, employing over 3,200 people and offering a wide range of subjects. As such, the Vice-Chancellor is not only responsible for the effective operation of a large organisation, but also for external liaison with the NHS, with industry, with other educators, with local and national government and with regulatory bodies. The scale and complexity of the role are major contributing factors to the Vice-Chancellor’s level of salary.

Any adjustments to the Vice-Chancellor’s salary are approved by the Remuneration Committee of the University Board. Independence and objectivity are assured by the Committee’s Terms of Reference, which stipulate that the Committee shall consist of at least 3 independent members of the Board. Additionally, during the consideration of Senior Executive remuneration issues, the Board member nominated by the Students’ Union is also a member of the Committee. The Vice-Chancellor is not a member of the Committee and attends meetings by invitation only. Where appropriate, the Committee has also commissioned independent remuneration specialists to provide advice and assistance on senior pay and related issues.

The periodic review of the salary by the Remuneration Committee also considers the performance of the Vice-Chancellor against relevant appraisal targets. It should also be noted that the Vice-Chancellor’s current remuneration comprises salary only, with no additional benefits (such as house, car, pension etc.). The reward ratio of the total remuneration of the Vice-Chancellor compared to the median of staff is 5.9 (2024: 6.1). The Vice-Chancellor’s salary increase matches that of the National Pay Award for the Higher Education sector (ie. 2.5%, of which the first £900 was payable from 1 August 2024 and the remainder from 1 March 2025).

Ratio of the remuneration of the Head of Institution compared to the median pay of staff	2025	2024
	Pay multiple	Pay multiple
Basic salary of the Vice-Chancellor compared to the median of staff	7.6	7.4
Total remuneration of the Vice-Chancellor compared to the median of staff	5.9	6.1

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

6 Staff costs (continued)

Basic salary of higher paid staff, excluding employer's pension contributions:

	Number	Number
£100,000 to £104,999	19	3
£105,000 to £109,999	6	9
£110,000 to £114,999	3	5
£115,000 to £119,999	9	7
£120,000 to £124,999	4	4
£125,000 to £129,999	2	10
£130,000 to £134,999	9	30
£135,000 to £139,999	1	1
£140,000 to £144,999	1	1
£145,000 to £149,999	40	-
£155,000 to £159,999	-	3
£160,000 to £164,999	2	1
£175,000 to £179,999	-	1
£185,000 to £189,999	-	1
£190,000 to £194,999	2	1
£195,000 to £199,999	1	-
£305,000 to £309,999	-	1
£315,000 to £319,999	1	-
	100	78

Included in the above numbers are 62 staff (2024: 53) who are employed in fractional posts and receive actual remuneration lower than £100k but whose market rate, full-time equivalent salaries take them above the disclosure threshold.

Compensation recorded within staff costs relating to 2 senior post holders for loss of office amounted to £369k (2024: Nil).

	2025 FTE	2024 FTE
Average staff numbers by major category :		
Academic	1,614	1,730
Academic Support	513	498
Administration & Central Services	545	543
Premises	213	209
Other	94	148
	2,979	3,128

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

6 Staff costs (continued)

	2025 £'000	2024 £'000
Key management personnel costs	2,462	1,920

The number of staff whose costs are included in key management personnel costs above was 9 (2024: 10). Key management personnel are classed as those staff who form part of the University's Vice-Chancellor's Group who have authority and responsibility for planning, directing and controlling the activities of the University.

7 Other operating expenses

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Consultancy and professional services	9,688	9,439	8,204	7,848
International student recruitment	8,492	8,783	8,508	8,435
Placements/educational visits	8,477	8,477	7,160	7,160
Repairs and general maintenance	7,806	7,542	8,664	8,455
Student bursaries and expenses	7,466	7,459	7,565	7,550
Software and other licences	7,312	7,176	6,878	6,766
Franchised courses	6,951	6,951	2,913	2,913
Utilities	5,634	5,319	8,178	7,926
Residences, catering and conference expenses	4,119	4,051	5,091	5,025
Consumables and laboratory expenditure	3,661	3,326	3,501	3,185
Travel, subsistence and conference fees	3,311	3,242	3,804	3,724
Advertising and publicity	3,025	2,969	2,695	2,645
Academic learning materials	2,925	2,908	2,924	2,924
Rents, rates and other premises costs	2,784	2,498	2,588	2,307
Furniture and equipment	2,606	2,573	2,845	2,831
Subscriptions and donations	2,258	3,431	2,422	3,749
Charge for bad and doubtful debt	1,430	1,393	3,339	3,043
Grants to Student's Union	1,380	1,380	1,380	1,380
Other expenses	9,812	9,356	8,055	8,082
	99,137	98,273	96,714	95,948

Notes to the Financial Statements

Year ended 31 July 2025 (*continued*)

	2025		2024	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000

7 Other operating expenses (*continued*)

Other operating expenses above

External auditor's remuneration: audit related fees	284	179	227	126
External auditor's remuneration: audit related fees on overseas subsidiary entities	11		22	-
External auditor's remuneration: tax services	4	-	4	-
External auditor's remuneration: assurance services	31	31	48	48
Internal auditor's remuneration: audit and other services	109	109	103	103

The overseas subsidiary entities are audited by separate legal entities to the auditor of the remainder of the University Group, KPMG LLP', although remaining within the KPMG global network.

8 Interest and other finance costs

Loan interest	1,150	1,142	1,118	1,104
Net charge on pension scheme	39	-	49	-
	1,189	1,142	1,167	1,104

9a Analysis of total expenditure by activity

Academic and related expenditure	142,659	139,104	145,752	142,102
Academic support services	28,059	28,556	26,960	27,538
Administration and central services	85,107	83,843	82,099	80,435
Premises (including service concession cost)	26,578	25,935	28,108	27,589
Residences, catering and conferences	4,997	4,952	5,996	5,941
Research grants and contracts	7,632	7,632	4,306	4,335
Other expenses	5,355	6,537	4,589	5,448
	300,387	296,559	297,810	293,388

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9b Access and Participation				
Access Investment	1,550	1,680	1,123	1,271
Financial Support	5,086	4,951	5,653	5,551
Disability Support	1,882	1,881	1,905	1,905
Research and Evaluation	178	178	167	167
	8,696	8,690	8,848	8,894

£3,344k (2024: £2,951k) of these costs are already included in the overall staff costs figures included in the financial statements (see note 6).

The University has published its access and participation plans online:

www.lancashire.ac.uk/values-and-initiatives/widening-participation

10 Taxation

Current tax expense recognised in the statement of comprehensive income

505	482	277	263
505	482	277	263

11 Intangible assets

Software	Consolidated £'000	University £'000
Cost		
At 1 August 2024	14,792	14,792
Additions in the year	4,135	4,135
At 31 July 2025	18,927	18,927
Amortisation		
At 1 August 2024	3,339	3,339
Charge for the year	2,718	2,718
At 31 July 2025	6,057	6,057
Net Book Value		
At 31 July 2025	12,870	12,870
At 31 July 2024	11,453	11,453

The additions during the year relate to both the ongoing purchase and internal development of software intangible assets. The amortisation period is 5 years from the date of initial use of the completed asset.

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

12 Tangible assets

Consolidated	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2024	398,409	68,843	21,499	875	489,626
Additions	1,864	5,215	23,737	-	30,816
Revaluation	-	-	-	(40)	(40)
Disposals	-	(836)	-	-	(836)
Transfers	34,005	5,774	(39,779)	-	-
At 31 July 2025	434,278	78,996	5,457	835	519,566
Depreciation					
At 1 August 2024	77,374	56,372	-	-	133,746
Charge for the year	8,556	5,136	-	-	13,692
Disposals	-	(836)	-	-	(836)
At 31 July 2025	85,930	60,672	-	-	146,602
Net book value					
At 31 July 2025	348,348	18,324	5,457	835	372,964
At 31 July 2024	321,035	12,471	21,499	875	355,880

At 31 July 2025, consolidated freehold land and buildings included £24,478k (2024 - £24,478k) in respect of freehold land which is not depreciated.

University

Cost or valuation					
At 1 August 2024	389,170	67,222	21,500	-	477,892
Additions	1,864	5,215	23,737	-	30,816
Disposals	-	(836)	-	-	(836)
Transfers	34,005	5,774	(39,779)	-	-
At 31 July 2025	425,039	77,375	5,458	-	507,872
Depreciation					
At 1 August 2024	72,341	55,108	-	-	127,449
Charge for the year	8,440	5,099	-	-	13,539
Disposals	-	(836)	-	-	(836)
At 31 July 2025	80,781	59,371	-	-	140,152
Net book value					
At 31 July 2025	344,258	18,004	5,458	-	367,720
At 31 July 2024	316,829	12,114	21,500	-	350,443

At 31 July 2025, University freehold land and buildings included £23,992k (2024 - £23,992k) in respect of freehold land which is not depreciated.

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

13 Non-current Investments

	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
Consolidated			
At 1 August 2024	-	1,877	1,877
Additions	-	130	130
Fair value adjustments	-	49	49
Disposals	-	(149)	(149)
At 31 July 2025	-	1,907	1,907

University

At 1 August 2024	1,849	309	2,158
At 31 July 2025	1,849	309	2,158

	Proportion held by the University	Share of net assets / (liabilities)	
		2025 £'000	2024 £'000
Associate			
Name of associate			
Cyprus Limited	51%		
Balance as at 1 August		-	-
Losses in year		(939)	(1,756)
Advances to associate made in year		832	979
Provision		(832)	(979)
Write back losses in excess of investment *		939	1,756
Balance as at 31 July		-	-

* In accordance with Section 14.8 (h) of FRS102 losses in excess of investment have not been recognised.

Notes to the Financial Statements

Year ended 31 July 2025 *(continued)*

13 Non-current Investments *(continued)*

Investment in subsidiaries

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows:

Subsidiary undertakings	Percentage of Issued Shares Held	Country of Operation and Incorporation	Principal Activity
Owned by University			
University of Lancashire Holdings Limited ¹	100%	Great Britain	Holding company
Delonore Limited	100%	Cyprus	Holding company
Training 2000 Limited	100% *	Great Britain	Education and training
University of Lancashire Community Dentists Limited ²	100% *	Great Britain	Dental Clinic
Westlakes Research Limited	100% *	Great Britain	Research
University of Lancashire Resources Limited ³	100% *	Great Britain	Professional services
* Limited by guarantee			
¹ Name changed from Centralan Holdings Limited on 8 August 2025			
² Name changed from UCLan Community Dentists Limited on 8 August 2025			
³ Name changed from UCLan Professional Services Limited on 8 May 2025			
Owned by University of Lancashire Holdings Limited			
University of Lancashire Business Services Limited ⁴	100%	Great Britain	Consultancy and training
University of Lancashire Overseas Limited ⁵	100%	Great Britain	Overseas activities
⁴ Name changed from UCLan Business Services Limited on 8 August 2025			
⁵ Name changed from UCLan (Overseas) Limited on 8 August 2025			
Owned by University of Lancashire Overseas Limited			
UCLan Cyprus Limited	51%	Cyprus	Higher education
UCLan (HK) Limited	100%	Hong Kong	Holding company
UCLan Lanka (Private) Limited	100%	Sri Lanka	Holding company
UCLan (Thailand) Company Limited	49%	Thailand	Investment
Owned by UCLan (HK) Limited			
UCLan Technology (Shenzhen) Limited	100%	China	Research

The University's subsidiaries University of Lancashire Holdings Limited, University of Lancashire Community Dentists Limited and University of Lancashire Business Services Limited are exempt from audit, per section 479A of the Companies Act. The University has given written undertakings to support the subsidiary companies for a minimum of 12 months from the date of approval of these financial statements.

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

14 Assets held for sale

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Assets held for sale	-	-	135	135
	<u>-</u>	<u>-</u>	<u>135</u>	<u>135</u>

During the year property was sold generating a surplus on disposal of £77k.

15 Stock

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	57	30	44	17
	<u>57</u>	<u>30</u>	<u>44</u>	<u>17</u>

16 Trade and other receivables

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Other trade receivables	20,485	20,870	19,987	20,348
Other receivables	2,064	2,012	2,515	2,401
Prepayments and accrued income	29,356	27,956	24,666	23,564
Amounts due from subsidiary companies	-	922	-	826
Deferred tax	2	-	-	-
	<u>51,907</u>	<u>51,760</u>	<u>47,168</u>	<u>47,139</u>

17 Current Investments

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	30,500	30,500	19,500	19,500
	<u>30,500</u>	<u>30,500</u>	<u>19,500</u>	<u>19,500</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

18 Creditors: amounts falling due within one year

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred capital grants	2,774	2,774	2,458	2,458
Annual leave accrual	6,703	6,612	6,461	6,369
Trade payables	9,617	9,535	8,388	8,229
Social security and other taxation payable	11,665	10,989	9,997	9,441
Accruals and deferred income	60,715	59,632	60,497	59,463
Group creditors	-	1,069	-	987
Other creditors	2,836	2,468	2,087	1,708
	94,310	93,079	89,888	88,655

19 Creditors : amounts falling due after more than one year

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred capital grants	55,495	55,495	55,093	55,093
Secured loans	30,685	30,685	30,501	30,501
	86,180	86,180	85,594	85,594
Analysis of secured and unsecured loans:				
Due within one year (Note 18)	-	-	-	-
Due between one and two years	7	7	-	-
Due between two and five years	-	-	-	-
Due in five years or more	30,678	30,678	30,501	30,501
Due after more than one year	30,685	30,685	30,501	30,501
Total secured and unsecured loans	30,685	30,685	30,501	30,501

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

20 Financial instruments

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial assets measured at cost less impairment:				
Cash and cash equivalents	46,589	40,001	79,149	72,457
Investments (non-current)	1,907	2,158	1,877	2,158
Investments (current)	30,500	30,500	19,500	19,500
Trade and other receivables	51,907	51,760	47,168	47,139
	130,903	124,419	147,694	141,254
Financial liabilities measured at amortised cost:				
Loans	30,685	30,685	30,501	30,501
Trade and other payables	9,617	9,535	8,388	8,229
	40,302	40,220	38,889	38,730

The principal financial instruments are cash and investments. Additionally, there are financial assets and liabilities arising directly from operations, for example trade debtors and trade creditors. Financial risk is managed through the Treasury Management Group that sets and oversees investment and treasury policy.

21 Provisions for liabilities

	At 1 August 2024 £'000	Utilised in Year £'000	Additions in Year £'000	At 31 July 2025 £'000
Consolidated and University				
Obligation to fund deficit on USS pension	-	-	-	-
Pension enhancements on termination	4,417	(480)	213	4,150
LGPS unfunded liabilities	-	-	736	736
Total provisions - University	4,417	(480)	949	4,886
Subsidiary pension provision	454	(314)	-	140
Total provisions - Consolidated	4,871	(794)	949	5,026

USS deficit

The obligation to fund the past deficit on the Universities' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the period of the contracted obligation in assessing the value of this provision.

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

22 Cash and cash equivalents

	At 1 August 2024 £'000	Cash Flows £'000	At 31 July 2025 £'000
Consolidated	<u>79,149</u>	<u>(32,560)</u>	<u>46,589</u>
University	<u>72,457</u>	<u>(32,456)</u>	<u>40,001</u>

23 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2025:

	2025		2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	<u>6,689</u>	<u>6,689</u>	<u>28,166</u>	<u>28,166</u>
	<u>6,689</u>	<u>6,689</u>	<u>28,166</u>	<u>28,166</u>

24 Contingent Liabilities

The University Group has given written undertakings to support several of its subsidiary undertakings.

25 Lease Obligations

	Land and Buildings £'000	Plant and Machinery £'000	2025 Total £'000	2024 Total £'000
Consolidated				
Total rentals payable under operating leases:				
Payable during the year	<u>1,385</u>	<u>131</u>	<u>1,516</u>	<u>1,355</u>
Future minimum lease payments due:				
Not later than one year	<u>221</u>	<u>208</u>	<u>429</u>	<u>236</u>
Later than one year and not later than five years	<u>842</u>	<u>756</u>	<u>1,598</u>	<u>836</u>
Later than five years	<u>5,733</u>	<u>-</u>	<u>5,733</u>	<u>4,367</u>
Total lease payments due	<u>6,796</u>	<u>964</u>	<u>7,760</u>	<u>5,439</u>
University				
Payable during the year	<u>1,397</u>	<u>107</u>	<u>1,504</u>	<u>1,371</u>
Not later than one year	<u>284</u>	<u>190</u>	<u>474</u>	<u>265</u>
Later than one year and not later than five years	<u>1,094</u>	<u>742</u>	<u>1,836</u>	<u>1,119</u>
Later than five years	<u>970</u>	<u>-</u>	<u>970</u>	<u>799</u>
Total lease payments due	<u>2,348</u>	<u>932</u>	<u>3,280</u>	<u>2,183</u>

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes

Different categories of staff were eligible to join one of six different schemes:

- Teachers' Pension Scheme (TPS)
- Local Government Pension Scheme (LGPS)
- Universities' Superannuation Scheme (USS)
- The Training 2000 Limited Retirement and Death Benefit Scheme (T2K)
- A defined contribution (DC) scheme operated by Royal London (RL)
- A DC scheme operated by Scottish Widows (SW)

TPS is an unfunded defined benefit pension scheme where contributions payable are credited to the Exchequer and a notional set of investments maintained. The pension cost is assessed every five years by the Government Actuary. Membership is open to all academic staff of the University.

LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. All non-academic staff employed by the University prior to 31 July 2021 were eligible to join the scheme.

The University has a strictly limited membership of the Universities' Superannuation Scheme (USS) to cover a small number of staff who have transferred from other institutions where they were already members of that scheme.

Since August 2021, new employees of the University Group other than academic staff have been employed by University of Lancashire Resources Limited. The DC scheme operated by Royal London (RL) is open to these staff.

Training 2000 Limited staff employed before 1 November 2006 were eligible to join the T2K scheme.

The DC scheme operated by Scottish Widows (SW) is open to staff of Training 2000 Limited who started after the closure of the T2K scheme.

(i) The Universities' Superannuation Scheme

The institution participates in the 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 Consolidated Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the Recovery Plan (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income and Expenditure.

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 the Universities' Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with Section 28 of FRS 102. The Trustees are satisfied that

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

the Universities’ Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the Recovery Plan in existence at the date of approving the financial statements.

Pension Costs

The total cost charged to the Consolidated Statement of Comprehensive Income and Expenditure is £494k (2024: £623k) and deficit recovery contributions due within one year for the University are Nil (2024: £227k).

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%. As set out in Note 26, no deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

The latest available complete actuarial valuation of the Retirement Income Builder 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 USS 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 £73.1 billion and the value of the scheme’s technical provisions was £65.7 billion indicating a surplus of £7.4 billion 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	Term dependent rates in line with the difference between Fixed Interest and Index Linked yield curves less: 1.0% pa to 2030, reducing linearly by 0.1% pa to a long-term difference of 0.1% pa from 2030	
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 assumptions minus 3bps	
Discount rate (forward rates)	Pre-retirement:	fixed interest gilt yield curve + 2.50% pa
	Post-retirement:	fixed interest gilt yield curve + 0.90% pa

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

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

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% pa, 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)	20.9	23.7
Females currently aged 65 (years)	23.5	25.6
Males currently aged 45 (years)	22.0	25.4
Females currently aged 45 (years)	25.0	27.2

(ii) Local Government Pension Scheme

(Retirement Benefits) Disclosure for the accounting period ending 31 July 2025

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. The last formal triennial actuarial valuation of the scheme was performed as at 31 March 2022 by a professionally qualified actuary. During the accounting period, the total contribution was £10,491k, of which employer's contributions totalled £8,310k and employee's contributions totalled £2,181k. Following the triennial valuation, the University's contribution rate increased to 18.0% with effect from 1 April 2023, increased to 20.4% from 1 April 2024.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	2025	2024
	% pa	% pa
Price inflation (CPI)	2.50	2.60
Rate of increase in salaries	4.00	4.10
Rate of increase of pensions in payment	2.60	2.70
Discount rate	5.90	4.90

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male (female) members at age 65:

	2025	2024
Future pensioner age 65 in 20 years' time	22.0 (25.0)	22.2 (25.3)
Current pensioner aged 65	20.9 (23.5)	21.0 (23.5)

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

As a result of significant gains arising from the change in financial assumptions, the balance of the University's assets in the scheme exceeds the liabilities associated with the funded defined benefit obligation, giving rise to a surplus. FRS 102 allows an asset to be recognised for a defined benefit scheme in surplus only in so far as there is a realisable value in the asset. The maximum realisable value is the asset ceiling.

The value of the asset ceiling has been determined in line with the requirements of FRS 102, taking into account that the University does not have an inherent right to a refund from the scheme but may be able to recognise a surplus arising from the economic value of potential future reduced contributions. The asset ceiling is the maximum realisable value arising from the existence of a surplus and has been calculated as the net present value of future service costs less the net present value of future contributions payable.

As the current contribution rate (even after discounts have been applied) is currently greater than the projected future service cost, there is no realisable economic value currently and the asset ceiling is nil. No surplus has therefore been recognised.

Scheme assets and expected rate of return for LGPS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	2025 £'000	2024 £'000	
Equities	190,845	189,498	47.7%
Government bonds	423	397	0.1%
Other bonds	846	397	0.1%
Property	35,122	33,768	8.5%
Cash/liquidity	12,695	5,562	1.4%
Other	183,228	167,648	42.2%
Total	423,159	397,270	
Actual return on plan assets	7.0%	6.3%	

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

Analysis of the amount shown in the balance sheet for LGPS pensions:

	2025 £'000	2024 £'000
Scheme assets	423,154	397,265
Scheme liabilities	(275,466)	(316,831)
Asset ceiling	(148,424)	(80,434)

Deficit in the scheme – net pension liability recorded within pension provisions (Note 21)

	(736)	-
Current service cost	4,896	5,217
Past service cost	-	-
Curtailments and administration expenses	1,805	649
Total operating charge:	6,701	5,866

Analysis of the amount charged to interest payable/credited to other finance income for LGPS

Interest cost	(15,230)	(15,155)
Expected return on assets	19,376	19,017
Net (charge)/credit to other finance income	4,146	3,862

Analysis of other comprehensive income for LGPS pension:

	2025 £'000	2024 £'000
Gain/(loss) on assets	10,413	6,199
Gain/(loss) on assumptions	51,086	(3,022)
Total other comprehensive income before deduction for tax	61,499	3,177
Effect of asset ceiling	(64,049)	(8,275)
	(2,550)	(5,098)

Asset ceiling reconciliation:

	2025 £'000	2024 £'000
Opening asset ceiling	80,434	72,159
Interest on asset ceiling	3,941	-
Remeasurement gain/(loss)	64,049	8,275
Closing asset ceiling	148,424	80,434

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

History of experience gains and losses – LGPS pensions

	2025	2024	2023	2022	2021
Difference between expected and actual return on assets					
Amount £'000	10,413	6,199	2,231	24,919	35,208
% of assets at end of year	2.5%	1.6%	0.6%	7.0%	10.8%
Experience (gains)/losses on scheme liabilities					
Amount £'000	(51,086)	(3,022)	83,460	126,623	(3,715)
% of liabilities at end of year	18.5%	1.0%	27.7%	34.4%	0.8%

Analysis of movement in surplus/(deficit) for LGPS pension

	2025 £'000	2024 £'000
(Deficit) at beginning of year	-	-
Contributions or benefits paid by the University	8,310	7,107
Current service cost (inc. admin expenses and curtailments)	(6,701)	(5,871)
Pension Interest receivable	4,146	3,862
Interest on asset ceiling	(3,941)	-
Gain/(loss) recognised in other comprehensive income	61,499	3,177
Asset ceiling	(64,049)	(8,275)
Surplus/(deficit) at end of year	(736)	-

Analysis of movement in the present value of LGPS liabilities

	2025 £'000	2024 £'000
Present value of LGPS liabilities at the start of the year	316,831	301,319
Current service cost (net of member contributions)	6,504	5,649
Interest on pension liabilities	15,230	15,155
Actual member contributions (including notional contributions)	2,181	2,389
Actuarial (gain)/loss	(51,086)	3,022
Actual benefit payments	(14,194)	(10,703)
Present value of LGPS liabilities at the end of the year	275,466	316,831

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

Analysis of movement in the fair value of scheme assets

	2025	2024
	£'000	£'000
Fair value of assets at the start of the year	397,270	373,478
Interest on plan assets (includes admin expenses)	19,179	18,800
Actuarial gain/(loss) on assets	10,413	6,199
Actual contributions paid by University	8,310	7,107
Prior year adjustment	-	-
Actual member contributions (including notional contributions)	2,181	2,389
Actual benefit payments	(14,194)	(10,703)
Fair value of scheme assets at the end of the year	423,159	397,270

LGPS assets do not include any of the University's own financial instruments or any property occupied by the University.

Actual Return on Scheme Assets	2025	2024
	£'000	£'000
Expected return on Scheme assets	19,376	19,017
Asset gain/(loss)	10,413	6,199
	29,789	25,216

The estimated contributions for LGPS in the financial year 2025/26 are £6.8m.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Company and pension trustees are currently considering the implications of the case for the Lancashire County Pension fund. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the directors do not consider it necessary to make any adjustments as a result of the Virgin Media case.

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

(iii) Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010 and the Teachers' Pension Scheme Regulations 2014. 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.

The Teachers' Pension Budgeting and Valuation Account

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 – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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 Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023.

The valuation report was published by the Department on 27 October 2023. The key result of the valuation is that, with effect from April 2024, employer contribution rates increased from 23.6% to 28.6% of pensionable pay, in line with current regulations.

(iv) Training 2000 Limited Retirement and Death Benefit Scheme

The following calculations as at 31 July 2025 have been provided by the scheme actuaries using the projected unit actuarial cost method.

Principal actuarial assumptions used by the actuary were as follows:

	2025	2024
	%	%
Rate of Inflation	3.0	3.1
Rate of increase in pensions	2.9	3.1
Discount rate	5.8	5.0
Mortality rates for current and future pensioners	115% SP3A model 2022 with a long term rate of improvement of 1.25% pa	115% SP3A model 2022 with a long term rate of improvement of 1.25% pa

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

The amounts recognised in the consolidated balance sheet are as follows:

	2025 £'000	2024 £'000
Present value of funded obligations	(4,919)	(5,270)
Fair value of plan assets	4,779	4,816
Net pension deficit	(140)	(454)

Analysis of amounts charged to the consolidated statement of comprehensive income and expenditure:

Other finance costs:		
Expected return on pension scheme assets	(237)	(230)
Interest on pension scheme liabilities	256	263
Net pension cost	19	33

Analysis of the actuarial gains and losses shown in the consolidated statement of comprehensive income and expenditure:

	2025 £'000	2024 £'000
Actuarial gains/(losses) on assets	(130)	145
Actuarial gains/(losses) on liabilities	314	14
Actuarial gain recognised	184	159

Changes in the fair value of the defined benefit obligation are as follows:

Opening defined benefit obligation	5,270	5,302
Interest on pension scheme liabilities	256	263
Past service cost	-	-
Actuarial (gains)/losses	(314)	(14)
Benefits / transfers paid	(293)	(281)
Closing defined benefit obligation	4,919	5,270

Changes in the fair value of plan assets are as follows:

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension Schemes (continued)

Opening fair value of plan assets	4,816	4,574
Expected return on plan assets	237	230
Actuarial gains/(losses)	(130)	145
Employer contributions	169	164
Expenses paid	(20)	(16)
Benefits / transfers paid	(293)	(281)
	<u>4,779</u>	<u>4,816</u>
Closing fair value of plan assets		

The split of assets between investment categories is as follows:

	2025 £'000	2025 %	2024 £'000	2024 %
Equities	2,702	56.5	2,659	55.2
Cash/liquidity	250	5.2	206	4.3
Other	1,828	38.2	1,951	40.5
	<u>4,780</u>		<u>4,816</u>	

Amounts for current and previous years:

	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 £'000
Defined benefit obligations	(4,919)	(5,270)	(5,302)	(6,475)	(8,234)
Plan assets	4,779	4,816	4,574	5,139	6,019
	<u>(140)</u>	<u>(454)</u>	<u>(728)</u>	<u>(1,336)</u>	<u>(2,215)</u>

The cumulative amount of actuarial losses recognised since 1 August 2005 is £832k.

Scheme assets as at 31 July 2025 have been valued at bid price.

Following the closure of the scheme on 1 November 2006 the only future contributions are recovery plan payments made by the employer towards past service costs. Following the conclusion of the scheme actuarial valuation as at 31 July 2017 the trustees agreed to increase deficit funding contributions going forward, with contributions set at £169k for the year ended 31 July 2025 and increasing at 3% per annum thereafter (2024: £164k)

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

26 Pension schemes (continued)

(v) Defined Contribution Schemes

A defined contribution plan is a post-employment benefit plan under which the employer 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 income statement in the periods during which services are rendered by employees.

The total amount reported in the financial statements as expense on defined contribution pension schemes is £1,887k, of which £81k relates to the Scottish Widows scheme (2024: £164k) and £1,806k to the Royal London scheme (2024: £1,364k).

27 Accounting estimates and judgements

Tangible fixed assets – land and buildings

Some of the University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings acquired up to the date of the last valuation are included in the Balance Sheet at depreciated replacement cost or, where in the opinion of the University's valuers there is a readily available market for a property, at the market valuation. Land and buildings acquired after the date of the last valuation are included at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the institution of 50 years. Leasehold buildings are amortised over 50 years or, if shorter, the life of the lease.

All fixed assets are reviewed for indicators of impairment and revalued if any are found to exist.

Bad debt policy

The trade receivables balance recorded in the Balance Sheet comprises a large number of relatively small balances. An allowance is made for the estimated irrecoverable amounts from debtors, referred to as a bad debt provision, and this is determined by reference to past experience of the recoverability of differing types of debt.

Pensions

Pension provisions for defined benefit obligations and pension enhancements on termination are calculated using assumptions deemed to be the most appropriate for the scheme and are based on advice from the scheme actuary. The provision relating to the USS deficit recovery plan is calculated using assumptions considered appropriate after consideration of salary inflation and changes in membership of the scheme over the recovery period, and a discount rate based on advice from a qualified actuary.

Notes to the Financial Statements

Year ended 31 July 2025 *(continued)*

27 Accounting estimates and judgements *(continued)*

Long Term Liabilities

In December 2021, the University entered into a sale and leaseback agreement with Canada Life in respect of a portion of the University's property portfolio. As part of this arrangement the University received a premium of £30m and is required to make rental payments over 40 years that increase at a variable rate of interest. As there is no change to the risks and benefits from ownership of the properties as a result of this arrangement, it has been determined that the substance of this arrangement is a secured debt finance agreement and it has therefore been treated as such. In this treatment it has been necessary to make an assumption on the rate of interest applicable to this agreement (RPI) and this has been done using Office for Budgetary Responsibility (OBR) forecasts, the most recent of which at the time of writing was published in May 2025.

28 Related parties

The University Board members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Board, being 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, including those identified below, are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures. No transactions were identified which were required to be disclosed.

No Board member has received any remuneration/waived payments from the Group during the year in their capacity as a Board member (2024: none).

The total expenses paid to or on behalf of 6 Board members was £3,521 (2024: £849). This represents travel and subsistence expenses incurred in attending meetings and events in their official capacity. In addition, costs of £nil (2024: £6,600) were paid to David Taylor Partnerships Limited, a privately owned corporate and property investment company registered in the United Kingdom that provided administrative support to the outgoing Chair of the Board in relation to the execution of that role in the University.

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

29 US Department of Education Financial Responsibility Supplementary Schedule

In satisfaction of its obligations to facilitate students' access to federal financial aid, the University is required by the US Department of Education to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedule have been:

- Prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- Prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- Presented in pounds sterling (GBP).

The schedule sets out how each amount disclosed has been derived from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and cannot be relied upon to comply with the requirements of accounting principles generally accepted in the United States of America.

Page	Statement / Note reference	Expendable Net Assets	Year ended 31 July 2025		Year ended 31 July 2024	
			£000	£000	£000	£000
46	Balance Sheet – Total Reserves	Net assets without donor restrictions		332,014		334,853
N/A	N/A	Net assets with donor restrictions		0		0
58	Note 16 – Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
58	Note 16 – Amounts due from subsidiary companies	Unsecured related party receivable		0		0
46	Balance Sheet – Tangible assets	Property, plant and equipment net (includes construction in progress)	372,964		355,880	
55	Note 12 – Net book value at 31 July 2022 less depreciation and disposals	Property, plant and equipment – pre-implementation		342,148		324,950
55	Note 12 – Additions (excluding for assets in the course of construction) funded by debt	Property, plant and equipment – post-implementation with outstanding debt for original purchase		7,079		5,719
55	Note 12 – Additions (excluding for assets in the course of construction) not funded by debt	Property, plant and equipment – post-implementation without outstanding debt for original purchase		0		0
55	Note 12 – Assets in the course of construction – additions	Construction in progress		23,737		25,331
N/A	N/A	Lease right-of-use asset, net	0		0	

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

29 US Department of Education Financial Responsibility Supplementary Schedule (continued)

Page	Statement/ Note Reference	Expendable Net Assets	Year ended 31 July 2025		Year ended 31 July 2024	
			£000	£000	£000	£000
N/A	N/A	Lease right-of-use asset pre-implementation		0		0
N/A	N/A	Lease right-of-use asset post implementation		0		0
46	Balance Sheet – Intangible assets	Intangible assets – goodwill		0		0
46	Balance Sheet – Intangible assets	Intangible assets – other intangible assets		12,870		11,453
46	Balance Sheet – Pension provisions	Post-employment and pension liabilities		4,290		4,871
60	Note 20 – Loans	Long-term debt – for long-term purposes	30,678		30,501	
60	Note 20 – Loans	Long-term debt – for long-term purposes pre-implementation		0		0
60	Note 20 – Loans	Long-term debt – for long-term purposes post-implementation		7,079		5,719
60	Note 20 – Loans	Line of credit for construction in process		23,737		25,331
2	N/A	Lease right-of-use asset liability	0		0	
N/A	N/A	Pre-implementation right-of-use leases		0		0
N/A	N/A	Post-implementation right-of-use leases		0		0
N/A	N/A	Annuities with donor restrictions		0		0
N/A	N/A	Term endowments with donor restrictions		0		0
N/A	N/A	Life income funds with donor restrictions		0		0
N/A	N/A	Net assets with donor restrictions: restricted in perpetuity		0		0
		Total Expendable Net Assets		(18,714)		3,441

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

29 US Department of Education Financial Responsibility Supplementary Schedule (continued)

Page	Statement / Note reference	Total Expenses and Losses	Year ended 31 July 2025		Year ended 31 July 2024	
			£000	£000	£000	£000
43	Consolidated Statement of Comprehensive Income – Total expenditure	Total expenses without donor restrictions – taken directly from Statement of Activities		300,396		297,810
43	Consolidated Statement of Comprehensive Income – Losses on investments and revaluation of investment properties less investment income and actuarial gain in respect of pension schemes	Non-operating and net investment loss		(69,794)		(13,077)
43	Consolidated Statement of Comprehensive Income – Loss on investments less investment income	Net investment losses		(8,151)		(9,731)
43	Consolidated Statement of Comprehensive Income – Actuarial gain/(loss) in respect of pension schemes	Pension-related changes other than net periodic costs		61,683		3,331
		Total Expenses and Losses		284,134		278,333

Page	Statement / Note reference	Modified Net Assets	Year ended 31 July 2025		Year ended 31 July 2024	
			£000	£000	£000	£000
43	Balance Sheet – Total reserves	Net assets without donor restrictions		332,014		334,853
N/A	N/A	Net assets with donor restrictions		0		0
43	Balance Sheet – Intangible assets	Intangible assets – goodwill		0		0
58	Note 16 – Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
58	Note 16 – Amounts due from subsidiary companies	Unsecured related party receivable		0		0
		Total Modified Net Assets		332,014		334,853

Notes to the Financial Statements

Year ended 31 July 2025 (continued)

29 US Department of Education Financial Responsibility Supplementary Schedule (continued)

Page	Statement / Note reference	Modified Assets	Year ended 31 July 2025		Year ended 31 July 2024	
			£000	£000	£000	£000
43	Balance Sheet – Total non-current assets plus total current assets	Total assets		516,794		515,206
N/A	N/A	Lease right-of-use asset pre-implementation		0		0
N/A	N/A	Pre-implementation right-of-use leases		0		0
43	Balance Sheet – Intangible assets	Intangible assets – goodwill		0		0
58	Note 16 – Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
58	Note 16 – Amounts due from subsidiary companies	Unsecured related party receivable		0		0
		Total Modified Assets		516,794		515,206

Page	Statement / Note reference	Net Income Ratio	Year ended 31 July 2025		Year ended 31 July 2024	
			£000	£000	£000	£000
43	Consolidated Statement of Comprehensive Income – Total comprehensive income/(expenditure) for the year	Change in net assets without donor restrictions		(2,839)		(127)
43	Consolidated Statement of Comprehensive Income – Total income less investment income plus gain/(loss) on sale of tangible fixed assets	Total revenue and gains		295,500		284,829



University of
Lancashire