



University of Chester

Annual Report and Financial Statements **Year ended 31 July 2024**

Registered Charity No. 525938

Contents

Year ended 31 July 2024

| CONTENTS | PAGES |
|---|--------------|
| Introduction from the Vice Chancellor and President of the University Council | 3 |
| Financial Highlights | 4 |
| Members of the University Council | 5 |
| University Senior Staff | 6 |
| University Advisors | 7 |
| Report of the University Council | 8 |
| Corporate Governance Statement | 17 |
| Statement of University Council Responsibilities in Respect of the Annual Report and the Financial Statements | 22 |
| Independent Auditor's Report to the University Council of the University of Chester | 23 |
| Consolidated and University Statement of Comprehensive Income and Expenditure | 29 |
| Consolidated and University Statements of Changes in Reserves | 31 |
| Consolidated and University Balance Sheets | 33 |
| Consolidated Cash Flow Statement | 34 |
| Statement of Accounting Policies | 35 |
| Notes to the Financial Statements | 40 |

Introduction by the Vice-Chancellor and the President of the University Council

Year ended 31 July 2024

Introduction from our Vice-Chancellor



I am proud that our reputation has been enhanced this year through numerous individual, team and institutional awards. Alongside this, a concerted effort by staff across the University has meant we have achieved our savings targets whilst protecting the student experience. We will be continuing this trajectory in the year ahead, with our on-going sustainability plans and even closer working with key partners across the region and globally. We will continue to focus our delivery on what really matters, outcomes for our diverse body of students whether undergraduate, postgraduate, apprentice, mature, part-timer or commuter coming to Chester from the UK or across the world.

Professor Eunice Simmons DL, BSc, MSc, PGCE, PhD, FRSB, FRSA, PFHEA

Introduction from President of University Council



The Governing Body is confident that it has discharged its duties to test and challenge the Executive Team's targets for both savings and growth, with transparent and accurate information shared between the Executive and the Governors. Sub-committees have been strengthened by the participation of external advisors, an example of the continuous improvement in Governance.

I am looking forward to the upcoming year, welcoming new Governors with particular expertise in the NHS, civic partnership working and environmental sustainability – all of which are key to continuing to support and develop the university's impact and value, locally, nationally and internationally.

Meredydd David OBE, DL, DSc, MPhil, FRAgS

Financial Highlights

Year ended 31 July 2024

Result

During the year to 31 July 2024 (year to 31 July 2023 figures in brackets) the consolidated University and subsidiary companies:

- Generated income of £147.5 million (£138.3 million)
- Generated a surplus before other gains and losses of £0.1 million (£8.2 million deficit)
- Generated a net cash inflow from operating activities of £7.6 million (£7.6 million)
- Increased expenditure by £0.9 million (£4.2 million)

Financial Strength

At 31 July 2024 the University had:

- Cash and cash equivalents of £41.8 million (£27.4 million)
- Investments of £ zero (£10.0 million)
- Total net assets of £80.7 million (£81.5 million)
- A defined benefit pension liability of £ zero (£ zero)

Financial Investments

During the year to 31 July 2024 the University invested £5.2m million (£5.1 million) in tangible fixed assets.

Staff and students

During the academic year the University:

- Employed an average of 1493 members of staff (1,573)
- Taught, directly or through collaborative provision and distance learning, higher education students as follows:

Student Headcounts - based on HESA Student Return Standard Registration Population

| | | Full-Time | Other | 2023/24 Total | 2022/23 Total | Increase/ (Decrease) |
|-----------------------------|-----------------------|---------------|--------------|------------------|------------------|-------------------------|
| Home/EU | Undergraduate | 5,792 | 426 | 6,218 | 6,578 | (5%) |
| | Postgraduate | 542 | 2,113 | 2,655 | 2,878 | (8%) |
| | Nursing and Midwifery | 1,631 | 115 | 1,746 | 1,735 | 1% |
| International | Undergraduate | 638 | 21 | 659 | 492 | 34% |
| | Postgraduate | 2,877 | 40 | 2,917 | 2,248 | 30% |
| | Nursing and Midwifery | 8 | - | 8 | 9 | (11%) |
| 2023/24 Total | | 11,488 | 2,715 | 14,203 | 13,940 | 2% |
| 2022/23 Total | | 10,872 | 3,068 | 13,940 | | |
| Increase/ (Decrease) | | 6% | (12%) | 2% | | |

The 2023/24 figures are for students studying between August 2023 and July 2024. The 2022/23 figures are for students studying between August 2022 and July 2023.

Members of the University Council

Year ended 31 July 2024

The members of the University Council are the University's charity trustees under charity law. The members of the University Council who served as trustees during the year or subsequently are detailed below:

| Members of the University Council 2023/2024 | | (1) | (2) |
|--|----------------------|-----|-----|
| Foundation Members: | | | |
| Dr Meredydd David (<i>President</i>) | | • | |
| The Right Reverend the Lord Bishop of Chester, Mark Tanner | | | |
| The Very Reverend Dr Tim Stratford | | | |
| Professor Eunice Simmons (<i>Vice-Chancellor</i>) | | • | |
| Dr David Briggs | | • | |
| Professor Steven Broomhead | | | • |
| Professor Charles Forsdick | | | |
| Mrs Jeannie France-Hayhurst | | | |
| Professor Helen O'Sullivan | | • | |
| Dr Angela Seeney | | | • |
| Mrs Lynette Siemers | Appointed 28-09-2023 | | • |
| Mr Peter Wallach | | | • |
| Non-Foundation Members: | | | |
| Ms Ellie Smith (<i>Students' Union President</i>) | Left 30-06-2024 | • | |
| Mrs Cathy Bond (<i>Deputy President</i>) | | • | |
| Mr Marcus Clinton | | | |
| Councillor Mrs Razia Daniels | | | |
| Ms Karen Howell | | | |
| Mrs Sara Popplewell | | • | |
| Mr Stephen Dobson | | • | |
| Professor Angela Simpson | | | |
| Mrs Kate Nwosu-Aaron Efe | | | |
| Miss Lillian Watson (<i>Students' Union President</i>) | Appointed 01-07-2024 | • | |
| University Secretary | | | |
| Ms Laura Gittins | Appointed 01-08-2023 | | |

During the year the main operational activities of the University Council were carried out through two committees. The current membership of these committees is shown above for each Council member

- (1) Planning & Resources Committee
- (2) Audit & Risk Management Committee

The University is also guided and governed by four further committees, namely, Mission; Nominations & Governance Review; Academic Governance & Student Outcomes and Senior Salaries. Members of the University Council had no interest in contracts with the University.

University Senior Staff

The senior staff of the University to whom day to day management is delegated are as follows:

| | |
|----------------------------|---|
| Professor Eunice Simmons | Vice-Chancellor |
| Professor Helen O'Sullivan | Provost and Deputy Vice-Chancellor |
| Professor Paul Bissell | Pro Vice-Chancellor Research and Innovation |
| Dr Helen Galbraith | Senior Pro Vice-Chancellor and Chief Operating Officer |
| Mr Richard Waddington | Chief Financial Officer |
| Ms Laura Gittins | Director of Legal Services and University Secretary |
| Mrs Rashmi Patel | Director of Human Resources |
| Mr Steve Jeffree | Interim Director of Digital Transformation – <i>Left 31-08-2023</i> |
| Professor Kurt Allman | Executive Dean/PVC (Faculty of Science, Business & Enterprise) |
| Professor David McGravie | Executive Dean/PVC (Faculty of Arts, Humanities & Social Sciences) |
| Professor Angela Simpson | Executive Dean/PVC (Faculty of Health, Medicine & Society) |

University AdvisorsYear ended 31 July 2024

University Advisors

The University retains a number of professional advisers. The advisors during the year were as follows:

| University Advisor | Address |
|----------------------------|---|
| Bankers | NatWest Bank plc 2-8 Church Street 1 st Floor Liverpool L1 3BG |
| Auditors - External | KPMG LLP 1 St Peter's Square Manchester M2 3AE |
| Auditors - Internal | RSM Landmark 1 St Peter's Square Oxford Street Manchester M1 4PB |
| Insurance Brokers | U M Association Ltd 5 St Helen's Place London EC3A 6AB |

Report of the University Council

Year ended 31 July 2024

The Members of the University Council present their Annual Report for the year ended 31 July 2024 under the Charities Act 2011 together with the audited financial statements for the year.

Structure, Governance and Management

Type of organisation: Registered Charity

Nature of Governing Document: Trust Deed

How the Charity is constituted: The University Council set the mission and approve the strategy and policies. Members of the University Council (Governors) are the management trustees and the day-to-day management is with the Senior Management. Chester Diocesan Board of Finance is the custodian trustee of the charity's real estate property, acting as bare trustee of land.

Method of Appointment of Trustees: Trustees are appointed in accordance with the Instrument of Government. The Charity has a Nominations and Governance Review Committee. The Charity is responsible for ensuring that appropriate training is provided. Trustees are appointed for an initial term of office not exceeding three years.

Governors Induction and Training: The University Council have available a range of training opportunities delivered through a variety of formats. The main source of external training is through attendance on various courses organised by Advance HE. In addition, the University Council attends an "Away Day" where contributions on relevant topics are made by external and internal speakers. New members of Council are provided with an induction briefing by the Charity Secretary and an induction meeting with the President of the Council.

Organisation: The Composition of the Council is set out on page 5. It is the Council's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Chief Executive (Vice-Chancellor Professor E.A. Simmons) is appointed by the Council to manage the day to day operations of the Charity, and is supported by a Strategic Executive Team.

Scope and period of financial statements

The financial statements have been presented for the year ended 31 July 2024.

Principal activities of the University

The principal activity of the University is the provision of higher education. The University has a series of well-established programmes leading to the award of BA, BSc, BEd, BTh, BPhil, MA, MEd, MSc, MBA and PhD degrees.

The University is committed to the promotion of academic, vocational and personal development and professional training, preparing its students, in collaboration with employers and professional partners in the region and beyond, to make a positive contribution to the social and economic context in which they hope to work.

The University owns a substantial amount of property including a large number of residential properties which are maintained for the sole use of its students.

The Charity has two trading wholly owned subsidiaries:

- Chester Conferences Limited – provision of conference and short-course facilities
- Thornton Research Properties Limited – rental of office and industrial space at Thornton Science Park

Strategic Report

This has been a year in which the University has gained recognition for many of its endeavours despite a backdrop of challenges and deficits across the wider HE sector caused by pressure on student recruitment, both UK and International, and rising running costs against static student fee income. The University is in a good place to deal with these challenges going forward and to grow income and implement savings to sustain the business.

The financial challenge we set ourselves at the start of this year has been met, supported by the new Cost Control Board. The 2023/24 budget was for a deficit of £5.4m. Recruitment of more International students in January and May, savings on staff costs and better control of bad debt through improved collection of student fees meant that the deficit shrank to £1.2m (before adding credit on pension valuation of £1.3m and gain on disposals of £0.3m). We have continued to invest in the student experience and outcomes, with the Strategic Executive Team actively addressing the cost base and a new delivery model for teaching and learning. The newly launched Savings and Investment Board has oversight of larger projects and proposals.

In this year's League Tables we have improved our position to 46 in the Guardian, 56 in the Complete University Guide and 89 in the Times, with an International Student Barometer score of 91% satisfaction.

Our International student recruitment has been well ahead of sector, with strong demand and recruitment performance in the key markets of India, Sri Lanka, Nepal, Pakistan and China. During the 2023/24 recruitment round we welcomed 85 new international students at Level 4 entry for undergraduate Nursing and the first cohort of new 2-year Masters with Placement. There was a year-on-year 100% increase in undergraduate Business students and a continued strong demand for a range of PGT programmes with large volumes, giving confidence for 2024/25 and beyond.

We were delighted to receive General Medical Council approval for the launch of our MBChB programme and at the close of this Financial Year we were making the final preparations to welcome the first cohort to the Chester Medical School in September 2024 - 50 UK and 10 international students selected from more than 500 applicants.

Supported by the Office for Students, our repurposing of the built estate has meant that we were able to embed our Chester Medical School (CMS) in the main Faculty of Health, Medicine and Society building in the centre of Chester. This is a physical demonstration of the core values of both the Faculty and CMS - community based medicine and interprofessional learning across nursing, midwifery, social work and medicine.

Chester School of Education achieved a good Ofsted inspection outcome and Initial Teacher Education was reaccredited. During the latter part of this academic year the School re-located back to its original site in the heart of the Exton Park Campus. A building from the 1980s was refurbished sustainably to meet both the School of Education's requirements and those of the Chester Students' Union which will be able to extend the daily usage of the building by societies and students, using the newly created cinema space and re-designed theatre. We are proud that the innovative design was delivered from within our Estates team, showcasing their creativity and problem-solving skills and their commitment to sustainability, and that much of the interior fit out used recycled furniture from other areas of the Estate, all of which contributed to the tight adherence to the budget.

We are reaping the benefits of the investment in the digital estate, with a new website launched (<https://www.chester.ac.uk>) and the implementation of the Current Research Information System (CRIS Symplectic Elements - <https://profiles.chester.ac.uk>). The Provost is on the Board of Trustees for the national Joint Information Systems Committee (JISC), representing the University in the sector and the future digital landscape.

The Research and Knowledge Exchange Institutes are now well established across the University. We undertook a successful Professorial Leadership and Development Review, and the newly implemented Current Research Information System provides a welcome shop window for the University's academic staff.

Report of the University Council (continued)

Year ended 31 July 2024

The Knowledge Exchange Framework (KEF) evaluates how Universities work with external partners to benefit society and the economy. The University is at or above average in all seven perspectives and in the top 20% (compared against peers) for:

- Research Partnerships
- Working with Business
- Continuing Professional Development & Graduate Start Ups. (<https://kef.ac.uk/dashboard>).

Community outreach included the support of 167,000 NHS staff using the Practice Assessment Record & Evaluation Tool from our Professional Centre at Marriss House in Birkenhead.

This academic year saw the launch of the first Chester Festival of Ideas which took place in key City of Chester partner sites as well as at the University. There were over 90 free events over four days, hosting more than 1,000 unique visitors and 2631 attendance visits. Events were led by University staff, students, city partners and stakeholders and the Festival has strengthened further our knowledge exchange and community outreach.

The Chester Students' Union has completed a 'Turnaround', with a new permanent CEO, officer team and Trustee Board. They hosted a successful events programme and there is evidence of increased impact – 600 nominations for the *1839 Awards*, +34% voter turnout and over 1100 members of 56 societies.

The new Access & Participation Plan 2024-2028 has been approved by the Office for Students and we continue to make good progress against APP targets, including the Disability Continuation gap, Black Awarding gap and access for Care-experienced Students. Outreach programmes such as the Taste of University Summer School continue to be well attended and student volunteering and citizenship have been recognised in the Make a Difference Awards. This has included community-building endeavours – Race Advocates, Varsity and growing the Active Campus programme and piloting a Community Kitchen. All events are now subject to stringent evaluation with the support of TASSO.org.uk.

At the *Educate North Awards* we were awarded Business School of the Year and have been shortlisted in the *Times Higher Education Awards* for Business School of the Year and Outstanding Library Team of the Year to be announced in November 2024. During the year we won 4 *What Uni? Student Choice Awards* as a result of thousands of student reviews:

- Student Support
- International
- Postgraduate
- University of the Year – Silver

Colleagues have been recognised individually with prestigious national awards – including:

- National Teaching Fellowship by *Advance HE* in recognition of the commitment to make higher education accessible to all, and
- Learning Technologist of the Year by the *Association for Learning Technology*.
- *Student Nursing Times Awards 2024* Teaching Innovation of the Year for the podcast series: Your First of Everything

Students' achievements on the national stage have included:

- reaching the finals in eight *Student Nursing Times Awards*
- Winner of the Undergraduate Recognition Award by the *Association for the Study of Animal Behaviour*
- Winner of the 2024 Undergraduate Student Award *Tourism Management Institute*
- Conservationist of the Year – Fauna at the *People of Nature Awards*,
- Sustainability Champion of the Year – Student category *Green Gown UK and Ireland*
- Student volunteers from the University's School of Law and Social Justice named winners of the *2024 LawWorks and Attorney General's Student Pro Bono Award* for Best New Pro Bono Activity after dedicating their time to supporting those in abusive relationships.

Report of the University Council (continued)**Year ended 31 July 2024**

We have met or exceeded ambitious sustainability targets, embedding the philosophy in new builds, repairs and maintenance, such as removing gas during the refurbishment of our main kitchen. Carbon emissions continue to fall, while carbon literacy training has risen, we remain a Fairtrade University and the bees have thrived. We have been working closely with the Council and local employers on travel planning, alongside the electrification of our fleet.

Looking forward, we are positioning ourselves to respond to the strategic aims of the new Government – to support the NHS Workforce Plan for nurses, midwives, social workers and doctors, and the pressing need for more teachers to enter the workforce. We are reshaping our curriculum to prepare our students to meet the requirements of their future employers, in a world where the impact of AI is still not fully understood, but the value of skills, continuous professional development, partnership and agility is. In delivering our Citizen Student Strategy through considering the holistic student experience we continue to build our students' enjoyment of university, their social capital and their love of learning.

Report of the University Council (continued)
Year ended 31 July 2024

Financial Review

| | Year ended 31 July 2024 | Year ended 31 July 2023 |
|--|------------------------------------|------------------------------------|
| Financial Performance Indicator | | |
| Surplus/(Deficit) before other gains and losses for the year | £0.1m | (£8.2m) |
| Margin % | (0.1%) | (5.9%) |
| Surplus/(Deficit) for the year | 0.4m | (17.6m) |
| Margin % | (0.3%) | (12.7%) |
| Staff costs as % of income | 56.3% | 61.2% |
| Cash inflow from operating activities | £7.6m | £7.6m |
| Current assets ratio | 1.3 | 1.3 |
| Net liquidity (days) (Number of days expenditure held as cash/investments, based on total expenditure less depreciation) | 108 | 97 |

Financial Performance in 2023/24 compared to previous year:

| | Year ended 31 July 2024 | Year ended 31 July 2023 |
|--|------------------------------------|------------------------------------|
| | £'000 | £'000 |
| Income | 147,503 | 138,343 |
| Expenditure | (147,406) | (146,553) |
| Gain on disposal of fixed assets | 342 | 409 |
| Loss on changes in fair value on investment properties | - | (9,790) |
| Surplus/(Deficit) | 439 | (17,591) |

- Group income has increased by £9.2m (6.6%).
 - Tuition fees increased by £7.5m (6.9%) this was due to an increase in Full Time International students.
 - Investment income increased by £1.2m (135.9%), this was due to increased investment returns as a result on the increased Bank of England base rate.
- Expenditure increased by £0.9m (0.6%).
 - Staffing costs decreased by £1.6m (1.9%). This was due to a reduction in staff numbers and a credit to staff costs as a result of the pension adjustment, versus a charge in the previous year. These offset increased staff costs due to the pay award.

Report of the University Council (continued)

Year ended 31 July 2024

Financial Review (continued)

- Other operating expenses increased by £2.4m (4.6%). This was due to increased premises and facilities expenditure and increased international recruitment costs
- The University invested £5.2m in fixed assets, the largest items of capital expenditure included:
 - Renovation of existing building to create a new School of Education building
 - Improvements to the Seaborne library

Trade Union Facilities Time data for the period 1 April 2023 – 31 March 2024

| | | |
|----------------|--|--------------|
| TABLE 1 | Total Number of Union Officials | 15 |
| | Full time equivalent employee number | 13.42 |
| TABLE 2 | Percentage of time Spent on facility time | |
| | 0% | 2 |
| | 1-50% | 13 |
| | 51-99% | 0 |
| | 100% | 0 |
| TABLE 3 | Percentage of pay bill spent on facility time | |
| | Total cost of facility time | £102,547 |
| | Total Pay Bill | £83,835,394 |
| | % of the total pay bill spent on facility time | 0.12 |
| TABLE 4 | Paid trade union activities | |
| | % of total paid facility time hours | 5.75 |

Risks and uncertainties

There are several key financial risks associated with income and expenditure that the University is managing to ensure financial sustainability.

Having seen significant growth in international recruitment in 2023/24, there was a reduction in postgraduate international students enrolling in 2024, however international undergraduate student numbers continue to increase. The recruitment of home undergraduate students remains a challenge, due to changes in recruitment patterns and competitor behaviour, but improved continuation has mitigated some of this risk.

The key risk on expenditure remains the continued upward pressure on staffing costs. In April 2024 there was a significant increase of 5% in employers' contributions under the Teachers' Pension Scheme to 28%. This, together with recent pay awards (between 5-8% in August 2023, 2.5% in August 2024) and increase to employer's national insurance, has led to significant increases in payroll costs.

Increased expenditure on running costs also reduces cash that is able to be retained in order to invest in estates infrastructure. External grant funding has been received and applications for similar funding is ongoing to mitigate this situation, and a new Revolving Credit Facility has been agreed with Santander in order to help fund investment in this area.

Compliance with the Office for Students Condition B3 means that there remains a risk of student number controls on those subjects deemed poor quality, however work to improve these metrics is ongoing and performance against thresholds is improved.

Report of the University Council (continued)

Year ended 31 July 2024

The wider economic situation and pressure on public finances also give rise to a broader set of uncertainties including grant funding and interest rates. The standard home undergraduate tuition fee will rise to £9,535 in 2025, however this will not offset rises in costs.

The University is expected to return to a deficit in 2024/25 and this brings with it bank covenant compliance risk. This risk has been resolved by the new Revolving Credit Facility with Santander which will allow the repayment of other lenders (Barclays and Lloyds). Renewed covenants have been agreed as part of this refinancing arrangement.

Public benefits and inclusivity

Delivering public benefit is at the heart of what we do as a University and as a provider of higher education. Since 1839 our institutional mission has committed us to provide our students with the education, skills and support to enable them to develop as confident world citizens, and to serve and improve the global communities within which they live and work. As an institution founded by the Church of England, we have always been guided by Christian values and are justifiably proud of the open, inclusive and supportive environment that characterises our institution. We warmly welcome staff, students and visitors of all faiths and none. Our institutional strategy since 2020 has focussed on enhancing this mission-led culture of social mobility and inclusivity – not just for our students as our primary beneficiaries, but also for our staff and communities.

As a local ‘anchor’ institution, we recognise that we have a responsibility to engage proactively and meaningfully in placemaking. Our University doesn’t only serve the communities surrounding Chester; our University Centres in Birkenhead, Warrington and Reaseheath serve wider communities in both rural and urban areas. Our continuing work with regional place makers has highlighted shared commitments to achieving sustainable and inclusive growth that addresses the inequalities facing marginalised and underrepresented communities, without negatively impacting our natural environment. Our Strategic Executive Team provides intentional leadership in support of these priorities, through board membership and key partnership with our local authorities, NHS partners, charities, creative organisations and business representatives.

Further information regarding the University’s social impact on our communities, staff and students is set out in our recent [Levelling Up Impact Report](#)

The University’s [Citizen Student Strategy](#) furthers our commitment to delivering public benefit through three overarching themes:

- Enhancing social capital – opening doors for students whilst studying and beyond;
- A holistic student experience – creating a culture of opportunity and self-development;
- Focussing on lifelong learning – developing an inclusive offer for students of all ages and backgrounds.

The University’s [Access & Participation Plan](#) sets out in more detail our commitment to work with our students to build a strong sense of agency and belonging; to identify and remove barriers so that students from all backgrounds are supported to succeed; and to provide our students with the skills, experience and connections to contribute to a dynamic University community. We deliver against this commitment through a programme of financial support for students from specific underrepresented groups; through partnership working with schools and colleges to raise student aspirations and enable students to progress to higher education; and through an extensive offer of academic and pastoral support to allow students to reach their full potential whilst studying at University and beyond.

The University’s [Research & Knowledge Exchange Strategy](#) furthers our aim to play a fundamental role in regional placemaking and to contribute to advances in knowledge that benefit wider society and help to tackle the ‘grand challenges’ of the 21st century. Our strategy is intended to align with the priorities of our local authorities, NHS partners, business and the third sector. The University has established a number of Research and Knowledge Exchange Institutes (RKEIs) as part of our wider strategy, across core themes strongly aligned to public benefit including health and wellbeing; culture and society; sustainability and environment, and regional economy.

Report of the University Council (continued)**Year ended 31 July 2024**

In setting our strategic objectives and planning our activities the University Executive and University Council have given careful consideration to the Charity Commission's general guidance on public benefit. The balance of the benefits against any detriment or harm are considered during the decision-making processes of the University and during the activities performed. With regard to our estate strategy, property purchases and developments always comply with building regulation guidelines and restrictive covenants and there is regard for the wider environmental impacts. Our charitable aim is the provision of higher education, and the infrastructure required for this should be balanced against the environmental impact this can have.

Investment powers and policy

The Charity invests funds on short-term deposit to ensure a safe and reasonable level of interest is earned and assists the Charity in achieving its objectives. The interest earned within the year amounted to £2,050k (2023: £685k).

The use of short-term deposits is deemed appropriate as this provides a low-risk investment with an acceptable rate of return. Short-term deposits also provide the required flexibility to access cash quickly as and when it is required.

The University's Treasury Management Policy incorporates the Socially Responsible Investment Policy.

Reserves policy (not including pension liability)

The Charity's Trust Deed places no specific restrictions on the application of the Charity's funds, provided that they are applied solely towards the objectives of the Charity as set forth in the Deed.

The Charity aims to provide facilities of a high standard, and this is achieved through a programme of substantial capital investment, which is financed from general reserves, the subsidiary covenant payments and from bank borrowings. It is the University Council's policy to keep free reserves at a reasonable level in light of the organisation's requirements.

Reserves are mainly needed to fund growth and asset acquisition and refurbish the existing property stock. In addition, short-term reserves will also be needed to fund the development of new courses as well as other initiatives. The Trustees therefore consider the ideal level of reserves at 31 July 2024 to be at least 150% of short-term creditors before taking into consideration the pension liability. This level of reserves would allow all external short-term creditors at this date to be paid in full and leave sufficient funds to invest.

The actual Consolidated Reserves for year ended 31 July 2024:

Unrestricted: £80,279k (2023: £81,087k)

Endowments: £421k (2023: £435k)

Pension liability £ zero (2023: zero)

At 31 July 2024 consolidated reserves are therefore 192% of short-term creditors and deemed to be sufficient.

Employee consultation

The average number of lecturing and support staff employed by the University during the year was 1,493 (2023: 1,573). An active policy of information dissemination encourages employee involvement and participation in the University development process. Employee representatives are regularly consulted on a variety of issues affecting their own and the University's interests.

Report of the University Council (continued)**Year ended 31 July 2024**

Auditor

The members of the University Council who held office at the date of approval of this report confirm that;

- so far as they are each aware, there is no relevant audit information of which the University's auditor is unaware; and
- each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Going concern

Despite recording a small surplus before other gains and losses of £0.1m for the year to 31 July 2024, this was a much-improved financial result compared to the previous financial year (£8.2m deficit before other gains and losses). The University reported operating cash inflow of £7.6m for the year ended 31 July 2024 (2023: £7.6m inflow) and in assessing the going concern of the University, detailed cash flow forecasts were prepared covering a period of over 12 months from date of signing. These cash flows were prepared on the basis of severe but plausible downsides impacting the University's operations over that period. These indicate that the University remains a going concern, and a new Revolving Credit Facility has been agreed with Santander giving the University access to an additional £13.3m facility with the lender.

Last year, in the financial statements for the year ending 31st July 2023, there were some uncertainties relating to bank covenants which were reliant on the exchange of contracts for the sale of the Padgate site to a major housebuilder which had not taken place at the time of signing the financial statements. These uncertainties do not exist this year due to a new Revolving Credit Facility being agreed with Santander. This will give an additional £13.3m facility to support the going concern position and will enable the University to repay outstanding borrowings with Barclays and Lloyds (£8.8m at 31 July 2024) from cash and cash equivalents. The new facility includes covenants that the University is able to comply with over the going concern assessment period.

The University remains under financial pressure due to cost increases (particularly staff costs), and as such, continues to develop and implement cost reduction plans, including reduction and rationalisation of the estate including the sale of the Padgate site to a major housebuilder.

On this basis, the University Council is satisfied that, despite the current economic and political uncertainty, the University has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signature of these financial statements. Further details regarding the basis of preparation are given in the Statement of Accounting Policies.

Conclusion

The University has had a much better year than previously. However, reductions in public funding and upward pressure on costs, means that we continue to operate in a challenging environment. The University Council believe that the University is well placed to manage these challenges due to careful cost management and the strategic refocusing of the University's portfolio across all its faculties and sites which should ensure the University can continue to recruit well in the future.

President of the Council:

Dr Meredydd David

**Deputy President of the Council:**

Mrs Cathy Bond

**Date:** 12th December 2024

Corporate Governance Statement

Year ended 31 July 2024

Corporate Governance Statement

The University is committed to exhibiting best practice in all aspects of governance. This summary describes the manner in which the University complies with Committee of University Chairs (CUC) Higher Education Code of Governance (2020). The purpose of this summary is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the Members of the University Council, the University has applied the principles of the Higher Education Code of Governance (2020) in so far as they apply to the Higher Education Sector, and it has applied these throughout the year ended 31 July 2024 and up to the date of these accounts.

The University Council

The composition of the University Council is set out on page 5. It is the University Council's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The University Council meets four times a year and has several committees, including the Academic Governance and Student Outcomes Committee, Audit and Risk Management Committee, Mission Committee, Nominations and Governance Review Committee, Planning and Resources Committee, and the Senior Salaries (Remuneration) Committee.

The University governance structure facilitates a transparent and effective system of governance, and information on structure and responsibilities of University Council, together with minutes of meetings can be found at <https://www1.chester.ac.uk/about-university/university-council>

Planning and Resources Committee

The Planning and Resources Committee meet six times a year and advises the Council on the University's corporate strategy. The Committee scrutinises proposed major developments, policy initiatives and all strategic academic and non-academic plans, including financial, physical and human resources, risk and value for money. The Committee also considers in detail the annual budget and financial forecasts and monitors performance, together with reviewing the implementation of policies relating to equality, diversity and inclusion. It makes recommendations, as appropriate, to the Council.

A University Health and Safety Committee reports to the Planning & Resources Committee. It meets at least three times a year, reviews existing safety policies, considers the need for new safety procedures, reviews the implementation of approved safety procedures, provides advice on health and safety to staff and students, receives notification of all accidents, reviews incidents and related statistics, receives reports from the health and safety manager, and promotes co-operation across the University to secure sound health, and safety. The Health and Safety Committee's annual report is presented to the Planning & Resources Committee.

Nominations and Governance Review Committee

Any new appointments to the University Council are made in accordance with the Instrument of Government. The University Council has a Nominations and Governance Review Committee which considers the skills mix and general requirements for membership of the University Council, having due regard to equality and diversity considerations. The Committee also oversees a full and robust review of the effectiveness of governance at least every three years and monitors the implementation of actions arising from such governance reviews. University Council is responsible for ensuring that appropriate training is provided. Members of the Council are appointed for an initial term of office not exceeding three years and are eligible for re-appointment for two further terms of three years.

Corporate Governance Statement (continued)**Year ended 31 July 2024**

Senior Salaries Remuneration Committee

The Senior Salaries Committee considers and makes recommendations to the University Council on the remuneration and conditions of service of:

- the Vice-Chancellor
- the Deputy Vice-Chancellor; and (following the recommendation of the Vice-Chancellor):
- Senior Pro Vice-Chancellor and Chief Operating Officer
- Chief Financial Officer
- University Secretary and Director of Legal Services
- Pro Vice-Chancellor (Research and Innovation)
- Executive Director of Human Resources
- Pro Vice Chancellor/ Executive Dean Faculty of Arts Humanities and Social Sciences
- Pro Vice Chancellor /Executive Dean Faculty Health, Medicine and Society
- Pro Vice-Chancellor/Faculty of Science, Business and Enterprise

The University Council shall take the Senior Salaries Committee's recommendations into account in considering and determining the remuneration and conditions of service of the holders of the senior posts specified above.

To determine grievances against the Vice-Chancellor and similar matters which relate to remuneration and conditions of service.

In discharging its terms of reference, the Senior Salaries Committee will:

1. consider comparative information on the emoluments of employees within its remit when determining salaries, benefits and terms and conditions;
2. ensure that all arrangements are clearly recorded;
3. report on its decisions and operation at least annually to the University Council. Such a report should not normally be withheld from any members of the University Council and will record, inter alia:
 - a) the resulting overall levels of increase in the aggregate salary costs of the Vice-Chancellor, the Deputy Vice-Chancellor and the holders of other posts the remuneration of which is determined by the Committee; and
 - b) the agreed base salary for the Vice-Chancellor
4. The committee will also review for information details of "other senior staff pay" in accordance with the OfS accounts direction.

Basis for the remuneration package of the Vice-Chancellor

In considering the remuneration of the Vice-Chancellor, the committee reviews progress against agreed key performance objectives and agreed that progress had been achieved or was on course with agreed timelines. In addition, sector benchmarking of salaries ensures that the salary is set at the appropriate level with the increase in remuneration for the year ending 31 July 2024 increasing in line with the with the recommended level of pay award for staff agreed by the University and Colleges Employer Association national pay negotiations.

Corporate Governance Statement (continued)**Year ended 31 July 2024**

Mission Committee

The Mission Committee meets at least three times a year and its role are to consider and advise the Council on arrangements at the University relating to the following:

- a) To support the Christian ethos of the University, promote religion and belief understanding and interfaith relationships, and uphold the community values of the University as defined by the University Council and monitoring its impact on University life.
- b) To promote compassion and respect.
- c) Equality, diversity and inclusion
- d) Wellbeing of staff and students
- e) Ethics and ethical standards
- f) Sustainability
- g) Other elements of corporate social responsibility

and to make recommendations as necessary to the University Council.

Academic Governance and Student Outcomes Committee

The Academic Governance and Student Outcomes Committee considers and monitors the fitness for purpose of the curriculum, the academic portfolio and University policies and practices for their delivery, including the following:

- a) Learning and teaching
- b) Defining and maintaining academic standards
- c) Programme development and review
- d) Student support
- e) Student experience
- f) Quality management and enhancement
- g) Internationalisation
- h) Apprenticeships
- i) Placements

The Committee also monitors the University's research, innovation and knowledge exchange strategies and performance, including reviewing outcomes of the Research Excellence Framework, Knowledge Excellence Framework or similar national or international assessment and ranking exercises and other key performance indicators relating to research, innovation and knowledge exchange.

Audit and Risk Management Committee

The Audit and Risk Management Committee meets at least four times a year. The Audit and Risk Management Committee considers both internal and external audit reports and recommendations together with management's response and it reviews the annual financial statements. In order to allow sufficient independence, members of the Audit and Risk Management Committee do not sit on Council Committees where staffing or financial matters are decided. For further independence there are external professional members who are not Members of the University Council. The Independent Auditor responsible for Internal Audit attends each meeting of the Audit and Risk Management Committee. The Audit and Risk Management Committee meet annually with the Internal and External Auditors without Officers of the University being present.

Corporate Governance Statement (continued)**Year ended 31 July 2024**

The Committee prepares an Annual Report for each financial year, addressed to the University Council and the Vice-Chancellor. The Annual Report includes the Committee's opinion on the extent to which the University Council may rely on the internal control system and the arrangements for the following:

- a) risk management, control and governance (the risk management element includes the accuracy of the statements of internal control included with the annual statement of accounts);
- b) sustainability, economy, efficiency and effectiveness (value for money);
- c) management and quality assurance of data submitted to HESA, the SLC, to Office for Students and other funding and regulatory bodies.

The Annual Report also refers to the work of the Audit & Risk Management Committee undertaken during the year, the work of the Internal Auditors, the work of the External Auditors, and any other audit work undertaken. The Annual Report will also express the Committee's overall opinion on the effectiveness of the University in relation to those areas highlighted in the bullet points above. The Committee continues to adopt the CUC HE Audit Code of Practice 2020

Statement of Internal Control

The University Council is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the course of the year, internal audit work was undertaken by RSM. RSM's annual report for the year 2023/24 concluded a positive overall opinion and confirmed that the University had "an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness. However, our work has identified further enhancements to the framework for risk management, governance, internal control and economy, efficiency and effectiveness to ensure that it remains adequate and effective".

The University Council has reviewed the key risks to which the University is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The University Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that has been in place for the year ended 31 July 2024 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the University Council and that it accords with Higher Education Code of Governance.

The Strategic Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The Strategic Executive Team and the Planning and Resources Committee also receive regular reports from the internal auditor and from the Health and Safety Committee which include recommendations for improvement. The Audit and Risk Management Committee's role in this area is confined to a high-level review of the arrangements for internal financial control. The Council's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Vice-Chancellor and the Audit and Risk Management Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its Michaelmas meeting, the Council carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Vice-Chancellor and the Audit and Risk Management Committee and took account of events since 31 July 2024.

Corporate Governance Statement (continued)**Year ended 31 July 2024**

Regularity and propriety in the use of public funding

It is the view of University Council that the internal control environment described above, together with all the corporate governance arrangements ensure regularity and propriety in the use of public funding.

**President of the Council**

Dr Meredydd David

Parkgate Road,
CHESTER,
CH1 4BJ

DATE: 12th December 2024**Deputy President of the Council**

Mrs Cathy Bond

Statement of University Council Responsibilities in Respect of the Annual Report and the Financial Statements Year ended 31 July 2024

The University Council is responsible for preparing the Annual Report 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 University Council 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 University Council 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;
- state whether the group and the university financial statements comply with the trust deed and rules, 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 University Council, the members of which are the Trustees of the University for the purposes of charity law, are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law.

The University Council 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 and to enable the University Council to ensure that, where any statements of accounts are prepared by it under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. 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 University Council 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 and funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions attached to them;

Statement of University Council Responsibilities in Respect of the Annual Report and the Financial Statements
Year ended 31 July 2024

- 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 University Council 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 University Council of the University of Chester
Year ended 31 July 2024

Opinion

We have audited the financial statements of the University of Chester ("the University") for the year ended 31 July 2024 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statements of Changes in Reserves, Consolidated and University Balance Sheets, Consolidated Cash Flow Statement and related notes, including the accounting policies.

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 2024, 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;
- 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

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 University Council 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 University Council's 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 University Council's 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 University Council's 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.

**Independent Auditor's Report to the University Council of the University of Chester
(continued)****Year ended 31 July 2024**

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 Chief Financial Officer, the Audit and Risk Management Committee, Internal Audit, and inspection of policy documentation as to the Group’s High level policies and procedures to prevent and detect fraud, including the internal audit function and the Groups Channel for ‘Whistleblowing’, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading University Council, Audit and Risk Management Committee and Planning and Resource Committee minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

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 and taking into account possible pressures to meet loan covenants, 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 do not believe there is a fraud risk related to revenue recognition because there is limited opportunity to fraudulently manipulate revenue due to the simple nature of the income streams.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on high risk criteria and comparing the identified entries to supporting documentation. These included those posted by non-finance staff, posted or approved by the Chief Financial Officer and unusual double entries with Cash or Borrowings account codes.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to 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 and through discussion with the University Council and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the University Council and other management the policies and procedures regarding compliance with laws and regulations.

As the Group 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.

**Independent Auditor's Report to the University Council of the University of Chester
(continued)****Year ended 31 July 2024**

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related higher education and charities legislation and regulation), taxation legislation, pension 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. We identified the following areas as those most likely to have such an effect: Higher Education regulatory requirements of the Office for Students, Charities regulations, health and safety, data protection laws and employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the University Council 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.

Other information

The University Council is responsible for the other information, which comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, 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.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the University has not kept sufficient accounting records; or
-

**Independent Auditor's Report to the University Council of the University of Chester
(continued)****Year ended 31 July 2024**

- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

University Council's responsibilities

As explained more fully in its statement set out on page 22, the University Council 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), the Education and Skills Funding Agency 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 9 has been materially misstated.

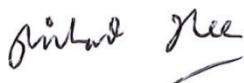
We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 3 to the financial statements has been materially misstated.

We have nothing to report in these respects.

**Independent Auditor's Report to the University Council of the University of Chester
(continued)****Year ended 31 July 2024**

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

This report is made solely to the University Council, the members of which are the Trustees of the University for the purposes of charity law, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act and paragraph 13(2) of 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 University Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Council for our audit work, for this report, or for the opinions we have formed.

**Richard Lee****for and on behalf of KPMG LLP, Statutory Auditor***Chartered Accountants*

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

1 St Peters Square

Manchester

M2 3AE

16th December 2024

Consolidated and University Statement of Comprehensive Income and Expenditure
Year ended 31 July 2024

| | Notes | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|---|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Income | | | | | |
| Tuition fees and education contracts | 1 | 115,207 | 115,207 | 107,749 | 107,749 |
| Funding body grants | 2 | 13,020 | 13,020 | 12,548 | 12,548 |
| Research grants and contracts | 4 | 2,204 | 2,204 | 1,916 | 1,916 |
| Other income | 5 | 14,968 | 14,691 | 15,244 | 14,972 |
| Investment income | 6 | 2,085 | 2,081 | 884 | 882 |
| Total income before endowments and donations | | 147,484 | 147,203 | 138,341 | 138,067 |
| Donations and endowments | 7 | 19 | 19 | 2 | 2 |
| Total Income | | 147,503 | 147,222 | 138,343 | 138,069 |
| Expenditure | | | | | |
| Staff costs | 8 | 83,080 | 83,080 | 84,651 | 84,654 |
| Other operating expenses | 11 | 55,764 | 55,652 | 53,320 | 52,925 |
| Depreciation | 12 | 7,049 | 7,049 | 5,675 | 5,675 |
| Depreciation due to impairment | 12 | - | - | 693 | 693 |
| Interest and other finance costs | 10 | 1,513 | 1,513 | 2,214 | 2,214 |
| Total Expenditure | | 147,406 | 147,294 | 146,553 | 146,161 |
| Surplus/(deficit) before other gains or losses | | 97 | (72) | (8,210) | (8,092) |

Consolidated and University Statement of Comprehensive Income and Expenditure (continued)
Year ended 31 July 2024

| | Notes | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|--|-------|-------------------------|--------------|-------------------------|-----------------|
| | | Consolidated | University | Consolidated | University |
| | | £'000 | £'000 | £'000 | £'000 |
| Gains on disposal of fixed assets | 12 | 342 | 342 | 409 | 409 |
| Loss on changes in fair value of investment properties | | - | - | (9,790) | (9,790) |
| Surplus/(deficit) for the year | | 439 | 270 | (17,591) | (17,473) |
| Actuarial (loss)/gain in respect of pension schemes | 23 | (1,261) | (1,261) | 8,608 | 8,608 |
| Total comprehensive income for the year | | (822) | (991) | (8,983) | (8,865) |
| Represented by | | | | | |
| Endowment comprehensive income for the year | | (14) | (14) | 4 | 4 |
| Unrestricted comprehensive income for the year | | (808) | (977) | (8,987) | (8,869) |
| Attributable to the University | | (822) | (991) | (8,983) | (8,865) |
| Surplus for the year attributable to: | | | | | |
| University | | 439 | 270 | (17,591) | (17,473) |

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of changes in Reserves
Year ended 31 July 2024

| Consolidated | Income and Expenditure Account | | Total |
|--|--------------------------------|----------------|----------------|
| | Endowment | Unrestricted | |
| | £'000 | £'000 | |
| Balance at 1 August 2022 | 431 | 90,074 | 90,505 |
| Surplus from the statement of comprehensive income and expenditure | 2 | (17,593) | (17,591) |
| Other comprehensive income | - | 8,608 | 8,608 |
| Release of restricted funds spent in year | 2 | (2) | - |
| Total comprehensive income for the year | 4 | (8,987) | (8,983) |
| Balance at 31 July 2023 | 435 | 81,087 | 81,522 |
| Surplus from the statement of comprehensive income and expenditure | 19 | 420 | 439 |
| Other comprehensive income | - | (1,261) | (1,261) |
| Release of restricted funds spent in year | (33) | 33 | 0 |
| Total comprehensive income for the year | (14) | (808) | (822) |
| Balance at 31 July 2024 | 421 | 80,279 | 80,700 |

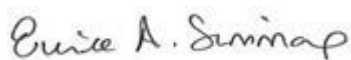
Consolidated and University Statement of changes in Reserves (continued)
Year ended 31 July 2024

| University | Income and Expenditure Account | | Total |
|--|--------------------------------|----------------|----------------|
| | Endowment | Unrestricted | |
| | £'000 | £'000 | |
| | | | £'000 |
| Balance at 1 August 2022 | 431 | 89,439 | 89,870 |
| Surplus from the statement of comprehensive income and expenditure | 2 | (17,475) | (17,473) |
| Other comprehensive income | - | 8,608 | 8,608 |
| Release of restricted funds spent in year | 2 | (2) | - |
| Total comprehensive income for the year | 4 | (8,869) | (8,865) |
| Balance at 1 August 2023 | 435 | 80,570 | 81,005 |
| Surplus from the statement of comprehensive income and expenditure | 19 | 251 | 270 |
| Other comprehensive income | - | (1,261) | (1,261) |
| Release of restricted funds spent in year | (33) | 33 | - |
| Total comprehensive income for the year | (14) | (977) | (991) |
| Balance at 31 July 2024 | 421 | 79,593 | 80,014 |

Consolidated and University Balance Sheets
Year ended 31 July 2024

| | Notes | As at 31 July 2024 | | As at 31 July 2023 | |
|---|-------|--------------------|----------------|--------------------|------------|
| | | Consolidated | University | Consolidated | University |
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | 12 | 111,644 | 111,644 | 114,166 | 114,166 |
| Current assets | | | | | |
| Stock | 13 | 51 | 51 | 68 | 68 |
| Trade and other receivables | 14 | 11,741 | 11,391 | 12,599 | 12,550 |
| Investments | 15 | - | - | 10,000 | 10,000 |
| Cash and cash equivalents | 20 | 41,758 | 41,238 | 27,387 | 26,311 |
| | | 53,550 | 52,680 | 50,054 | 48,929 |
| Less: Creditors: amounts falling due within one year | 16 | (41,746) | (41,562) | (40,109) | (39,501) |
| Net current assets | | 11,804 | 11,118 | 9,945 | 9,428 |
| Total assets less current liabilities | | 123,448 | 122,762 | 124,111 | 123,594 |
| Creditors: amounts falling due after more than one year | 17 | (42,435) | (42,435) | (42,249) | (42,249) |
| Provisions | | | | | |
| Provisions for liabilities | 18 | (313) | (313) | (340) | (340) |
| Net assets | | 80,700 | 80,014 | 81,522 | 81,005 |
| Restricted Reserves | | | | | |
| Income and expenditure reserve - endowment reserve | 19 | 421 | 421 | 435 | 435 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve – unrestricted | | 80,279 | 79,593 | 81,087 | 80,570 |
| Total Reserves | | 80,700 | 80,014 | 81,522 | 81,005 |

The financial statements were approved by the University Council on 12th December 2024 and were signed on its behalf on that date by:



Professor E.A. Simmons, Vice-Chancellor



Dr M. David, President of the Council

Consolidated Cash Flow Statement
Year ended 31 July 2024

| | Notes | Year ended 31 July 2024 | Year ended 31 July 2023 |
|---|-------|----------------------------|----------------------------|
| | | £'000 | £'000 |
| Cash flow from operating activities | | | |
| Deficit for the year | | 439 | (17,591) |
| Adjustment for non-cash items | | | |
| Depreciation | 12 | 7,049 | 6,368 |
| Loss on investments | | - | 9,790 |
| Decrease in stock | 13 | 17 | 53 |
| Decrease/(increase) in debtors | 14 | 858 | (1,208) |
| Increase in creditors | 16 | 2,756 | 8,984 |
| (Decrease)/Increase in pension provision | 23 | (1,288) | 1,692 |
| Adjustment for investing or financing activities | | | |
| Investment income | 6 | (2,054) | (688) |
| Interest payable | 10 | 1,513 | 1,928 |
| Endowment income | 19 | (19) | (2) |
| Gain on sale of fixed assets | 12 | (342) | (409) |
| Capital grant income | 2 | (1,325) | (1,347) |
| Net cash inflow from operating activities | | 7,604 | 7,570 |
| Cash flows from investing activities | | | |
| Proceeds from sale of fixed assets | 12 | 1,033 | 888 |
| Capital grants receipts | | 2,491 | 2,065 |
| Withdrawal of deposits | 15 | 10,000 | - |
| Investment income | 6 | 2,054 | 688 |
| Payments made to acquire fixed assets | 12 | (5,218) | (5,111) |
| | | 10,360 | (1,470) |
| Cash flows from financing activities | | | |
| Interest paid | 10 | (1,513) | (1,928) |
| Endowment cash received | 19 | 19 | 2 |
| Repayments of amounts borrowed | 17 | (2,099) | (3,737) |
| | | (3,593) | 5,663 |
| Increase/(Decrease) in cash and cash equivalents in the year | | 14,371 | 437 |
| Cash and cash equivalents at beginning of the year | 20 | 27,387 | 26,950 |
| Cash and cash equivalents at end of the year | 20 | 41,758 | 27,387 |

Statement of Accounting Policies

Year ended 31 July 2024

The following accounting policies have been applied consistently in the current and preceding years dealing with items which are considered material in relation to the University's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education 2019 (SORP) and in accordance with Financial Reporting Standards (FRS 102). These financial statements are prepared in accordance with the historical cost convention. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students 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.

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 Strategic Report which forms part of the Report of the University Council. The Report of the University Council 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 Council consider to be appropriate for the following reasons.

The University recorded a small surplus of £0.1m, and together with a positive cash flow, this helped ensure that cash and cash equivalents at the end of the year were £41.8m. Although a deficit is forecast in 2024-25, these forecasts have been sensitised with severe but plausible downsides and these indicate adequate availability of financial resources to meet 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).

Last year, in the financial statements for the year ending 31st July 2023, there were some uncertainties relating to bank covenants which were reliant on the exchange of contracts for the sale of the Padgate site to a major housebuilder which had not taken place at the time of signing the financial statements. These uncertainties do not exist this year due to a new Revolving Credit Facility being agreed with Santander. This will give an additional £13.3m facility to support the going concern position and will enable the University to repay outstanding borrowings with Barclays and Lloyds (£8.8m at 31 July 2024) from cash and cash equivalents. The new facility includes covenants that the University is able to comply with over the going concern assessment period.

Consequently, the Council 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 of its subsidiaries for the financial year to 31 July 2024. Intra group sales and profits are eliminated on consolidation.

The consolidated financial statements do not include those of the Students' Union because the University does not control these activities.

Cash flow statement

As permitted by Section 7, paragraphs 1.11 and 1.12 of FRS 102 'Statements of Cash Flows', the University's cash flow statement has not been included in these financial statements.

Statement of Accounting Policies (continued)**Year ended 31 July 2024**

Recognition of income

Funding council block grants are accounted for in the year to which they relate.

Fee income is stated gross and credited to the Statement of Comprehensive Income and Expenditure account over the period in which the students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and included within operating income.

Recurrent income from government grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Recurrent income from non-government grants are accounted for under the performance model, and the grant is recognised as and when performance conditions are met.

Government grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants under the accruals model. The grants are credited to deferred capital grants and an annual transfer made to the Statement of Comprehensive Income and Expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure account when the goods or services are supplied to the external customers against the order received or the terms of the contract have been satisfied.

Fixed assets and depreciation

A fixed asset is capitalised at cost where the expenditure exceeds £10,000. Assets are depreciated over their useful lives on a straight line basis as follows:

| | | |
|---------------------|---|----------------|
| Freehold buildings | - | 2% pa on cost |
| Plant and machinery | - | 25% pa on cost |
| Computer equipment | - | 33% pa on cost |

Land is capitalised at cost and is not depreciated.

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

Maintenance

The University has a five-year planned maintenance programme which is reviewed on an annual basis. Actual expenditure on routine and planned maintenance is charged to the Statement of Comprehensive Income and Expenditure in the year it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Statement of Accounting Policies (continued)**Year ended 31 July 2024**

Provisions

Provisions are recognised when the University has a legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Pension schemes

The two principal pension schemes for the University's staff are the Cheshire Pension Fund and the Teachers' Pension Scheme. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of FRS 102 Section 28. The Cheshire Pension Fund has a full valuation every three years (last valued at March 2022) carried out by professionally qualified independent actuaries and the Teachers' Pension Scheme is assessed every five years (last valued at March 2020).

The Cheshire Pension Fund is a funded, defined benefit scheme with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Assets are included in the valuation at market value, and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return on AA rated corporate bonds. The post-retirement benefit surplus or deficit is included on the University's balance sheet. Surpluses are included only to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the Statement of Comprehensive Income and Expenditure account within operating expenses and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised in the statement of total recognised gains and losses.

The Teachers' Pension Scheme is an unfunded, defined benefit multi-employer scheme. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University 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. Therefore, as required by FRS 102 Section 28 this scheme is accounted for as if it is a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting year.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Leases

Where the University enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the Statement of Comprehensive Income and Expenditure on a straight line basis over the life of the lease.

Statement of Accounting Policies (continued)**Year ended 31 July 2024**

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included in cash.

Liquid resources represent assets held that are readily disposable. They comprise term deposits held as part of the University's treasury management activities.

Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Endowment assets

Endowment assets are carried at market value. Appreciation/depreciation in the market value of endowment assets and any gain or loss on disposal is added to or subtracted from the endowment funds concerned and is not brought into the Statement of Comprehensive Income and Expenditure account but reported through the statement of total recognised gains and losses.

Financial instruments

Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the University after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the University intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

Statement of Accounting Policies (continued)**Year ended 31 July 2024**

Significant estimates and judgements

Preparation of financial statements require significant estimates and judgements for which management relies of appropriate professional advice. The estimates and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a. Pension liabilities

The University participates in the Cheshire Pension Fund which is a defined benefit scheme. The present value of the University obligations depends on a number of factors including life expectancy, salary increases, asset valuations, liability periods and discount rates on corporate bonds. A qualified actuary estimates these values so management can determine net pension obligations in the balance sheet.

Asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed. However, for the year ended 31 July 2024 the pension valuation was calculated using asset returns as at that date.

Details of the assumptions used, and associated sensitivities, are included in note 23.

Notes to the Financial Statements
Year ended 31 July 2024

| | Year Ended 31 July 2024 | | Year Ended 31 July 2023 | |
|---|-------------------------|----------------|-------------------------|----------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| 1 Tuition Fees and Education Contracts | | | | |
| Full-time home and EU students | 68,898 | 68,898 | 69,749 | 69,749 |
| Full-time international students | 40,645 | 40,645 | 31,016 | 31,016 |
| Part-time students | 3,110 | 3,110 | 3,852 | 3,852 |
| Education Contracts | 616 | 616 | 937 | 937 |
| Other Fees and Support Grants | 1,938 | 1,938 | 2,195 | 2,195 |
| | 115,207 | 115,207 | 107,749 | 107,749 |
| 2 Funding Body Grants | | | | |
| Recurrent Grant | | | | |
| Office for Students | 5,395 | 5,395 | 5,360 | 5,360 |
| UKRI | 3,459 | 3,459 | 3,535 | 3,535 |
| DfE | 124 | 124 | 177 | 177 |
| Capital grant | 1,325 | 1,325 | 1,347 | 1,347 |
| Specific Grants | | | | |
| OfS | 703 | 703 | 453 | 453 |
| Higher Education Innovation Fund | 1,603 | 1,603 | 1,459 | 1,459 |
| Research Innovation Fund | 147 | 147 | | |
| Uni Connect (formerly NCOP/Higher Horizons) | 185 | 185 | 217 | 217 |
| Other | 79 | 79 | - | - |
| | 13,020 | 13,020 | 12,548 | 12,548 |
| 3 Details of Grant and Fee Income | | | | |
| Grant income from Office for Students | 6,098 | 6,098 | 5,813 | 5,813 |
| Grant income from other bodies | 6,922 | 6,922 | 6,735 | 6,735 |
| Fee income for taught awards | 111,528 | 111,528 | 104,164 | 104,164 |
| Fee income for research awards | 1,741 | 1,741 | 1,390 | 1,390 |
| Fee income for non-qualifying courses | 1,938 | 1,938 | 2,195 | 2,195 |
| Total grant and fee income | 128,227 | 128,227 | 120,297 | 120,297 |

Notes to the Financial Statements (continued)
Year ended 31 July 2024

| | Notes | Year Ended 31 July 2024 | | Year Ended 31 July 2023 | |
|---|-------|-------------------------|---------------|-------------------------|------------|
| | | Consolidated | University | Consolidated | University |
| | | £'000 | £'000 | £'000 | £'000 |
| 4 Research Grants and Contracts | | | | | |
| Research Councils | | 219 | 219 | 308 | 308 |
| Research Charities | | 311 | 311 | 275 | 275 |
| Government (UK and overseas) | | 722 | 722 | 455 | 455 |
| Industry and Commerce | | 24 | 24 | 16 | 16 |
| Other | | 928 | 928 | 862 | 862 |
| | | 2,204 | 2,204 | 1,916 | 1,916 |
| 5 Other income | | | | | |
| Residences, Catering and Conferences | | 7,332 | 7,260 | 5,937 | 5,680 |
| Other income | | 7,636 | 7,431 | 9,307 | 9,292 |
| | | 14,968 | 14,691 | 15,244 | 14,972 |
| Other income relates to European grants, rental income and other income (e.g. nursery, fitness centre). | | | | | |
| 6 Investment income | | | | | |
| Investment income on endowments | 19 | 4 | 4 | 3 | 3 |
| Other investment income | | 2,050 | 2,046 | 685 | 683 |
| Net income on pension scheme | | 31 | 31 | - | - |
| Movement in fair value of derivatives | 35 | - | - | 196 | 196 |
| | | 2,085 | 2,081 | 884 | 882 |
| 7 Donations and endowments | | | | | |
| New endowments | 25 | 19 | 19 | 2 | 2 |

Notes to the Financial Statements (continued)
Year ended 31 July 2024

| | Notes | Year Ended 31 July 2024 | | Year Ended 31 July 2023 | |
|-----------------------|-------|-------------------------|---------------|-------------------------|------------|
| | | Consolidated | University | Consolidated | University |
| | | £'000 | £'000 | £'000 | £'000 |
| 8 Staff costs | | | | | |
| Salaries | | 64,219 | 64,219 | 63,688 | 63,691 |
| Social security costs | | 6,727 | 6,727 | 6,722 | 6,722 |
| Other pension costs | | 12,134 | 12,134 | 14,241 | 14,241 |
| Total | | 83,080 | 83,080 | 84,651 | 84,654 |

Emoluments of the Head of Institution

| | 2024 | 2023 |
|---|-------------|-------|
| | £'000 | £'000 |
| Professor E.A. Simmons 1 August 2023 to 31 July 2024: | | |
| Salary | 270 | 257 |
| Benefits | 3 | 7 |
| Other Remuneration – Pension & Expenses | 74 | 63 |
| | 347 | 327 |
| | | |
| | 2024 | 2023 |
| | £'000 | £'000 |
| Professor E.A. Simmons 1 August 2023 to 31 July 2024: | | |
| Basic Salary Ratio | 7.5 | 7.5 |
| Median Total Remuneration all staff | 8.1 | 7.9 |

The justification for the Head of Institution pay can be found on page 18.

Notes to the Financial Statements (continued)

Year ended 31 July 2024

8 Staff Costs (continued)

Remuneration of other higher paid staff, excluding employer's pension contributions:

| | 2024 | 2023 |
|---|--------------|--------------|
| £100,000 to £104,999 | - | - |
| £105,000 to £109,999 | - | 1 |
| £110,000 to £114,999 | 1 | 1 |
| £115,000 to £119,999 | - | 1 |
| £120,000 to £124,999 | 2 | - |
| £125,000 to £129,999 | - | - |
| £130,000 to £134,999 | - | 1 |
| £135,000 to £139,999 | 2 | 4 |
| £140,000 to £144,999 | 2 | - |
| £145,000 to £149,999 | 1 | - |
| £150,000 to £154,999 | - | 1 |
| £155,000 to £159,999 | 1 | 1 |
| £160,000 to £164,999 | 1 | - |
| Over £165,000 | 1 | 1 |
| | <u>11</u> | <u>11</u> |
| | | |
| Total compensation paid to key management personnel | <u>2,075</u> | <u>2,040</u> |

Key management personnel consist of 11 individuals that made up the Strategic Executive Team. Compensation consists of salary, bonus, employer's national insurance and employer's pension contribution.

| | 2024 | 2023 |
|--|--------------|--------------|
| Average staff numbers by major category: | | |
| Academic Departments | 830 | 853 |
| Academic Services | 131 | 140 |
| Administration/Central Services | 368 | 374 |
| Premises | 118 | 148 |
| Catering and Residence | 51 | 58 |
| | <u>1,498</u> | <u>1,573</u> |

Compensation for loss of office

79 payments were made in respect of compensation for loss of office during the year totalling £1,021k.

Council Members

Reimbursements to members of University Council for expenditure incurred in attending Council and meetings of its committees amounted to £1,718 (2023: £2,040). Council members did not receive any remuneration from the University.

Notes to the Financial Statements (continued)

Year ended 31 July 2024

| | Notes | Year Ended 31 July 2024 | | Year Ended 31 July 2023 | |
|-------------------------------------|-------|-------------------------|--------------|-------------------------|--------------|
| | | Consolidated | University | Consolidated | University |
| | | £'000 | £'000 | £'000 | £'000 |
| 9 Access & Participation | | | | | |
| Access Investment | | 618 | 618 | 638 | 638 |
| Financial Support | 1 | 1,826 | 1,826 | 1,745 | 1,745 |
| Disability Support | | 792 | 792 | 787 | 787 |
| Research and evaluation (i) | | 623 | 623 | 584 | 584 |
| | | 3,859 | 3,859 | 3,754 | 3,754 |

(i) £1,743k of these costs are already included in the overall staff costs figures included in the financial statements, see note 8

The University of Chester's Access and Participation plan can be found here:

<https://www1.chester.ac.uk/undergraduate/widening-participation/access-and-participation-plan>

10 Interest and other finance costs

| | | | | | |
|------------------------------|----|--------------|--------------|--------------|--------------|
| Loan interest | | 1,513 | 1,513 | 1,928 | 1,928 |
| Net charge on pension scheme | 23 | - | - | 286 | 286 |
| | | 1,513 | 1,513 | 2,214 | 2,214 |

11 Analysis of other operating expenses by activity

| | | | | | |
|--|--|---------------|---------------|---------------|---------------|
| Academic and related expenditure | | 12,951 | 12,954 | 15,255 | 15,297 |
| Administration and central services | | 16,727 | 16,736 | 14,804 | 14,804 |
| Premises (including service concession cost) | | 22,172 | 22,063 | 19,764 | 19,568 |
| Residences, catering and conferences | | 2,351 | 2,287 | 2,261 | 2,143 |
| Research grants and contracts | | 989 | 989 | 638 | 638 |
| Other expenses | | 574 | 623 | 598 | 475 |
| | | 55,764 | 55,652 | 53,320 | 52,925 |

Other operating expenses include:

| | | | | |
|--|-----|----|-----|----|
| External auditor's remuneration in respect of audit services | 116 | 96 | 113 | 88 |
|--|-----|----|-----|----|

| | | | | |
|--|----|----|----|----|
| External auditor's remuneration in respect of non-audit services | 56 | 56 | 38 | 23 |
|--|----|----|----|----|

Operating lease rentals:

| | | | | |
|----------|-----|-----|-----|-----|
| Vehicles | 185 | 185 | 206 | 206 |
|----------|-----|-----|-----|-----|

Notes to the Financial Statements (continued)

Year ended 31 July 2024

12 Fixed Assets

| | Freehold Land and Buildings | Plant and Machinery | Computer Equipment | Total |
|------------------------------------|-----------------------------------|------------------------|-----------------------|----------------|
| Consolidated and University | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 August 2023 | 151,008 | 32,745 | 11,836 | 195,589 |
| Additions | 2,876 | 1,003 | 1,339 | 5,218 |
| Disposals | (843) | - | - | (843) |
| At 31 July 2024 | 153,041 | 33,748 | 13,175 | 199,964 |
| Depreciation | | | | |
| At 1 August 2023 | 41,286 | 29,067 | 11,070 | 81,423 |
| Charge for year | 3,957 | 2,023 | 1,069 | 7,049 |
| Disposals | (152) | - | - | (152) |
| At 31 July 2024 | 45,091 | 31,090 | 12,139 | 88,320 |
| Net book value | | | | |
| At 31 July 2024 | 107,950 | 2,658 | 1,036 | 111,644 |
| At 31 July 2023 | 109,722 | 3,678 | 766 | 114,166 |

At 31 July 2024, freehold land and buildings included £7.8m (2023 - £7.8m) in respect of freehold land and is not depreciated.

13 Stock

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|---------------------|-------------------------|------------|-------------------------|------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| General consumables | 51 | 51 | 68 | 68 |

14 Trade and other receivables

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|---------------------------------------|-------------------------|---------------|-------------------------|------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Trade receivables | 7,342 | 6,811 | 8,125 | 7,529 |
| Other receivables | - | - | 18 | 18 |
| Prepayments and accrued income | 4,399 | 4,393 | 4,456 | 4,149 |
| Amounts due from subsidiary companies | - | 187 | - | 854 |
| | 11,741 | 11,391 | 12,599 | 12,550 |

Notes to the Financial Statements (continued)

Year ended 31 July 2024

15 Current Investments

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|---------------------|-------------------------|------------|-------------------------|------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Short term deposits | - | - | 10,000 | 10,000 |

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.

At 31 July 2024 the weighted average interest rate of these deposits was 3.88% per annum. The deposits are in accounts that require notice. The weighted average period of notice was 125 days. The fair value of these deposits was not materially different from the book value.

16 Creditors: amounts falling due within one year

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|---|-------------------------|---------------|-------------------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Secured loans* | 1,485 | 1,485 | 1,671 | 1,671 |
| Unsecured loans | 200 | 200 | 1,169 | 1,169 |
| Trade payables | 9,001 | 9,321 | 4,777 | 4,530 |
| Social security and other taxation payable | 2,151 | 1,987 | 1,996 | 1,645 |
| Accruals and deferred income | 28,909 | 28,556 | 30,496 | 30,455 |
| Amounts due to subsidiary companies | - | 13 | - | 31 |
| | <u>41,746</u> | <u>41,562</u> | <u>40,109</u> | <u>39,501</u> |

* The bank loans are secured on freehold properties owned by the University with a carrying value of £7.0m (2023: £7.1m), over which the lender holds a legal charge.

17 Creditors: amounts falling due after more than one year

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|-----------------|-------------------------|---------------|-------------------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Deferred income | 23,609 | 23,609 | 22,479 | 22,479 |
| Derivatives | - | - | - | - |
| Secured loans | 1,976 | 1,976 | 2,741 | 2,741 |
| Unsecured loans | 16,850 | 16,850 | 17,029 | 17,029 |
| | <u>42,435</u> | <u>42,435</u> | <u>42,249</u> | <u>42,249</u> |

Notes to the Financial Statements (continued)
Year ended 31 July 2024

17 Creditors: amounts falling due after more than one year (continued)

Analysis of secured and unsecured loans:

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year or on demand (Note 14) | 1,685 | 1,685 | 2,840 | 2,840 |
| Due between one and two years | 7,126 | 7,126 | 1,933 | 1,933 |
| Due between two and five years | 11,700 | 11,700 | 10,113 | 10,113 |
| Due in five years or more | - | - | 7,723 | 7,723 |
| Due after more than one year | 18,826 | 18,826 | 19,769 | 19,769 |
| Total secured and unsecured loans | 20,511 | 20,511 | 22,609 | 22,609 |
| Secured loans repayable by 2026 | 3,461 | 3,461 | 4,412 | 4,412 |
| Unsecured loans repayable by 2027 | 17,050 | 17,050 | 18,197 | 18,197 |
| | 20,511 | 20,511 | 22,609 | 22,609 |

Included in loans are the following:

| Lender | Amount | Term | Interest rate | Borrower |
|--------------|---------------|------|---------------|------------|
| | £'000 | | % | |
| Barclays | 788 | 2026 | 7.07 | University |
| Barclays | 720 | 2026 | 7.11 | University |
| Barclays | 1,953 | 2026 | 7.27 | University |
| Lloyds TSB | 5,350 | 2026 | 6.40 | University |
| Santander | 11,700 | 2027 | 7.68 | University |
| TOTAL | 20,511 | | | |

Notes to the Financial Statements (continued)

Year ended 31 July 2024

18 Provisions for Liabilities

| Consolidated | Pension enhancements on termination £'000 | Pension scheme provision under FRS 102 (Note 23) £'000 | Total Provisions £'000 |
|------------------------|--|---|------------------------------|
| At 1 August 2023 | 340 | - | 340 |
| Utilised in year | (27) | - | (27) |
| Additions in year | - | - | - |
| At 31 July 2024 | 313 | - | 313 |

| University | Pension enhancement on termination £'000 | Pension scheme provision under FRS 102 (Note 24) £'000 | Total Provisions £'000 |
|------------------------|---|---|------------------------------|
| At 1 August 2023 | 340 | - | 340 |
| Utilised in year | (27) | - | (27) |
| Additions in year | - | - | - |
| At 31 July 2024 | 313 | - | 313 |

The Pension enhancement on termination provision relates to enhancements given to staff taking early retirement under a reorganisation programme. It is expected that this provision will be fully utilised over the next 10-20 years.

The pension scheme provision relates to the Cheshire Pension Fund, a funded defined benefit scheme with the assets of the scheme held separately from those of the Group in separate trustee administered funds. The provision is the deficit on the post-retirement benefits in excess of those assets.

Pension enhancement

The assumptions for calculating the provision for Pension enhancements on termination under FRS 102 are as follows:

| | Consolidated | |
|---------------|--------------|------|
| | 2024 | 2023 |
| Discount rate | 4.8% | 5.0% |
| Inflation | 2.8% | 2.8% |

Notes to the Financial Statements (continued)

Year ended 31 July 2024

19 Endowment Reserves

Restricted net assets relating to endowments are as follows:

| | Restricted permanent endowments | Expendable endowments | 2024 Total | 2023 Total |
|--|---------------------------------------|--------------------------|--------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balances at 1 August 2023 | | | | |
| Capital | 130 | 278 | 408 | 406 |
| Accumulated income | - | 27 | 27 | 25 |
| | <u>130</u> | <u>305</u> | <u>435</u> | <u>431</u> |
| New Endowments | - | 19 | 19 | 2 |
| Investment Income | - | 4 | 4 | 3 |
| Expenditure (Decrease) / increase in market value of investments | - | (37) | (37) | (1) |
| | - | - | - | - |
| Total endowment Comprehensive income for the year | <u>-</u> | <u>(14)</u> | <u>(14)</u> | <u>4</u> |
| At 31 July 2024 | <u><u>130</u></u> | <u><u>291</u></u> | <u><u>421</u></u> | <u><u>435</u></u> |
| Represented by: | | | | |
| Capital | 130 | 297 | 427 | 408 |
| Accumulated income | - | (6) | (6) | 27 |
| | <u>130</u> | <u>291</u> | <u>421</u> | <u>435</u> |
| Analysis by type of purpose: | | | | |
| Prize funds | | 79 | 79 | 66 |
| General | 130 | 212 | 342 | 369 |
| | <u>130</u> | <u>291</u> | <u>421</u> | <u>435</u> |
| Analysis by asset | | | | |
| Cash & cash equivalents | | | 421 | 435 |

Notes to the Financial Statements (continued)
Year ended 31 July 2024

20 Cash and Cash Equivalents

| | Notes | At 1 August 2023 | Cash Flows | At 31 July 2024 |
|---------------------------|-------|---------------------|---------------|--------------------|
| | | £'000 | £'000 | £'000 |
| Consolidated | | | | |
| Cash and cash equivalents | | <u>27,387</u> | <u>14,371</u> | <u>41,758</u> |

21 Lease Obligations

Total rentals payable under operating leases:

| | 31 July 2024 | | 31 July 2023 |
|--|--------------|------------|--------------|
| | Other leases | Total | Total |
| | £'000 | £'000 | £'000 |
| Payable during the year | | | |
| Future minimum lease payments due: | | | |
| Not later than 1 year | 74 | 74 | 137 |
| Later than 1 year and not later than 5 years | <u>127</u> | <u>127</u> | <u>195</u> |
| Total lease payments due | <u>201</u> | <u>201</u> | <u>332</u> |

Lease obligations relate to vehicle leases.

22 Subsidiary Undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

| Company | Principal Activity | Status |
|------------------------------|--|------------|
| Chester Conferences Ltd | Management of conference and related commercial facilities | 100% owned |
| Thornton Research Properties | Management of Thornton Science Park | 100% owned |

The registered office for the University and its subsidiary companies is:

C/O Vice-Chancellor
University of Chester
Parkgate Road
Chester
CH1 4BJ

23 Pension Schemes

Contributions to the schemes are charged to the Income and Expenditure account so as to spread the cost of the pensions over the employees' working lives with the University of Chester. The pension charge for the year was £12,133,960 (2023: £14,241,265 which includes £18,023 (2023: £17,985) in respect of enhanced pension entitlements of staff taking early retirement under the reorganisation programme. The calculation of the cost of early retirement provisions charged to the Statement of Comprehensive Income and Expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 4% in excess of price inflation.

An amount of £312,540 (2023: £339,995) is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee. Were the institution to close and there be no successor established, the Secretary of State would become the compensating authority.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments in England and Wales that are maintained by local authorities, and in academies. In addition, teachers in many independent 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 total contribution for the year ended 31 July 2024 was £11,509,635 (2023: £10,791,356) of which the employers' contributions totalled £8,306,562 (2023: £7,617,247) and the employees' contributions totalled £3,203,073 (2023: £3,174,109).

Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of Teachers' Pension Scheme

As a result of the latest scheme valuation, employer contributions were increased in April 2024 from a rate of 23.6% to 28.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

A copy of the latest valuation report can be found by following this link [valuation-result](http://www.teacherspensions.co.uk) (www.teacherspensions.co.uk). The next valuation is expected to take effect in 2027.

Scheme Changes

In line with the requirements of the Public Service Pensions and Judicial Offices Act 2022, the Department for Education laid regulations which came into force on 1 April 2022, closing the legacy scheme to any further accrual which prevented any further discrimination.

The regulatory changes, along with the ongoing Transitional Protection remedy, are being implemented in response to the McCloud-Sargeant discrimination ruling. The retrospective remedy offers members in scope a deferred choice of benefits, legacy or reformed, in respect of pensionable service during the remedy period (1 April 2015 to 31 March 2022).

Notes to the Financial Statements (continued)

Year ended 31 July 2024

23 Pension Schemes (continued)

Cheshire Pension Fund

The University participates in the Cheshire Pension Fund, which is a funded defined benefit pension scheme where contributions payable are held in a trust separately from the University. The total contribution made for the 12 months ended 31 July 2024 was £6,272,000 (2023: £6,139,831) of which the employers' contributions totalled £4,989,000 (2023: £4,840,568) and employees contributions totalled £1,283,172 (2023: £1,299,263). The agreed contribution rates for future years are 24.7% for employers and in bandings 5.5%-12.5% for employees depending on the level of their salary.

| | |
|-----------------------------------|-----------------------|
| Valuation date | 31 March 2022 |
| Valuation Method | Projected Unit Method |
| Value of notional needs | £6,146 Million |
| Funding level of accrued benefits | 113% |
| Investment return per annum | 3.70% |
| Salary scale increases per annum | 3.40% |

The following information is based upon a full actuarial valuation of the fund as at 31 March 2022 updated to July 2024 by a qualified independent actuary.

| | 31 July 2024 | 31 July 2023 | 31 July 2022 |
|-------------------------------|-------------------------|-------------------------|-------------------------|
| | % | % | % |
| Rate of increases in salaries | 3.45 | 3.70 | 3.40 |
| Rate of increase in pensions | 2.75 | 3.00 | 3.00 |
| Discount rate for liabilities | 5.00 | 5.05 | 3.50 |

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

| | 31 July 2024 | 31 July 2023 |
|-----------------------------|-------------------------|-----------------|
| | % | % |
| Retiring today | | |
| Males | 21.0 | 21.1 |
| Females | 23.9 | 24.1 |
| Retiring in 20 years | | |
| Males | 21.7 | 21.8 |
| Females | 25.3 | 25.5 |

The life expectancies quoted above are based on lives aged between 45 and 65 at the latest fund valuation.

Notes to the Financial Statements (continued)

Year ended 31 July 2024

23 Pension Schemes (continued)

LGPS assets do not include any of the University's own financial instruments or any property occupied by the University. The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out.

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the year. The University's share of assets in the scheme were:

| | 31 July 2024 | 31 July 2024 £'000 | 31 July 2023 £'000 |
|------------------------------|-------------------------|-----------------------------------|--------------------------|
| Equities | 50% | 79,699 | 69,013 |
| Bonds | 36% | 57,384 | 53,198 |
| Property | 12% | 19,128 | 18,691 |
| Cash | 2% | 3,188 | 2,876 |
| Total market value of assets | | 159,399 | 143,778 |

The above asset values as at 31 July 2024 are at bid value as required under FRS 102 Section 28:

| | 2024 £'000 | 2023 £'000 |
|-------------------------------------|-----------------------|---------------|
| University's estimated asset share | 159,399 | 143,778 |
| Present value of scheme liabilities | (126,063) | (119,952) |
| Asset ceiling adjustment | (33,336) | (23,826) |
| Deficit in the scheme | - | - |

The University has applied asset ceiling to restrict the surplus at nil. The ceiling has been calculated by the pension scheme actuaries Hymans Robertsons LLP applying the IAS 19 / IFRIC 14 approach as it is considered there to be no economic value through a reduction in future contributions. The asset ceiling calculation is as follows:

Notes to the Financial Statements (continued)

Year ended 31 July 2024

23 Pension Schemes (continued)

The prevailing view held by LGPS practitioners at the time of writing this report is that a minimum funding requirement for future service exists in the LGPS.

The asset ceiling step by step is:

A - The present value of (employer) future service costs over the future period
less

B – The present value (employer) future contributions (in relation to future service) over the future period

A – Annuity (in perpetuity) x 2024/25 future service cost
less

B – Annuity (in perpetuity) x 2023/24 projected employer cash contributions (future service element) –
annuity (overfunding time horizon) x future service element adjustment

A – 66.7 x £3,330,000 = £222,111,000

less

B – 66.7 x £5,431,000 – 13.4 x £571,000= £354,596,000

equals

-£132,485,000

As B is greater than A, the economic benefit available as a reduction in future contributions is floored at £0

31 July 2024 accounting Results Schedule information

| | |
|--|---------|
| Assets | 159,399 |
| Obligations | 126,063 |
| Net assets | 33,336 |
| Discount rate assumption | 5.00% |
| Salary increase rate assumption | 3.45% |
| 2024/25 projected service cost % | 16.9% |
| 2024/25 projected pensionable payroll | 19,676 |
| 2024/25 projected service cost £ | 3,330 |
| 2024/25 projected employer cash contributions | 4,860 |
| - Future service element (primary rate % adjusted for any negative secondary rate %) | 4,860 |
| - Past service element (secondary rate where positive) | - |

Analysis of amount (charged)/credited to the Statement of Comprehensive Income and Expenditure account

The University's pension charge for the year in accordance with FRS 102 Section 28 is made up of the following:

| | 2024 | 2023 |
|--|--------------|-------|
| | £'000 | £'000 |
| Current Service cost | 3,581 | 6,348 |
| Past Service Cost (including curtailments) | 178 | 93 |
| | 3,759 | 6,441 |

Notes to the Financial Statements (continued)
Year ended 31 July 2024

23 Pension Schemes (continued)

Analysis of net return on pension scheme

| | 2024 | 2023 |
|---|----------------|--------------|
| | £'000 | £'000 |
| Expected return on pension scheme assets | 7,368 | 5,165 |
| Impact on pension scheme liabilities | (6,114) | (5,431) |
| Interest on the effect of the asset ceiling | (1,223) | - |
| Net charge | 31 | (266) |

Amounts recognised in Other Comprehensive Income

| | 2024 | 2023 |
|---|----------------|----------|
| | £'000 | £'000 |
| Changes in financial assumptions | 5,657 | 50,639 |
| Changes in demographic assumptions | 253 | 4,106 |
| Other experience | (3,645) | (11,476) |
| Return on assets excluding amounts included in net interest | 4,367 | (10,441) |
| Changes in the effect of the asset ceiling | (7,893) | (24,220) |
| Actuarial (Gain)/Loss | (1,261) | 8,608 |

Reconciliation of opening and closing balances of (Deficit)/Surplus

| | 2024 | 2023 |
|--|-----------------|----------|
| | £'000 | £'000 |
| Deficit in scheme at beginning of year | - | (6,891) |
| Movement in year: | | |
| Current service charge | (3,759) | (6,441) |
| Employer contributions | 4,989 | 4,990 |
| Net interest/(charge) on assets | 31 | (266) |
| Actuarial gain / (loss) | 32,075 | 32,434 |
| Asset ceiling adjustment | (33,336) | (23,826) |
| Net deficit | - | - |

Notes to the Financial Statements (continued)

Year ended 31 July 2024

23 Pension Schemes (continued)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

| | 2024 | 2023 |
|---|----------------|----------|
| | £'000 | £'000 |
| Liabilities at start of year | 119,945 | 152,680 |
| Service cost | 3,759 | 6,441 |
| Interest cost | 6,114 | 5,431 |
| Employee contributions | 1,283 | 1,299 |
| Actuarial gain – Changes in financial assumptions | (5,657) | (50,639) |
| Actuarial gain – Changes in demographic assumptions | (253) | (4,106) |
| Actuarial gain – Other experience | 3,645 | 11,331 |
| Benefits paid | (2,773) | (2,492) |
| Liabilities at end of year | 126,063 | 119,945 |

Reconciliation of opening and closing balances of the fair value of the defined benefit assets

| | 2024 | 2023 |
|---|----------------|----------|
| | £'000 | £'000 |
| Assets at start of year | 144,165 | 145,789 |
| Interest income on plan assets | 7,368 | 5,165 |
| Return on assets excluding amounts included in net interest | 4,367 | (10,586) |
| Employer contributions | 4,989 | 4,990 |
| Employee contributions | 1,283 | 1,299 |
| Benefits paid | (2,773) | (2,492) |
| Assets at end of year | 159,399 | 144,165 |

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 University is monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the Cheshire Pension Fund. As a result, the University does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

Notes to the Financial Statements (continued)**Year ended 31 July 2024**

24 Related Party Transactions

Members of the Council are required to declare any outside interests. When an item arises in which a member has a pecuniary, business, family or other personal interest, it must be declared, and the member concerned may not take part in the consideration of the matter nor vote on it. The Council has considered the financial effect of all transactions involving organisations in which a member of the Council may have an interest. It is confirmed that these are conducted at arm's length and in accordance with the University's Financial Regulations.

The Vice-Chancellor Professor E.A. Simmons and Mr M. Clinton were on the Governing Body of Reaseheath College. The University receives fee income from Reaseheath students, and subsequently passes 100% of this income to Reaseheath College. For the 23/24 year this was a total of £219k (22/23 £420k). The University also received £0.7k of income from the College (22/23 £1.2k).

Professor Simmons was also a member or director of the following organisations:

- Cheshire and Warrington Local Enterprise Partnership (LEP) – income received £1,480 (22/23 £53,860).
- North West Business Leadership Team (NWBLT) – payments were made of £10,417 (22/23 £14,500).
- The Alliance for Sustainability Leadership in Education (EAUC) – payments were made of £3,094 (22/23 £344)
- National Trust – payments were made of £79 (22/23 £38).
- Royal Society of Biology – payments were made of £5,000 (22/23 £4,000).

The Vice-Chancellor and Steven Broomhead were members of Warrington Chamber of Commerce & Industry – payments were made of £792 (22/23 £1,188).

Deputy Vice-Chancellor Professor Helen O'Sullivan was the chair of the board of trustees for the Association for Learning Technology (ALT) – payments were made of £1,507 (22/23 £588).

Pro Vice-Chancellor Dr Helen Galbraith was an executive member of Association of Heads of University Administration (AHUA) – payments were made of £3,706 (22/23 £7,240).

Professor Angela Simpson was a Governor at Countess of Cheshire NHS Trust – payments were made of £71,299 (22/23 £19,149) and income received of £800 (22/23 £24,061).

Lillian Watson and Ellie Smith were employed by Chester Students' Union – payments were made of £488,608 (22/23 £438,981). Income received £26,540 (22/23 £8,861)

Dr D. Briggs was Trustee or member of the following organisations:

- Warrington Youth Zone – payments were made of £216 (22/23 £32,480).
- Cheshire Agricultural Society – payments were made of £1,487 (22/23 £300).
- Royal British Legion – Income received £97,348 (22/23 £24,340).
- Chester Cathedral - payments were made of £96,091 (22/23 £64,980).

Councillor Razia Daniels was employed by Cheshire West and Chester Council – payments (excluding rates) were made of £40,643 (22/23 £21,013) and income received £271,266 (22/23 £166,881).

Councillor Razia Daniels was also a Director at the Queen's School – income was received of £1,670 (22/23 £1,630).

Steven Broomhead was the Chief Executive Officer of Warrington Borough Council – payments (excluding rates) were made of £1,000 (22/23 £200) and £37,377 income was received (22/23 £60,426).

Steven Broomhead was also a director or member of the following organisations:

- Warrington Wolves – £2,723 income received (22/23 £2,723).
- Marketing Cheshire – £9,656 income received (22/23 £18,849), payments were made of £2,550 (22/23 £0)
- Wire Regeneration – payments were made of £40,144 (22/23 £0)
- NHS Cheshire and Merseyside ICB – income received £361,923 (22/23 £0)

The Right Reverend the Lord Bishop of Chester, Mark Tanner and The Very Reverend Dr Tim Stratford were both members of Diocese of Chester – income received of £7,121 (22/23 £16,346).

Notes to the Financial Statements (continued)**Year ended 31 July 2024**

24 Related Party Transactions (continued)

The Very Reverend Dr Tim Stratford and Dr D. Briggs were Directors of Chester Cathedral Enterprises - £133 income was received (22/23 £0)

Karen Howell was the Chief Executive Officer of Wirral Community Health and Care NHS Foundation Trust – no income received in 23/24 (22/23 £596,657).

Professor Charles Forsdick was employed by the University of Liverpool – income received £5,000 (22/23 £3,975) and payments were made of £22,541 (22/23 £0)

Professor Charles Forsdick was Chair of the Advisory Council at University of London – payments were made of £45 (22/23 £4,400).

Kate Nwosu Aaron-Efe was a governor at St Werburgh's & St Columba's Catholic Primary School – payments were made of £200 (22/23 £1,950).

Professor David McGravie was a Director at AA2A Access to Arts Schools – payments were made of £1,720 (22/23 £290).

Professor David McGravie was a Trustee for Council for Higher Education in Art and Design (CHEAD) – payments were made of £1,546 (22/23 £1,420).

Stephen Dobson was a member of the Institute of Chemical Engineers (IChemE) – payments made of £4,800 (22/23 £3,075)

Cathy Bond was a member of North-West Cancer Research – income received £38,357 (22/23 £0)

Richard Waddington was a member of the Audit & Governance Committee for Cheshire West Chester - payments (excluding rates) were made of £40,643 (22/23 £21,013) and income received £271,266 (22/23 £166,881)

Notes to the Financial Statements (continued)

Year ended 31 July 2024

25 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US 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 schedules 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.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America

| Note Ref: | | Primary Reserve Ratio: <u>Expendable net assets:</u> | 2024 | | 2023 | |
|-----------|---------------|---|----------------|-----------|----------------|-----------|
| | | | £'000 | £'000 | £'000 | £'000 |
| Line 15 | Balance Sheet | Net assets without donor restrictions | | 80,279 | | 81,087 |
| Note 19 | | Net Assets with Donor restrictions | | 421 | | 435 |
| Note 25 | | Secured and unsecured related party receivable | 73 | | 703 | |
| Note 25 | | unsecured related party receivable | | 73 | | 703 |
| Note 12 | | Property plant and Equipment post implementation | 111,644 | | 114,116 | |
| Note 12 | | Property plant and Equipment pre-implementation | | (113,108) | | (113,108) |
| Note 12 | | Property plant and Equipment post implementation WITH debt | | | | |
| Note 12 | | Property plant and Equipment post implementation WITHOUT debt | | 1,464 | | (1,058) |
| Note 12 | | Construction in progress | | | | |
| N/A | | Lease Right of use assets, net | | | | |
| N/A | | Lease Right of use assets, pre-implementation | | | | |
| N/A | | Lease Right of use assets, post implementation | | | | |
| N/A | | Goodwill /Intangible assets | | | | |
| Note 18 | | Post-employment and pension liabilities | | 313 | | 340 |
| Note 17 | | Long term debt for long term purposes | 20,511 | | 22,609 | |
| Note 17 | | Long term debt for long term purposes Pre-implementation | | 32,784 | | 32,784 |
| Note 17 | | Long term debt for long term purposes Post implementation | | (12,273) | | (10,175) |
| Note 17 | | Line of credit Construction in progress | | | | - |
| N/A | | Lease Right of use assets - Liabilities | | - | | - |
| N/A | | Lease right of use assets - liabilities Pre-implementation | | - | | - |
| N/A | | Lease right of use assets - liabilities Post implementation | | - | | - |

Notes to the Financial Statements (continued)

Year ended 31 July 2024

| 25 US Department of Education Financial Responsibility Supplemental Schedule (continued) | | | | | |
|--|--|--------------|--------------|--------------|--------------|
| N/A | Annuities with Donor restrictions | - | | - | |
| N/A | Term endowments with Donor restrictions | | - | | - |
| N/A | Life income funds with Donor restrictions | | - | | - |
| Note 19 | Net Assets with Donor restrictions in Perpetuity | | 130 | | 130 |
| <u>Total Expenses and Losses:</u> | | | | | |
| | | 2024 | | 2023 | |
| | | £'000 | £'000 | £'000 | £'000 |
| Note 8, 10, 11, 19, 24 Cash Flow Line 7 | Total operating expenses without Donor restrictions | | 141,550 | | 138,465 |
| Note 6,12,10 | Non-operating and net investment | | 4,995 | | 5,484 |
| Note 12 Note 24, Cash Flow Line 7 | net investment losses | | - | | 8,286 |
| | Pension related changes | | - | | (6,891) |
| <u>Equity Ratio:</u> | | | | | |
| <u>Modified net assets:</u> | | | | | |
| Line 15 Balance Sheet | Net assets without donor restrictions | | 80,279 | | 81,087 |
| Note 19 | Net Assets with Donor restrictions | | 421 | | 435 |
| N/A | Goodwill - Intangible assets | | | | |
| Note 25 | Secured and unsecured related party receivable | 73 | | 703 | |
| Note 25 | unsecured related party receivable | | 73 | | 703 |
| <u>Modified assets:</u> | | | | | |
| Balance Sheet Lines 1, 2 & 7 | Total assets | | 165,194 | | 164,220 |
| N/A | Lease right of use asset pre implementation | | | | |
| N/A | pre implementation right of use leases | | | | |
| N/A | Goodwill - Intangible assets | | | | |
| Note 25 | Secured and unsecured related party receivable | 73 | | 703 | |
| Note 25 | unsecured related party receivable | | 73 | | 703 |
| <u>Net income Ratio:</u> | | | | | |
| Line 15 Balance Sheet Notes 1,2,4,5 | Change in net assets without Donor restrictions | | 808 | | 8,987 |
| | Total Revenues and Gains | | 147,826 | | 138,750 |