UNIVERSITY OF CHESTER

England & Wales · Charity number 525938

Details

Other names	CHESTER COLLEGE, UNIVERSITY COLLEGE CHESTER, UNIVERSITY OF CHESTER
Status	Registered
Legal form	Other
Registered	1963-01-03
Register	View on the Charity Commission register

Contact

Address	University of Chester Grosvenor House Parkgate Road Chester CH1 4BJ
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Activities

Objects: THE PROVISION MAINTENANCE AND DEVELOPMENT OF A COLLEGE FOR THE HIGHER AND FURTHER EDUCATION OF MEN AND WOMEN, INCLUDING THE TRAINING OF TEACHERS.

Activities: Provision of higher and further education.

Classification

- **How:** Makes Grants To Individuals, Provides Buildings/facilities/open Space, Provides Services, Sponsors Or Undertakes Research
- **What:** Education/training, Religious Activities, Arts/culture/heritage/science, Amateur Sport, Economic/community Development/employment, Human Rights/religious Or Racial Harmony/equality Or Diversity
- **Who:** Children/young People, Elderly/old People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin, The General Public/mankind

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Geography

- Cheshire East
- Cheshire West & Chester
- Shropshire
- Warrington

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£154,160,000	£141,651,000	£91,033,000	1430
2024-07-31	£147,503,000	£147,406,000	£80,700,000	1498
2023-07-31	£138,343,000	£146,553,000	£81,522,000	1573
2022-07-31	£135,775,000	£142,253,000	£90,505,000	1537
2021-07-31	£122,719,000	£128,353,000	£27,758,000	1565

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Trustees

Name	Role	Appointed
John Nicholas Mills	Chair	2025-08-01
Alison Jane Hastings		2025-10-02
CATHERINE BOND		2019-09-01
Colin Simpson		2025-10-02
David Briggs		2018-09-01
Dr Angela Maria Seeney		2019-09-01
Dr Kirstie Joanne Simpson		2026-04-04
Ian Thomas		2025-10-02
Jane Tomkinson		2024-10-02
Kathryn Heywood		2025-10-02
LYNETTE SIEMERS		2023-09-28
Marcus Philip Clinton		2018-09-15
Mark Nicholas Devane		2025-10-02
Peter Wallach		2022-08-01
Professor Charles Forsdick		2017-09-01
Professor Eunice Angela Simmons		2020-01-01
Razia Daniels		2020-09-01
Rev Gillian Beatrice Reeve		2026-01-20
Sara Popplewell		2022-08-01
Saurabh Sachin Bhandari		2025-10-02
THE RT REVD DR MARK SIMON AUSTIN TANNER		2020-09-01
The Very Reverend Dr TIMOTHY RICHARD STRATFORD		2018-10-10

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UNIVERSITY OF CHESTER

England & Wales - Charity number 525938

Accounts

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University of Chester

Annual Report and Financial Statements

Year ended 31 July 2025

Registered Charity No. 525938

Docusign Envelope ID: E67B9E5B-C274-4922-A5A8-3CC0CD04E4BF

University of Chester

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Year ended 31 July 2025

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University of Chester

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

Year ended 31 July 2025

Introduction from our Vice-Chancellor

This year, the University significantly improved its financial performance through a rigorous Savings and Investment Programme. All Faculties and Professional Services conducted thorough reviews of their operations and implemented changes that enhanced efficiency across the institution.

In addition to cost savings, we experienced growth in tuition fee income and expanded our UK and international partnerships. Our continued investment in teaching facilities and student accommodation reflects our commitment to delivering a high-quality educational experience at Chester—an effort recognised by multiple external awards, including the Times Higher Business School of the Year.

We also prioritised upgrades to key systems in Human Resources, Registry, and the Research & Innovation Office, reducing administrative workload and embracing new technologies. Thanks to the dedication and collaboration of staff across the University, we conclude the year well-positioned to navigate future economic challenges and adapt to shifting policy landscapes.

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

Introduction from President of University Council

As the new President of Council, it is good to see the 24/25 out-turn provides a stable foundation on which to build. Cost management programmes have been effective while important investment to support growth and an improved student experience have been protected.

Challenges remain and Council has strengthened its skills and experience in technology, finance, human resources, estates and brand and communications. Council is well placed to meet its evolving governance obligations and support the strong executive team as they take the University forward.

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University of Chester

Financial Highlights

Year ended 31 July 2025

Result

During the year to 31 July 2025 (year to 31 July 2024 figures in brackets) the consolidated University and subsidiary companies:

- Generated income of £154.2 million (£147.5 million)
- Generated a surplus before other gains and losses of £12.5 million (£0.1 million surplus)
- Generated a net cash inflow from operating activities of £4.2 million (£7.6 million)
- Decreased expenditure by £5.8 million (£0.9 million)

Financial Strength

At 31 July 2025 the University had:

- Cash and cash equivalents of £37.7 million (£41.8 million)
- Total net assets of £91.0 million (£80.7 million)
- A net defined benefit pension liability of £ zero (£ zero)

Financial Investments

During the year to 31 July 2025 the University invested £2.5 million (£5.2 million) in tangible fixed assets.

Staff and students

During the academic year the University:

- Employed an average of 1,430 members of staff (1,498)
- 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	2024/25 Total	2023/24 Total	Increase/ (Decrease)
Home/EU	Undergraduate	5,731	281	**6,012**	**6,234**	(4%)
	Postgraduate	450	1,644	**2,094**	**2,650**	(21%)
	Nursing and Midwifery	1,425	97	**1,522**	**1,745**	(13)%
International	Undergraduate	894	21	**915**	**659**	39%
	Postgraduate	2,851	33	**2,884**	**2,917**	(1%)
	Nursing and Midwifery	91	-	**91**	**8**	1,038%
2024/25 Total		11,442	2,076	**13,518**	**14,213**	(5%)
2023/24 Total		11,501	2,712	**14,213**		
Increase/ (Decrease)		(1)%	(23)%	(5)%		

The 2024/25 figures are for students studying between August 2024 and July 2025. The 2023/24 figures are for students studying between August 2023 and July 2024.

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University of Chester

Members of the University Council

Year ended 31 July 2025

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 2024-25		(1)	(2)
Foundation Members:			
Dr Meredydd David *(President)*		•	
The Right Reverend the Lord Bishop of Chester, Mark Tanner			
The Very Reverend Dr Tim Stratford			
Professor Eunice Simmons *(Vice-Chancellor)*		•	
Dr David Briggs		•	
Professor Steven Broomhead	Left 28-05-2025		•
Professor Charles Forsdick			
Mrs Jeannie France-Hayhurst			
Professor John French	Appointed 02-10-2024 Left 24-06-2025		
Professor Helen O'Sullivan		•	
Dr Angela Seeney			•
Mrs Lynette Siemers			•
Mr Peter Wallach			•
Non-Foundation Members:			
Mr Richard Mendez	Appointed 11-02-2025		
Mrs Cathy Bond *(Deputy President)*		•	
Mr Marcus Clinton			
Councillor Mrs Razia Daniels			
Ms Karen Howell	Left 31-01-2025		
Mrs Sara Popplewell		•	
Mr Stephen Dobson		•	
Professor Angela Simpson			
Jane Tomkinson	Appointed 02-10-2024		•
Mrs Kate Nwosu-Aaron Efe	Left 31-12-2024		
Miss Lillian Watson *(Students' Union President)*		•	
University Secretary			
Ms Laura Gittins			

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.

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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
Mrs Lucy FitzHugh	Executive Director of Estates & Commercial Operations *– started 6th January 2025*
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)

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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 1st Floor Liverpool L1 3BG
Auditors - External	Grant Thornton No 1 Whitehall Riverside Leeds LS1 4BN
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

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University of Chester

Report of the University Council

Year ended 31 July 2025

The Members of the University Council present their Annual Report for the year ended 31 July 2025 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 2025.

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, which have ceased trading from 1st August 2025:

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

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Strategic Report

Over the last two years the University has made significant strides in strengthening its financial position. This progress has been driven by disciplined cost control and strong international student recruitment. These efforts have helped us meet income targets and stabilise our short-term financial outlook.

We recognise that this success is the foundation for the University's sustainable growth. Financial resilience is not only a measure of fiscal health, but also the cornerstone of our long-term strategic plan. It enables us to make confident decisions, invest in our future, and avoid the pitfalls of reactive cost-cutting.

The financial environment for Higher Education remains volatile with many institutions facing deficits. Against this backdrop we are pleased to confirm that our financial results for 2024–25 show an operating surplus - the first since 2018–19. This achievement is a testament to the strategic foresight, collective effort, and financial discipline demonstrated across the University.

Key contributors to this outcome include:

- a comprehensive savings and investment programme that has delivered substantial efficiencies and laid the groundwork for efficient ways of working in the years ahead,
- growth in international enrolments
- Disposal of Thornton Science Park in July 2025 which resulted in the release of £7.2m of deferred capital grants held to be released over the useful life of the site being released in year.
- provision of more enhanced data and management information across Faculties and Directorates to assist with decision making,
- enhanced tuition fee collection systems,
- strategic procurement practices that have optimised non-pay expenditure.

We are focussed on achieving a recurrent surpluses, maintaining a staff cost-to-income ratio below 60%, and developing a long-term investment plan, supported by estate rationalisation. We will also continue to comply with bank covenants and maintain a 50% contribution from academic areas where feasible.

We continue to right-size the built estate, improving asset utilisation and reduce running costs. After winning a Salix Public Sector Decarbonisation grant, implementation of this environmental cost-saving project has begun in our Wheeler Building and at Queen's Park. With the arrival of our new Executive Director of Estates the year-round use of the estate is being reviewed and commercial opportunities sought for under-utilised areas.

We are acutely aware of the financial challenges facing many of our students and the hope is that the roll out of a new academic framework, which launches in 2025/26, will enable students to more easily "earn while they learn".

Constraints in the budget have led to innovation in the use of digital tools. A small multidisciplinary team has focused on making more of what we currently have – using existing Microsoft technology to eliminate tens of thousands of emails, hugely improve the student experience and enable tracking of customer service. Enquiries that previously had response rates of weeks can in some cases automatically be resolved in moments.

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Whilst cost-saving measures are important, revenue growth is essential to achieving financial health. There cannot be a reliance on reducing expenditure, we must also continue to grow and diversify our income streams. Students now join us from over 120 countries, studying a wide range of subjects and we look forward to developing strong alumni groups in their home countries and regions to strengthen recruitment. Further investment will be expressly focused on courses with high growth potential. We will continue to review and potentially divest from underperforming areas.

From a lower base our performance in the Graduate Outcome Survey is improving with some cohorts outperforming the national benchmarks. Employability and skills development are a shared commitment: from the expertise of academics who embed skills into the curriculum, to work placements and experiential learning, to the encouragement of professional services teams - preparing students to be Citizen Students, ready to launch their careers with purpose. We are very proud to be developing the nurses, social workers and police officers of the future for the communities we serve across the North-West region. The hard work of colleagues was apparent in the improving achievement rates of the university's higher and degree apprenticeships, receiving a 'Good' rating from Ofsted. Volunteering continues to play a part, and students from the School of Law and Social Justice were finalists in the LexisNexis Legal Awards for their 'Reach out to Survivors: Domestic Abuse' project, one of several 'Reach Out' projects led by a student project manager and operated by student volunteers from the undergraduate Law Degree.

The results of the fifth Knowledge Exchange Framework (KEF) confirmed that the University is in the top 20 per cent of its peers for its work with Research Partnerships and Working with Businesses. We were in the top 40 per cent in the categories for Working with the Public and Third Sector, and CPD (Continuing Professional Development) and Graduate Start-Ups, with High Engagement, as compared against its peers. This shows that, for KEF5, the institution is performing at or above average for all seven perspectives and above average in three of the seven perspectives.

We have been awarded University of Sanctuary status for dedicated efforts to foster a welcoming culture of inclusivity and awareness. The application was a team effort, led by the Student Experience team in Student Services with support from academic and professional staff.

Encouraged by its inaugural success, the University's second Festival of Ideas took place in July 2025. Alongside nationally renowned speakers it showcased staff and student achievements, and fruitful partnerships across the city and the region, receiving a Chester Civic Trust Award.

Autumn saw us crowned Business School of the Year at the Times Higher Education Awards and reaching the final for Outstanding Library Team of the Year. A Chester Business School student won the Tourism Management Institute Undergraduate Student Award, while the Faculty of Health, Medicine and Society reached the final of the Nursing Times Workforce Summit and Awards. A Faculty of Arts, Humanities and Social Sciences student was an award finalist in the Global Creative Graduate Showcase, the biggest annual online show of graduate creatives across the globe, shortlisted in the Product, Architecture and Interiors category by industry experts from more than 5,000 entrants.

At the 2025 Whatuni Student Choice Awards (WUSCAs) Chester retained its gold titles for best University in the UK for International and Postgraduate students, and a bronze award for Student Support. Additionally, we topped their regional rankings for best University in the North-West, Facilities, Lecturers and Teaching Quality and Student Support categories, and runner-up for Career Prospects, Students' Union and University Halls. The StudentCrowd University Awards 2025, which are based entirely on student reviews, placed us third in the UK in the category of Personal Tutors and tenth for Job Prospects.

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A capital grant from the Office for Students enabled us to improve Chester Medical School teaching resources and refurbish a 1980s building for the start of the 24/25 academic year to accommodate the School of Education. The improved School facilities have attracted not only more student enrolments but also a win with the Cheshire West Design Awards for our in-house design. The Grounds & Gardens team are adapting tree and border planting to become more drought resistant, more diverse and lower maintenance. The student-led community garden has been awarded ‘Level 5 – Outstanding' by the RHS Britain in Bloom (North-West) - one of only four in the region to receive the rating, and the only one given to a university garden. This collaborative project was a partnership between the Chaplaincy team, students, staff and regional environmental charity Faiths 4 Change. Collaboration on sustainability is embedded across Academics and Professional Services, with all members of the Senior Leadership Team on track to complete training in Carbon Literacy this year.

In August 2025, the university welcomed a new President and Chair of the University Council, John Mills. John is a former partner at PricewaterhouseCoopers and brings significant expertise from his background in accounting and as a long-standing member and Chair of Council at the University of Nottingham. His belief that everyone, regardless of background or life stage, should have the opportunity to better their lives through education, and that those who can benefit from university should have the opportunity to do so, resonates well with the University’s Foundational Values.

The Vice Chancellor would like to thank colleagues, Governors and the student body for their continued commitment and contributions. The progress made this year is evidence of the strength of our community and shared determination to thrive in these challenging times.

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Financial Review

Financial Performance Indicator	Year ended 31 July 2025	Year ended 31 July 2024
Surplus before other gains and losses for the year	£12.5m	£0.1m
Margin %	(8.1%)	(0.1%)
Surplus for the year	£11.9m	0.4m
Margin %	(7.7%)	(0.3%)
Staff costs as % of income	54.0%	56.3%
Cash inflow from operating activities	£4.2m	£7.6m
Current assets ratio	1.4	1.3
Net liquidity (days)*	90	108

*(Number of days expenditure held as cash, based on total expenditure less depreciation)

Net liquidity reduction was due to £8.8m of loan repayments made in the year from cash

Financial Performance in 2024/25 compared to previous year:

	Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
Income	154,159	147,503
Expenditure	141,651	(147,406)
(Loss)/Gain on disposal of fixed assets	(587)	342
Surplus	11,922	439

- Group income has increased by £6.7m (4.5%).
  - Funding body grants increased by £5.9m (45.7%). This was primarily due to the release of capital grants received for Thornton Science Park of £7.2m, which were released on disposal of the site and some reductions in other specific grants.
  - Investment income decreased by £0.7m (33.3%). This is due to lower cash balances as loans of £8.4m were repaid during the year.
- Expenditure decreased by £5.8m (3.9%).
  - Other Operating Expenses reduced by £3.7m (6.6%). This was due to reductions in bad debt charges and premises running costs.
  - Depreciation decreased by £1.8m (25.7%). The previous financial year (2023-24) included additional depreciation on assets held at University Centre Shrewsbury which was exited during that year.

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- The University invested £2.5m in fixed assets, the largest items of capital expenditure included:
  - Renovation of existing building to create a new School of Education building
  - Renovation of student residences at John Milton Hall

Trade Union Facilities Time data for the period 1 April 2024 – 31 March 2025

TABLE 1	**Total Number of Union Officials**		**12**
	Full time equivalent employee number		**10.79**
TABLE 2	**Percentage of time Spent on facility time**		
		0%	1
		1-50%	11
		51-99%	0
		100%	0
TABLE 3	**Percentage of pay bill spent on facility time**		
	Total cost of facility time		£101,326.42
	Total Pay Bill		£83,994,475.72
	% of the total pay bill spent on facility time		0.12
TABLE 4	**Paid trade union activities**		
	% of total paid facility time hours		0.00

Risks and uncertainties

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

The growth in international recruitment has continued, and despite a reduction in postgraduate international students enrolling in September 2024, recruitment in the further intakes (February and May 2025) were strong. International undergraduate student numbers also continue to increase. This means that the number of international students studying at Chester rose 9% versus 2023-24. A key risk in this area is the proposed international student fee levy of 6% and its impact on the cost base of the University and on the UK as an international market for Higher Education. The University also has reliance on several key markets, and geopolitical changes in these countries is a key risk The recruitment of home undergraduate students remains a challenge, due to changes in recruitment patterns and competitor behaviour, but improved student retention 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%, the full year impact included in expenditure in 2024-25. In November 2024, the Chancellor announced an increase in employers' national insurance from April 2024 to further increase payroll costs. To mitigate these cost increases, the University embarked on a savings programme which has reduced staffing levels by 68 fte for the year. The University's ageing estate is another growing risk, particularly with regards to maintenance expenditure and increased running costs.

The increased expenditure on running costs also reduces cash that is able to be retained in order to invest in estates and digital infrastructure. There have been several actions undertaken this year to mitigate this risk. In July 2025, Thornton Science Park was sold, and this will reduce estates running costs significantly. In addition, the University was successful in application to Salix under the Public Sector Decarbonisation Scheme to help decarbonise two sites - the Wheeler Building and Queens Park. In summer 2025, an application for planning permission was submitted to Warrington Borough Council alongside a major housebuilding company which if successful will facilitate the sale of the Padgate site. The proceeds from the sale will help support infrastructure investment.

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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.

The wider economic situation and pressure on public finances also give rise to a broader set of uncertainties including grant funding and interest rates. There have been cuts to the Strategic Priorities Fund grants in 2025-26 and although the standard home undergraduate tuition fee will rise to £9,535 in 2025 and then in line with inflation for at least two years, this has not been enough to offset rising costs.

Although a surplus position has been recorded in 2024-25 the University is expected to remain at around a break even position in 2025-26, due to rising costs. There is a lot of unpredictability in the higher education sector, and the University is in the process of adopting a new approach to risk for greater transparency and decision making. Additional members of University Council have been appointed to provide a breadth of expertise to governance to help the University address these challenges.

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.

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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.

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 £1,354k (2023: £2,050k).

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

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 2025 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 2025:

Unrestricted: £90,635k (2024: £80,279k)

Endowments: £398k (2024: £421k)

At 31 July 2025 consolidated reserves are therefore 286% 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 1,430 (2024: 1,498). 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.

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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

The University recorded a surplus before other gains of losses of £12.5m, and although £7.2m related to the accelerated release of capital grants on the disposal of Thornton Science Park, this was a much-improved financial result compared to the previous financial year (£0.1m surplus before other gains and losses). The opportunity was taken during the year to repay £8.8m of debt, reducing borrowing from £20.5m to £11.7m. This simplified debt administration by moving to a single lender, and reduced risks around covenant compliance. The University reported operating cash inflow of £4.2m for the year ended 31 July 2025 (2024: £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 the Revolving Credit Facility agreed during the year with Santander giving the University access to an additional £13.3m facility with the lender.

However, 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:
Mr John Mills

Deputy President of the Council:
Mrs Cathy Bond

Date: 11/12/2025

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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 2025 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 usually 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 employment and the conduct and performance of staff. 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 one further term of three years.

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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 recommendations from the Vice-Chancellor) on other senior post holders as determined from time to time by the University Council.

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.

The Committee also determines 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.

<u>Basis for the remuneration package of the Vice-Chancellor</u>

In considering the Vice-Chancellor's pay the committee reviews progress in respect of the Vice-Chancellor's objectives reviewing performance in 2023/24 and projecting forward to 2024/25. Progress against objectives had been reviewed with input from all Chairs of Council Committees. The Committee also paid due regard to selected data extracts from the CUC Survey of Remuneration of Vice-Chancellors and Principals 2023 and from the Universities and Colleges Employers Association (UCEA) Survey of Senior Staff Remuneration 2023 in respect of Heads of Institutions.

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Mission Committee

The Mission Committee meets at least three times a year and its role is 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

The Committee also considers the civic value benefits delivered to wider society, regionally, nationally and globally.

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 and Global Impact

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 meet 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.

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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 2024/25 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 2025 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 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 2025 by considering documentation from the Vice-Chancellor and the Audit and Risk Management Committee and took account of events since 31 July 2025.

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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.

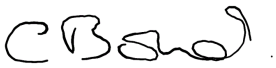
President of the Council

Mr John Mills

Parkgate Road,

CHESTER,

CH1 4BJ



Deputy President of the Council

Mrs Cathy Bond

11th December 2025

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University of Chester

Statement of University Council Responsibilities in Respect of the Annual Report and the Financial Statements
Year ended 31 July 2025

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.

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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;
- 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.

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Opinion

We have audited the financial statements of the University of Chester (the 'parent University') and its subsidiaries (the 'group') for the year ended 31 July 2025, which comprise 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent University's affairs as at 31 July 2025 and of the group's and the parent University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Council's conclusions, we considered the inherent risks associated with the group's and the parent University's business model including effects arising from macro-economic uncertainties such as inflation, and pay increases through national minimum wage and employer NIC's increases, as well as sector difficulties such as historic stagnant tuition fee's for home undergraduate students, we assessed and challenged the reasonableness of estimates made by the Council and the related disclosures and analysed how those risks might affect the group's and the parent University's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

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Responsibilities of Council

As explained more fully in the Statement of responsibilities of the Council set out on page 22, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the group's and the parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and the sector in which it operates. We determined that the following laws and regulations were most significant: The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), FEHE SORP 2019, OfS Accounts Direction (October 2019), Relevant OfS regulatory notices and advices and the Charities Act 2011;
- We understood how the University is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit Committee, and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of the university's operations, including its sources of income, expenditure, expected financial statement disclosures and risks that may result in a risk of material misstatement, and obtained an understanding of the university's control environment, including adequacy of procedures for authorising transactions.
- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur. Audit procedures performed include:
  - Evaluating the processes and controls established to address the risks related to fraud and irregularities
  - Testing journal entries posted by senior management personnel, or journals around large or unusual transactions
  - Challenging assumptions and judgements made by management in relation to the calculation of the defined benefit pension liability, and the restriction of the gross asset to nil.
  - Completion of audit procedures to conclude on the compliance of financial statement disclosures with applicable financial reporting requirements.

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- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement leader's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to an indications of fraud or noncompliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the University's Council, as a body, in accordance with paragraph 11.2 of the University's articles of government. Our audit work has been undertaken so that we might state to the University's 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's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton LLP,
Statutory Auditor, Chartered Accountants
Leeds

11th December 2025

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University of Chester

Consolidated and University Statement of Comprehensive Income and Expenditure
Year ended 31 July 2025

		Year ended 31 July 2025		Year ended 31 July 2024	
	Notes	**Consolidated**	**University**	Consolidated	University
Income		**£'000**	**£'000**	£'000	£'000
Tuition fees and education contracts	1	**115,699**	**115,699**	115,207	115,207
Funding body grants	2	**18,969**	**18,969**	13,020	13,020
Research grants and contracts	4	**2,469**	**2,469**	2,204	2,204
Other income	5	**15,630**	**15,415**	14,968	14,691
Investment income	6	**1,392**	**1,391**	2,085	2,081
Total income before endowments and donations		**154,159**	**153,944**	147,484	147,203
Donations and endowments	7	**1**	**1**	19	19
Total Income		**154,160**	**153,944**	147,503	147,222
Expenditure					
Staff costs	8	**83,194**	**83,194**	83,080	83,080
Other operating expenses	11	**52,095**	**51,840**	55,764	55,652
Depreciation	12	**5,236**	**5,236**	7,049	7,049
Interest and other finance costs	10	**1,126**	**1,126**	1,513	1,513
Total Expenditure		**141,651**	**141,396**	147,406	147,294
Surplus/(deficit) before other gains or losses		**12,509**	**12,548**	97	(72)

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University of Chester

Consolidated and University Statement of Comprehensive Income and Expenditure (continued)

Year ended 31 July 2025

	Notes	Year ended 31 July 2025 Consolidated	Year ended 31 July 2025 University	Year ended 31 July 2024 Consolidated	Year ended 31 July 2024 University
		£'000	**£'000**	£'000	£'000
(Loss)/gains on disposal of fixed assets	12	**(587)**	**(587)**	342	342
Surplus for the year		**11,922**	**11,961**	439	270
Actuarial gain in respect of pension schemes	22	**56,758**	**56,758**	32,075	32,075
Restriction of Pension Surplus	22	**(58,347)**	**(58,347)**	(33,336)	(33,336)
Total comprehensive income for the year		**10,333**	**10,372**	(822)	(991)
Represented by					
Endowment comprehensive income for the year		**(23)**	**(23)**	(14)	(14)
Unrestricted comprehensive income for the year		**10,356**	**10,385**	(808)	(977)
Attributable to the University		**10,333**	**10,372**	(822)	(991)
Surplus for the year attributable to:					
University		**11,922**	**11,961**	439	270

All items of income and expenditure relate to continuing activities

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University of Chester

Consolidated and University Statement of changes in Reserves

Year ended 31 July 2025

Consolidated	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 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	-
Total comprehensive income for the year	**(14)**	**(808)**	**(822)**
Balance at 31 July 2024	**421**	**80,279**	**80,700**
Surplus from the statement of comprehensive income and expenditure	1	11,921	11,922
Other comprehensive income		(1,589)	(1,589)
Release of restricted funds spent in year	(24)	24	-
Total comprehensive income for the year	(23)	10,356	10,333
Balance at 31 July 2025	**398**	**90,635**	**91,033**

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University of Chester

Consolidated and University Statement of changes in Reserves (continued)

Year ended 31 July 2025

University	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
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 1 August 2024	**421**	**79,593**	**80,014**
Surplus from the statement of comprehensive income and expenditure	1	11,960	11,961
Other comprehensive income		(1,589)	(1,589)
Release of restricted funds spent in year	(24)	24	-
Total comprehensive income for the year	(23)	10,935	10,372
Balance at 31 July 2025	**398**	**89,988**	**90,386**

Docusign Envelope ID: E67B9E5B-C274-4922-A5A8-3CC0CD04E4BF

University of Chester

Consolidated and University Balance Sheets

Year ended 31 July 2025

	Notes	As at 31 July 2025		As at 31 July 2024	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
Non-Current assets					
Fixed assets	12	**106,190**	**106,190**	111,644	111,644
Current assets					
Stock	13	**46**	**46**	51	51
Trade and other receivables	14	**7,041**	**7,101**	11,741	11,391
Cash and cash equivalents	19	**37,695**	**37,208**	41,758	41,238
		44,782	**44,355**	53,550	52,680
Less: Creditors: amounts falling due within one year	15	**(31,820)**	**(32,040)**	(41,746)	(41,562)
Net current assets		**12,962**	**12,315**	11,804	11,118
Total assets less current liabilities		**119,152**	**118,505**	123,448	122,762
Creditors: amounts falling due after more than one year	16	**(27,845)**	**(27,845)**	(42,435)	(42,435)
Provisions					
Provisions for liabilities	17	**(274)**	**(274)**	(313)	(313)
Net assets		**91,033**	**90,386**	80,700	80,014
Restricted Reserves					
Income and expenditure reserve - endowment reserve	18	**398**	**398**	421	421
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		**90,635**	**89,988**	80,279	79,593
Total Reserves		**91,033**	**90,386**	80,700	80,014

The financial statements were approved by the University Council on 9th December 2025 and were signed on its behalf on 11th December 2025 by:

Eunice Simmons

Professor E.A. Simmons, Vice-Chancellor

Mr J. Mills, President of the Council

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University of Chester

Consolidated Cash Flow Statement

Year ended 31 July 2025

	Notes	Year ended 31 July 2025	Year ended 31 July 2024
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		**11,922**	439
Adjustment for non-cash items			
Depreciation	12	**5,236**	7,049
Decrease in stock	13	**5**	17
Decrease in debtors	14	**4,700**	858
(Decrease)/Increase in creditors	16	**(7,981)**	2,756
Decrease in pension provision	22	**(1,628)**	(1,288)
Adjustment for investing or financing activities			
Investment income	6	**(1,354)**	(2,054)
Interest payable	10	**1,111**	1,513
Endowment income	18	**(1)**	(19)
Loss/(Gain) on sale of fixed assets	12	**587**	(342)
Capital grant income	2	**(8,367)**	(1,325)
Net cash inflow from operating activities		**4,230**	7,604
Cash flows from investing activities			
Proceeds from sale of fixed assets	12	**2,130**	1,033
Capital grants receipts		**643**	2,491
Withdrawal of deposits		**-**	10,000
Investment income	6	**1,354**	2,054
Payments made to acquire fixed assets	12	**(2,499)**	(5,218)
		1,628	10,360
Cash flows from financing activities			
Interest paid	10	**(1,111)**	(1,513)
Endowment cash received	18	**1**	19
Repayments of amounts borrowed	16	**(8,811)**	(2,099)
		(9,921)	(3,593)
(Decrease)/Increase in cash and cash equivalents in the year		**(4,063)**	14,371
Cash and cash equivalents at beginning of the year	19	**41,758**	27,387
Cash and cash equivalents at end of the year	19	**37,695**	41,758

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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 surplus before other gains and losses of £12.5m, and together with positive operating cash flow, this helped ensure that cash and cash equivalents at the end of the year were £37.7m, whilst repaying £8.8m of debt from cash. A position around breakeven is forecast in 2025-26, and 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).

During the year, a new Revolving Credit Facility was agreed with Santander. This will give an additional £13.3m facility to support the going concern position and 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 2025. 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.

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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. In the event of accelerated depreciation or disposal of an asset before the deferred capital grant has been transferred, then the remaining balance of the grant is transferred to the Statement of Comprehensive Income and Expenditure account. During 2024-25, the University disposed of Thornton Science Park and deferred capital grants of £7.2m were transferred in respect of this asset.

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.

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Stocks

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

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 2023).

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 fair 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

All leases held by the University 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.

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Cash flows and liquid resources

Cash flows comprise increases or decrease 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.

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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 2025 the pension valuation was calculated using asset returns as at that date.

Details of the assumptions used, and associated sensitivities, are included in note 22.

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		Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
1	**Tuition Fees and Education Contracts**				
	Full-time home and EU students	**65,849**	**65,849**	68,898	68,898
	Full-time international students	**44,575**	**44,575**	40,645	40,645
	Part-time students	**3,299**	**3,299**	3,110	3,110
	Education Contracts	**581**	**581**	616	616
	Other Fees and Support Grants	**1,395**	**1,395**	1,938	1,938
		115,699	**115,699**	115,207	115,207
2	**Funding Body Grants**				
	Recurrent Grant				
	Office for Students	**5,369**	**5,369**	5,395	5,395
	UKRI	**3,438**	**3,438**	3,459	3,459
	DfE	**74**	**74**	124	124
	Capital grant	**8,367**	**8,367**	1,325	1,325
	Specific Grants				
	OfS	**65**	**65**	703	703
	Higher Education Innovation Fund	**1,581**	**1,581**	1,603	1,603
	Research Innovation Fund	**-**	**-**	147	147
	Uni Connect (formerly NCOP/Higher Horizons)	**25**	**25**	185	185
	Other	**50**	**50**	79	79
		18,969	**18,969**	13,020	13,020
3	**Details of Grant and Fee Income**				
	Grant income from Office for Students	**5,433**	**5,433**	6,098	6,098
	Grant income from other bodies	**13,535**	**13,535**	6,922	6,922
	Fee income for taught awards	**112,645**	**112,645**	111,528	111,528
	Fee income for research awards	**1,660**	**1,660**	1,741	1,741
	Fee income for non-qualifying courses	**1,395**	**1,395**	1,938	1,938
	Total grant and fee income	**134,668**	**134,668**	128,227	128,227

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	Notes	Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
4 Research Grants and Contracts					
Research Councils		**642**	**642**	219	219
Research Charities		**570**	**570**	311	311
Government (UK and overseas)		**774**	**774**	722	722
Industry and Commerce		**-**	**-**	24	24
Other		**483**	**483**	928	928
		2,469	**2,469**	2,204	2,204
5 Other income					
Residences, Catering and Conferences		**7,419**	**7,420**	7,332	7,260
Other income		**8,211**	**7,995**	7,636	7,431
		15,630	**15,415**	14,968	14,691

Other income relates to European grants, rental income and other income (e.g. nursery, fitness centre).

6 Investment income					
Investment income on endowments	18	**4**	**4**	4	4
Other investment income		**1,350**	**1,349**	2,050	2,046
Net income on pension scheme		**38**	**38**	31	31
		1,392	**1,391**	2,085	2,081
7 Donations and endowments					
New endowments	18	**1**	**1**	19	19

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	Notes	Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
8	**Staff costs**				
	Salaries	**63,015**	**63,015**	64,219	64,219
	Social security costs	**7,254**	**7,254**	6,727	6,727
	Other pension costs	**12,925**	**12,925**	12,134	12,134
	Total	**83,194**	**83,194**	83,080	83,080

Emoluments of the Head of Institution

	2025	2024
	£'000	£'000
Professor E.A. Simmons 1 August 2024 to 31 July 2025:		
Salary	**277**	270
Taxable Benefits - Car	**8**	3
Other Remuneration – Pension & Expenses	**79**	68
Other Remuneration - Expenses	**3**	6
	367	347

	2025	2024
	£'000	£'000
Professor E.A. Simmons 1 August 2024 to 31 July 2025:		
Basic Salary Ratio	**7.1**	7.5
Median Total Remuneration all staff	**9.3**	8.1

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

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8 Staff Costs (continued)

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

	2025	2024
£100,000 to £104,999	**1**	-
£105,000 to £109,999	**-**	-
£110,000 to £114,999	**1**	1
£115,000 to £119,999	**-**	-
£120,000 to £124,999	**3**	2
£125,000 to £129,999	**-**	-
£130,000 to £134,999	**-**	-
£135,000 to £139,999	**1**	2
£140,000 to £144,999	**1**	2
£145,000 to £149,999	**2**	1
£150,000 to £154,999	**-**	-
£155,000 to £159,999	**1**	1
£160,000 to £164,999	**-**	1
£165,000 to £170,000	**1**	-
Over £170,000	**1**	1
	12	11
Total compensation paid to key management personnel	**2,310**	2,075

Key management personnel consist of 12 individuals that made up the Strategic Executive Team. Compensation consists of salary, bonus, employer's national insurance and employer's pension contribution.

	2025	2024
Average staff numbers by major category:		
Academic Departments	**787**	830
Academic Services	**132**	131
Administration/Central Services	**341**	368
Premises	**12**	118
Catering and Residence	**45**	51
	1,430	1,498

Compensation for loss of office
54 payments were made in respect of compensation for loss of office during the year totalling £815k (2024: £1,021k)

Council Members

Reimbursements to members of University Council for expenditure incurred in attending Council and meetings of its committees amounted to £3,910 (2024: £1,718). Council members did not receive any remuneration from the University.

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	Notes	Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
9 Access & Participation					
Access Investment		**597**	**597**	618	618
Financial Support	1	**1,377**	**1,377**	1,826	1,826
Disability Support		**719**	**719**	792	792
Research and evaluation		**877**	**877**	623	623
		3,571	**3,571**	3,859	3,859

£1,891k 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:
University of Chester Access and Participation Plan 2024-25 to 2027-28

10 Interest and other finance costs					
Loan interest		**1,111**	**1,111**	1,513	1,513
Net charge on pension scheme	22	**15**	**15**	-	-
		1,126	**1,126**	1,513	1,513
11 Analysis of other operating expenses by activity					
Academic and related expenditure		**12,679**	**12,679**	12,951	12,954
Administration and central services		**17,943**	**17,943**	16,727	16,736
Premises (including service concession cost)		**18,624**	**18,426**	22,172	22,063
Residences, catering and conferences		**1,747**	**1,747**	2,351	2,287
Research grants and contracts		**793**	**793**	989	989
Other expenses		**309**	**252**	574	623
		52,095	**51,840**	55,764	55,652
Other operating expenses include:					
External auditor's remuneration in respect of audit services		**113**	**101**	116	96
External auditor's remuneration in respect of non-audit services		**32**	**32**	56	56
Operating lease rentals:					
Vehicles		**165**	**165**	185	185

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12 Fixed Assets

	Freehold Land and Buildings	Plant and Machinery	Computer Equipment	Total
Consolidated and University	£'000	£'000	£'000	£'000
Cost				
At 1 August 2024	153,041	33,748	13,175	199,964
Additions	1,753	409	336	2,499
Disposals	(7,681)	(57)	-	(7,738)
At 31 July 2025	**147,114**	**34,101**	**13,511**	**194,725**
Depreciation				
At 1 August 2024	45,091	31,090	12,139	88,320
Charge for year	2,777	1,757	703	5,236
Disposals	(4,985)	(36)	-	(5,021)
At 31 July 2025	**42,883**	**32,811**	**12,842**	**88,536**
Net book value				
At 31 July 2025	**104,230**	**1,290**	**669**	**106,190**
At 31 July 2024	107,950	2,658	1,036	111,644

At 31 July 2025, freehold land and buildings included £7.8m (2024 - £7.8m) in respect of freehold land and is not depreciated.

13 Stock

	Year ended 31 July 2025		Year ended 31 July 2024	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
General consumables	**46**	**46**	51	51

14 Trade and other receivables

	Year ended 31 July 2025		Year ended 31 July 2024	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Amounts falling due within one year:				
Trade receivables	**2,401**	**2,388**	7,342	6,811
Prepayments and accrued income	**4,640**	**4,637**	4,399	4,393
Amounts due from subsidiary companies	**-**	**76**	-	187
	7,041	**7,101**	11,741	11,391

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15 Creditors: amounts falling due within one year

	Year ended 31 July 2025		Year ended 31 July 2024	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Secured loans	**-**	**-**	1,485	1,485
Unsecured loans	**-**	**-**	200	200
Trade payables	**4,907**	**4,784**	9,001	9,321
Social security and other taxation payable	**2,275**	**2,262**	2,151	1,987
Accruals and deferred income	**24,638**	**24,638**	28,909	28,556
Amounts due to subsidiary companies	**-**	**356**	-	13
	31,820	**32,040**	41,746	41,562

16 Creditors: amounts falling due after more than one year

	Year ended 31 July 2025		Year ended 31 July 2024	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Deferred income	**16,145**	**16,145**	23,609	23,609
Secured loans	**-**	**-**	1,976	1,976
Unsecured loans	**11,700**	**11,700**	16,850	16,850
	27,845	**27,845**	42,435	42,435
Analysis of unsecured loans:				
Due within one year or on demand (Note 15)	**-**	**-**	1,685	1,685
Due between one and two years	**11,700**	**11,700**	7,126	7,126
Due between two and five years	**-**	**-**	11,700	11,700
Due in five years or more	**-**	**-**	-	-
Due after more than one year	**11,700**	**11,700**	18,826	18,826
Total secured and unsecured loans	**11,700**	**11,700**	20,511	20,511
Secured loans repayable by 2026	**-**	**-**	3,461	3,461
Unsecured loans repayable by 2027	**11,700**	**11,700**	17,050	17,050
	11,700	**11,700**	20,511	20,511

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

Included in loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
Santander	11,700	2027	6.74	University
TOTAL	**11,700**			

17 Provisions for Liabilities

Consolidated	Pension enhancement on termination £'000	Pension scheme provision under FRS 102 (Note 23) £'000	Total Provisions £'000
At 1 August 2024	313	-	**313**
Utilised in year	(39)	-	**(39)**
Additions in year	-	-	**-**
At 31 July 2025	**274**	**-**	**274**

University	Pension enhancement on termination £'000	Pension scheme provision under FRS 102 (Note 24) £'000	Total Provisions £'000
At 1 August 2024	313	-	**313**
Utilised in year	(39)	-	**(39)**
Additions in year	-	-	**-**
At 31 July 2025	**274**	**-**	**274**

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	
	2025	2024
Discount rate	**5.5%**	4.8%
Inflation	**2.7%**	2.8%

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18 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2025 Total	2024 Total
	£'000	**£'000**	**£'000**	£'000
Balances at 1 August 2024				
Capital	130	297	**427**	408
Accumulated income	-	(6)	**(6)**	27
	130	291	**421**	435
New Endowments	-	1	**1**	19
Investment Income	-	4	**4**	4
Expenditure	-	(28)	**(28)**	(37)
(Decrease) / increase in market value of investments	-	-	**-**	-
Total endowment Comprehensive income for the year	**-**	(23)	**(23)**	(14)
At 31 July 2025	130	268	**398**	421
Represented by:				
Capital	130	298	**428**	427
Accumulated income	-	(30)	**(30)**	(6)
	130	268	**398**	421
Analysis by type of purpose:				
Prize funds			**79**	79
General			**319**	342
	-	-	**398**	421
Analysis by asset				
Cash & cash equivalents			**398**	421

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19 Cash and Cash Equivalents

	Notes	At 1 August 2024	Cash Flows	At 31 July 2025
		£'000	£'000	£'000
Consolidated				
Cash and cash equivalents		41,758	(4,063)	**37,695**

20 Lease Obligations

Total rentals payable under operating leases:

	31 July 2025 Total	31 July 2024 Total
	£'000	£'000
Payable during the year		
Future minimum lease payments due:		
Not later than 1 year	**77**	74
Later than 1 year and not later than 5 years	**115**	127
Total lease payments due	**192**	201

Lease obligations relate to vehicle leases.

21 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

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22 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 £12,925,018 (2024: £12,133,960) which includes £45,027 (2024: £18,023) 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 £274,436 (2024: £312,540) 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 £12,477,379 (2024: £11,509,635) of which the employers' contributions totalled £9,323,651 (2024: £8,306,562) and the employees' contributions totalled £3,153,729 (2024: £3,203,073).

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 (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).

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22 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 2025 was £6,402,012 (2024: £6,272,000) of which the employers' contributions totalled £5,102,026 (2024: £4,989,000) and employees contributions totalled £1,299,987 (2024: £1,283,172). 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 2025	**31 July 2024**	**31 July 2023**
	%	**%**	**%**
Rate of increases in salaries	3.45	3.45	3.70
Rate of increase in pensions	2.75	2.75	3.00
Discount rate for liabilities	5.80	5.00	5.05

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2024 model, with core parameterisation, 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 2025	31 July 2024
Retiring today		
Males	**21.2**	21.0
Females	**24.0**	23.9
Retiring in 20 years		
Males	**21.9**	21.7
Females	**25.4**	25.3

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

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22 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 2025	**31 July 2025**	31 July 2024
		£'000	£'000
Equities	**49%**	**84,078**	79,699
Bonds	**38%**	**65,203**	57,384
Property	**12%**	**20,591**	19,128
Cash	**1%**	**1,716**	3,188
Total market value of assets		**171,588**	159,399

The above asset values as at 31 July 2025 are at bid value as required under FRS 102 Section 28:

	2025	2024
	£'000	£'000
University's estimated asset share	**171,588**	159,399
Present value of scheme liabilities	**(113,241)**	(126,063)
Asset ceiling adjustment	**(58,347)**	(33,336)
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:

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 2025/26 future service cost
less
B – Annuity (in perpetuity) x 2024/25 projected employer cash contributions (future service element) – annuity (overfunding time horizon) x future service element adjustment

A – 44 x £2,561,000 = £112,684,000
less
B – 44 x £5,498,000 – 11 x £578,000= £235,554,000
equals
-£122,870,000

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

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22 Pension Schemes (continued)

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:

	2025	2024
	£'000	£'000
Current Service cost	**3,366**	3,581
Past Service Cost (including curtailments)	**45**	178
	3,411	3,759

Analysis of net return on pension scheme

	2025	2024
	£'000	£'000
Expected return on pension scheme assets	**8,052**	7,368
Impact on pension scheme liabilities	**(6,348)**	(6,114)
Interest on the effect of the asset ceiling	**(1,666)**	(1,223)
Net charge	**38**	31

Amounts recognised in Other Comprehensive Income

	2025	2024
	£'000	£'000
Changes in financial assumptions	**20,569**	5,657
Changes in demographic assumptions	**(508)**	253
Other experience	**1,104**	(3,645)
Return on assets excluding amounts included in net interest	**591**	4,367
Changes in the effect of the asset ceiling	**(23,345)**	(7,893)
Actuarial Gain	**(1,589)**	(1,261)

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22 Pension Schemes (continued)

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

	2025	2024
	£'000	£'000
Deficit in scheme at beginning of year	**-**	-
Movement in year:		
Current service charge	**(3,411)**	(3,759)
Employer contributions	**4,962**	4,989
Net interest on assets	**38**	31
Actuarial gain	**56,758**	32,075
Asset ceiling adjustment	**(58,347)**	(33,336)
Net deficit	**-**	-

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

	2025	2024
	£'000	£'000
Liabilities at start of year	**126,063**	119,945
Service cost	**3,411**	3,759
Interest cost	**6,348**	6,114
Employee contributions	**1,299**	1,283
Actuarial gain – Changes in financial assumptions	**(20,569)**	(5,657)
Actuarial (loss)/gain – Changes in demographic assumptions	**508**	(253)
Actuarial gain/(loss) – Other experience	**(1,104)**	3,645
Benefits paid	**(2,715)**	(2,773)
Liabilities at end of year	**113,241**	126,063

Docusign Envelope ID: E67B9E5B-C274-4922-A5A8-3CC0CD04E4BF

22 Pension Schemes (continued)

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

	2025	2024
	£'000	£'000
Assets at start of year	**159,399**	144,165
Interest income on plan assets	**8,052**	7,368
Return on assets excluding amounts included in net interest	**591**	4,367
Employer contributions	**4,962**	4,989
Employee contributions	**1,299**	1,283
Benefits paid	**(2,715)**	(2,773)
Assets at end of year	**171,588**	159,399

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.

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23 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 24/25 year this was a total of £210,168 (23/24 £219,620). The University also received £141 of income from the College (23/24 £700).

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

- Cheshire and Warrington Local Enterprise Partnership (LEP) – income received £0 (23/24 £1,480).
- North West Business Leadership Team (NWBLT) – payments were made of £17,083 (23/24 £10,417).
- The Alliance for Sustainability Leadership in Education (EAUC) – payments were made of £461 (23/24 £3,094).
- National Trust – payments were made of £0 (23/24 £79).
- Royal Society of Biology – payments were made of £3,333 (23/24 £5,000).
- The Colleges and Universities of the Anglican Communion (CUAC) – payments were made of £2,095 (23/24 £180).

The Vice-Chancellor and Steven Broomhead were members of Warrington Chamber of Commerce & Industry – payments were made of £792 (23/24 £792).

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 £621 (23/24 £1,507).

Pro Vice-Chancellor Dr Helen Galbraith was an executive member of Association of Heads of University Administration (AHUA) – payments were made of £1,830 (23/24 £3,706).

Professor Angela Simpson was a Governor at Countess of Cheshire NHS Trust – payments were made of £117,988 (23/24 £71,299) and income received £18,360 (23/24 £800).

Lillian Watson was employed by Chester Students' Union – payments were made of £568,101 (23/24 £488,608). Income received £21,367 (23/24 £26,540).

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

- Warrington Youth Zone – payments were made of £0 (23/24 £216).
- Cheshire Agricultural Society – payments were made of £300 (23/24 £1,487).
- Chester Cathedral – payments were made of £69,545 (23/24 £96,091).
- Platform for Life – income received £3,000 (23/24 £0).
- Citizens Advice Cheshire West – income received £1,069 (23/24 £1,023).

Councillor Razia Daniels was employed by Cheshire West & Chester Council – payments (excluding rates) were made of £61,792 (23/24 £40,643) and income received £356,675 (23/24 £271,266).

Councillor Razia Daniels was also a Director at the Queen's School – income was received of £1,300 (23/24 £1,670).

Steven Broomhead was the Chief Executive Officer of Warrington Borough Council – payments (excluding rates) were made of £17,220 (23/24 £1,000) and £24,187 income received (23/24 £37,377).

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23 Related Party Transactions (continued)

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

- Warrington Wolves – income received £560 (23/24 £2,723).
- Marketing Cheshire – income received £8,171 (23/24 £9,656). Payments were made of £2,220 (23/24 £2,550).
- Wire Regeneration – payments were made of £40,257 (23/24 £40,144).
- NHS Cheshire and Merseyside ICB – income received £69,912 (23/24 £361,923).

Steven Broomhead's Spouse works at the University of Central Lancashire (UCLan) – payments were made of £32,733 (23/24 £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 £4,238 (23/24 £7,121).

The Very Reverend Dr Tim Stratford and Dr D. Briggs were Directors of Chester Cathedral Enterprises – income received £351 (23/24 £133). Payments were made of £245 (23/24 £0).

Karen Howell was the Chief Executive Officer of Greater Manchester NHS Mental Health Foundation Trust – income received £3,178 (23/24 £1,584).

Professor Charles Forsdick was employed by the University of Cambridge – payments were made of £3,473 (23/24 £0).

Professor Charles Forsdick was Chair of the Advisory Council at University of London – payments were made of £3,024 (23/24 £45).

Professor Charles Forsdick was Honorary Professor at University of Liverpool – payments were made of £83 (23/24 £22,254).

Kate Nwosu Aaron-Efe was a governor at St Werburgh's & St Columba's Catholic Primary School – payments were made of £750 (23/24 £200).

Professor David McGravie was a Director at AA2A Access to Arts Schools – payments were made of £1,860 (23/24 £1,720).

Professor David McGravie was a Trustee for Council for Higher Education in Art and Design (CHEAD) – payments were made of £1,546 (23/24 £1,546).

Stephen Dobson was a member of the Institute of Chemical Engineers (IChemE) – payments were made of £4,100 (23/24 £4,800).

Cathy Bond was a member of North-West Cancer Research – income received £0 (23/24 £38,357).

Richard Waddington was a member of the Audit & Governance Committee for Cheshire West & Chester – payments (excluding rates) were made of £61,792 (23/24 £40,643) and income received £356,675 (23/24 £271,266).

Rashmi Patel was a consultant at the University of Lancaster – payments were made of £32,733 (23/24 £0).

Jane Tomkinson was CEO at the Countess of Chester, Cheshire West NHS Trust – payments were made of £117,988 (23/24 £71,299) and income received £18,360 (23/24 £800).

Peter Wallach was employed by Wirral Council – payments (excluding rates) were made of £500 (23/24 £0).

Professor John French was self-employed and a Director/Shareholder at Orka Consulting Ltd – no payments were made (23/24 £78,000).

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23 Related Party Transactions (continued)

Professor John French was also a Fellow or member of the following organisations:

- University of Cambridge, Institute of Sustainability Leadership – payments were made of £3,473 (23/24 £0).
- University of East Anglia, Norwich – income received £31,500 (23/24 £2,438).
- University of Durham – income received £14,129 (23/24 £65,231).

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24 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:** Expendable net assets:		**2025** **£'000**	**£'000**	2024 £'000	£'000
Line 13 Balance Sheet	Net assets without donor restrictions			90,635		80,279
Note 18	Net Assets with Donor restrictions			398		421
Note 23	**Secured and unsecured related party receivable**		97		73	
Note 23	unsecured related party receivable			97		73
Note 12	**Property plant and Equipment post implementation**		106,190		111,644	
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			6,918		1,464
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 17	**Post-employment and pension liabilities**			274		313
Note 16	**Long term debt for long term purposes**		11,700		20,511	
Note 16	Long term debt for long term purposes	Pre-implementation		32,784		32,784
Note 16	Long term debt for long term purposes	Post implementation		(21,084)		(12,273)
Note 16	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		-		-

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24	**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 18	**Net Assets with Donor restrictions in Perpetuity**	130	130

Total Expenses and Losses:

		2025		2024	
		£'000	**£'000**	£'000	£'000
Note 8, 10, 11, 18, 22	**Total operating expenses without Donor restrictions**		137,938		141,550
Note 6,12,10	Non-operating and net investment		3,882		4,995
Note 12	net investment losses		-		-
Note 24, Cash Flow Line 7	Pension related changes		-		-

Equity Ratio:

Modified net assets:

Line 13 Balance Sheet	Net assets without donor restrictions		90,635		80,279
Note 18	Net Assets with Donor restrictions		398		421
N/A	Goodwill - Intangible assets				
Note 23	**Secured and unsecured related party receivable**	97		73	
Note 23	unsecured related party receivable		97		73

Modified assets:

Balance Sheet Lines 1, 2 & 7	Total assets		150,972		165,194
N/A	Lease right of use asset pre implementation				
N/A	pre implementation right of use leases				
N/A	Goodwill - Intangible assets				
Note 23	**Secured and unsecured related party receivable**	97		73	
Note 23	unsecured related party receivable		97		73

Net income Ratio:

Line 13 Balance Sheet	Change in net assets without Donor restrictions		(10,356)		808
Notes 1,2,4,5	Total Revenues and Gains		153,572		147,826

UNIVERSITY OF CHESTER

England & Wales - Charity number 525938

Accounts

University of Chester

Annual Report and Financial Statements

Year ended 31 July 2024

Registered Charity No. 525938

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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

University of Chester

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.

University of Chester

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 *(President)*		•	
The Right Reverend the Lord Bishop of Chester, Mark Tanner			
The Very Reverend Dr Tim Stratford			
Professor Eunice Simmons *(Vice-Chancellor)*		•	
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 *(Students' Union President)*	Left 30-06-2024	•	
Mrs Cathy Bond *(Deputy President)*		•	
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 *(Students' Union President)*	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 – *Left 31-08-2023*
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 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 1st 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

University of Chester

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.

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 TASO.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.

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.

Financial Review

Financial Performance Indicator	Year ended 31 July 2024	Year ended 31 July 2023
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.

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.

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.

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.

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

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.

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.

<u>Basis for the remuneration package of the Vice-Chancellor</u>

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.

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.

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.

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

University of Chester

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;

- 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.

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.

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.

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

- 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

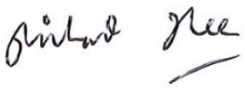
We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure 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.

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

University of Chester

Consolidated and University Statement of Comprehensive Income and Expenditure

Year ended 31 July 2024

		Year ended 31 July 2024		Year ended 31 July 2023	
	Notes	**Consolidated**	**University**	Consolidated	University
Income		**£'000**	**£'000**	£'000	£'000
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 Consolidated	Year ended 31 July 2024 University	Year ended 31 July 2023 Consolidated	Year ended 31 July 2023 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

University of Chester

Consolidated and University Statement of changes in Reserves

Year ended 31 July 2024

Consolidated	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'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**

University of Chester

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**

University of Chester

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

University of Chester

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

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.

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.

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.

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.

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.

		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	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	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.

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
	11	11

Total compensation paid to key management personnel	**2,075**	2,040

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
	1,498	1,573

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	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

12 Fixed Assets

Consolidated and University	Freehold Land and Buildings	Plant and Machinery	Computer Equipment	Total
	£'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

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
	41,746	**41,562**	40,109	39,501

* 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**
	42,435	**42,435**	**42,249**	**42,249**

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**			

18 Provisions for Liabilities

Consolidated	Pension enhancements on termination	Pension scheme provision under FRS 102 (Note 23)	Total Provisions
	£'000	£'000	£'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	Pension scheme provision under FRS 102 (Note 24)	Total Provisions
	£'000	£'000	£'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%

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
	130	305	**435**	431
New Endowments	-	19	**19**	2
Investment Income	-	4	**4**	3
Expenditure	-	(37)	**(37)**	(1)
(Decrease) / increase in market value of investments	-	-	**-**	-
Total endowment Comprehensive income for the year	**-**	(14)	**(14)**	4
At 31 July 2024	130	291	**421**	435
Represented by:				
Capital	130	297	**427**	408
Accumulated income	-	(6)	**(6)**	27
	130	291	**421**	435
Analysis by type of purpose:				
Prize funds		79	**79**	66
General	130	212	**342**	369
	130	291	**421**	435
Analysis by asset				
Cash & cash equivalents			**421**	435

20 Cash and Cash Equivalents

	Notes	At 1 August 2023	Cash Flows	At 31 July 2024
		£'000	£'000	£'000
Consolidated				
Cash and cash equivalents		27,387	14,371	**41,758**

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	127	**127**	195
Total lease payments due	201	**201**	332

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 (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).

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.

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**	31 July 2023
		£'000	£'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	2023
	£'000	£'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:

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

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	**-**	-

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 defied 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.

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).

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)

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:** Expendable net assets:	**2024** **£'000**	**£'000**	2023 £'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		-		-

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

Total Expenses and Losses:

		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	net investment losses		-		8,286
Note 24, Cash Flow Line 7	Pension related changes		-		(6,891)

Equity Ratio:

Modified net assets:

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

Modified assets:

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

Net income Ratio:

Line 15 Balance Sheet	Change in net assets without Donor restrictions		808		8,987
Notes 1,2,4,5	Total Revenues and Gains		147,826		138,750

UNIVERSITY OF CHESTER

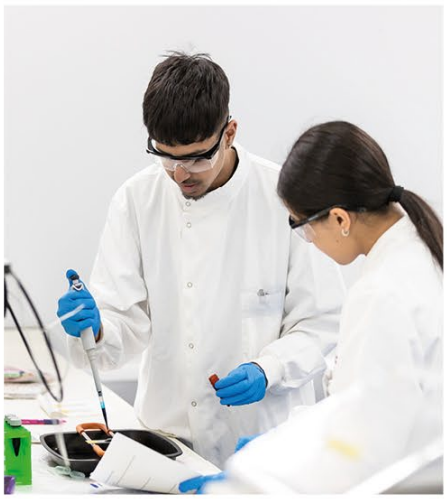
England & Wales - Charity number 525938

Accounts

University of Chester

Annual Review and Financial Statements

Year ended 31 July 2023



University of Chester

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Introduction from our Vice-Chancellor

This year, we have given a lot of thought to what makes us unique; how our origins as a faith institution and strong sense of place within a historic city inform our modern and distinct approach to innovative teaching, learning, research and engagement.

As ever, the communities and places local to our University sites are central to all that we do, but an almost 40% increase in the number of international student enrolments this year has challenged us to consider our role in this expanding global community, and the support we provide to those who've joined us from around the world.

Another key consideration this year – the challenging operating environment facing UK universities currently – has only served to focus our attention even more on what really matters: our students. This year's *Review* showcases some of the recognition we have received for our student offer, and for the opportunities our students have created and seized to engage meaningfully with the world around them, via our Citizen Student Strategy.

Sustainability, and the actions we take as an organisation and as individuals, to address the nature and climate emergencies, continue to be priorities. Our staff, students and communities have worked incredibly hard to embed these considerations into every aspect of our activity, including our daily operations and forward-looking research activities.

Research and Knowledge Exchange

In addition to reorganising our academic faculty structure to support our teaching and strategic plans, we've also launched our Research and Knowledge Exchange Institutes (RKEIs) and secured external funding and recognition for a number of our research and knowledge exchange specialisms.

With and for our communities

The RKEIs encourage staff and students to share their expertise with our communities and stakeholders, and lead the way in addressing critical policy issues relating to: Health and Wellbeing; Sustainability and Environment; and, Culture and Society. Activities include public events, support for early career researchers, and engagement with policy makers.

As a University, we know how important our local communities and institutions are. This year, University experts provided active leadership and advice as part of the Cheshire and Warrington Sustainable and Inclusive Growth Commission (formed by local leaders to support Cheshire and Warrington's ambition of becoming the most sustainable and inclusive subregion in the UK). In Chester, experts from multiple academic disciplines within the University worked with the Cathedral and local stakeholders on the High Street Heritage Action Zone (part of a national, funded project overseen by Heritage England) to breathe new life into our high street.

Many of our local stakeholders are also part of the thriving community of professionals and senior executives who are undertaking work-based research projects with us, as part of our professional doctorate programme.

(Inter)nationally significant research

Research activity undertaken by our staff this year has included: award-winning work to improve the engagement of ex-service personnel with primary healthcare services; the use of sensor electronics to improve the treatment of sleep disorder breathing; developing understanding of how small businesses are preparing themselves for the transition to Net Zero; exploring potential energy supplies via the electronic structure modelling of perovskite solar cells; and, a range of impactful research and knowledge exchange relating to social and environmental justice within our communities. Linked to this, and as part of its work with the UK's Industrial Decarbonisation Research and Innovation Centre (IDRIC), the University has published a nationally significant industrial decarbonisation workforce report, which will influence future sustainability skills policy.

Notable external grants to continue excellent research and knowledge exchange include: the impact of hearing loss on military veterans (funded by the Royal British Legion); the use of cutting-edge simulation technology to improve the skills of our health and social care workers (with funding from Health Education England); and, a prestigious Leverhulme grant for the BATMAN project, which will advance our understanding of bats' responses to human-induced environmental changes.

Sport and Exercise student, Ella Johnson, provided expertise to the Rugby League World Cup men's and women's referees, while conducting research into the mental and physical demands of the job, and PhD student, Rosie Anderson, is working with Manchester City's women's team to understand the future of female athlete performance.

Towards Net Zero

As an institution, we remain committed to achieving Net Zero for scope one and two emissions by 2030 (emissions from our electricity, gas and fuel consumption) and have implemented changes across our estate in support of this, including an external validation of our monitoring activities to ensure we can report accurately on progress. We have now certified 47 members of staff and 78 students on our Carbon Literacy training, empowering them to cascade their skills and ideas throughout our wider communities.

We started the academic year with a Sustainable Travel Relaunch event, to promote different ways that staff, students and visitors can travel to and between our sites. Our students set the agenda at our Sustainability Fair in November, with challenges including how to mend and reuse clothing, and Chester Youth Climate Action Network's 'Net Zero Home' initiative, which promotes changes students can make in their own homes.

We recruited one of our graduates to develop the University's Transport Strategy, co-mentored by Cheshire West and Chester Council's (CWaC) Director of Transport and Highways, which resulted in the graduate being appointed to a role in the Council's Transport Directorate, leading on bus partnerships for the Borough – just one of the positive activities that have emerged from our Partnership Agreement with CWaC.

Collaboration for change

This year, in addition to our world-leading education offering with Chester Zoo, we worked in partnership with arts centre, Storyhouse, to host a day of performances and discussions to inspire our local community to reduce their carbon footprint and protect the environment. The event delivered 35 sessions to more than 500 visitors, and we have been named a finalist in this year's Green Gown Awards as a result.

We worked with Warrington Council of Faiths and the environmental charity, Faiths4Change, on a free public event at our University Centre Warrington, exploring what faith-informed climate action might look like, and finding out more about the new Warrington Climate Emergency Strategy. In Chester, we worked

with youth-led group, Chester National Park City, which is supported by Cheshire Wildlife Trust, to transform a plot of our land into a haven for wildlife, in support of their mission for Chester to achieve National Park City status. The group are working to connect urban communities to wildlife and their ambition is for Chester to join London and Adelaide as the only cities in the world with National Park City status.

Building Social Capital

For us, Building Social Capital "means finding new and creative ways to 'open doors' for our students. We want to ensure that our students and graduates have the connections they need to create and seize opportunities for their personal, academic and career development". (Professor Eunice Simmons, Vice-Chancellor)

Ensuring that our students' learning experiences relate closely to the world of work has really paid off this year. International Tourism Management student, Annabelle Whitaker, won a national award following her Work-Based Learning placement with Chester Zoo, and our Photography and Fine Art students made use of their connection with Cheshire West and Chester Council to utilise temporarily unoccupied high street units as gallery spaces for their work.

Taking an international approach to business start-up support, 7 of our entrepreneurial students won places on a once-in-a-lifetime adventure in Thailand via the Santander Universities UK initiative. The 10-day trip included a visit to Bangkok University to share their ideas with the Dean of the School of Entrepreneurship, and a tour of Bangkok's The Hive, a co-working space for entrepreneurs.

This year Masters of Art in Design graduate, Emma Rose Atherton, was one of 8 designers chosen to create a carbon-neutral womenswear collection, which was showcased to King Charles III when it was launched by The Prince's Foundation and world-leading fashion retailer, YOOX NET-A-PORTER.

Having won the 2017 Santander Enterprise Challenge in his first year, Business Management with Marketing graduate, Hamza Hussain, has this year gone on to launch his own business, Mona's Curry Base, offering a gluten-free and vegan authentic Indian curry sauce base, that can be used to make any curry. His advice to our students? "Never be afraid to go out of your comfort zone".

Holistic Student Experience

The additional support and extracurricular activities we offer are often what makes the difference to the university experience, and our staff, stakeholders and communities all contribute to ensuring that our citizen students have access to opportunities beyond teaching and research.

As always, our Volunteering and Mentoring team worked hard this year to create opportunities for our students to support local communities. Activities undertaken during Give Back Month included food and clothing donations to West Cheshire Foodbank and Chester Aid to the Homeless (CATH), and our 'Welly Wednesday' student volunteers helping conservation volunteering group, TCV (The Conservation Volunteers), with hedge-laying at the Countess of Chester Country Park.

Citizen students leading the way

This year, students from our innovative creative health placement (developed in direct response to the NHS Long Term Plan 2019) formed a choir to explore the mental health benefits of singing. Activity included music therapy sessions with performance company Making Maestros and a performance at local arts centre, Storyhouse.

Chester Law School students and Student Project Managers, Bradley Bennett and Annabel Priest, were recognised this year for their work on the Immigration Project - life-changing work assisting refugee clients, over 80% of whom have been forced from their homes by the war in Syria. They won Best Contribution by a Team of Students in the 2023 LawWorks and Attorney General's Student Pro Bono Awards, presented at the House of Commons.

The University of Chester Law School operates several student-run community outreach projects like the Immigration Project, all part of the Chester Community Law Project (CCLP). Each is led by student project managers and operated by student volunteers from the undergraduate Law degree.

Lifelong Learning

Our approach to lifelong learning is something we reconsider every year, in recognition of evolving challenges and opportunities: it is so important that we don't lose sight of the fact that a wide variety of learning and skills development options are such an empowering tool to enable individuals to grow and change their circumstances.

Many of our students proved that it is possible to find a learning pathway that fits around life's many complexities. Stacey Davidson, 41, worked as a Modern Slavery Case Worker while completing her MA in Social Work at our University Centre Warrington, alongside raising a young family and caring for her terminally ill father.

Crucially, we aren't just here for university-ready students: Jess Denson, 25, graduated with a first-class degree in Early Years Practice after struggling with dyslexia, but her journey with us started at Foundation level alongside work.

Evolving with the workplace

Our staff work closely with employers to ensure that working professionals can access the skills they need throughout their careers, and that those skills reflect the reality of the workplace.

This year, our School of Education created an optional learning pathway in Inclusion, Diversity and Special Educational Needs and Disabilities (SEND) as part of the BA (Hons) Education. The practical course includes work placements and focuses on developing students' understanding of how the sociology and psychology of education and relate to real life practice.

Chester Business School's Work Based Integrative Studies (WBIS) programme supports employed students; successes this year included Dental Hygienist, Danielle Shaw, who gained a Postgraduate Diploma in Education of Dental Professionals via distance learning, in support of her career ambition of teaching other professionals.

In conclusion: President of University Council

Having spent my whole career, of over 45 years, in further and higher education, including 15 years leading one of our local further education colleges, I have been part of many changes to our education sector. As part of the University's governance, I see up close the challenges we have to face, but I know

that the best thing about our sector is that we are always looking forward – asking what can we do better; how are the needs of our students evolving and are we keeping pace; and, are we leading the way in addressing local, national and global challenges.

We are making fantastic progress towards our vision for Chester Medical School, which will help to address the workforce crisis facing our NHS. Our partnerships with local leaders continue to strengthen, making our efforts to tackle the nature and climate emergencies increasingly effective. I am very much looking forward to the Chester Festival of Ideas in July 2024 – a series of free public city-wide events with some high-profile speakers.

- Meredydd David OBE, DL, DSc, MPhil, FRAgS

Highlights of the Year

August 2022

Catering Services won a national sustainability award.

September 2022

National Knowledge Exchange Framework highlighted the impact of our work with local businesses and our commitment to public and community engagement.

Chester Business School shortlisted for Business School of the Year by Times Higher Education Awards.

November 2022

Publication of our nationally significant report on workforce solutions to accelerate industrial decarbonisation in the UK.

Social Work programmes based at our University Centre Warrington won University of the Year in the annual Social Worker of the Year Awards.

December 2022

Launch of first-of-its-kind education course focused entirely on wildlife conservation and sustainability education, in partnership with Chester Zoo.

March 2023

Launch of our Health and Wellbeing Research and Knowledge Exchange Institute, which will address critical policy issues.

April 2023

Joint highest number of nominations of any institution in this year's Whatuni Student Choice Awards (WUSCAs) and announced as among the best five for: University of the Year; Lecturers and Teaching Quality; University Halls; Postgraduate experience and Cost of Living Support.

Launch of our Levelling Up Impact Report in partnership with the Purpose Coalition, led by the Rt Hon Justine Greening.

May 2023

Double win at the Student Nursing Times Awards: Best Student Experience and Student Placement of the Year (Community).

June 2023

Top ten position in the Uni Compare University Rankings 2023 for the quality of our courses.

University of Chester

Financial Highlights

Year ended 31 July 2023

Result

During the year to 31 July 2023 (year to 31 July 2022 figures in brackets) the consolidated University and subsidiary companies:

- Generated income of £138.3 million (£135.8 million)
- Generated a deficit before other gains and losses of £8.2 million (£6.5 million deficit)
- Generated a net cash inflow from operating activities of £7.6 million (£9.1 million)
- Increased expenditure by £4.2 million (£13.9 million)

Financial Strength

At 31 July 2023 the University had:

- Cash and cash equivalents of £27.4 million (£27.0 million)
- Investments of £10.0 million (£10.0 million)
- Total net assets of £81.5 million (£89.9 million)
- A defined benefit pension liability of £ zero (£7.3 million)

Financial Investments

During the year to 31 July 2023 the University invested £5.1 million (£9.0 million) in tangible fixed assets.

Staff and students

During the academic year the University:

- Employed an average of 1,573 members of staff (1,537)
- 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	2022/23 Total	2021/22 Total	Increase/ (Decrease)
Home/EU	Undergraduate	5,992	588	**6,580**	**6,868**	(4%)
	Postgraduate	596	2,309	**2,905**	**3,168**	(8%)
	Nursing and Midwifery	1,600	135	**1,735**	**1,729**	0%
International	Undergraduate	469	23	**492**	**499**	(1%)
	Postgraduate	2,211	37	**2,248**	**2,050**	10%
	Nursing and Midwifery	8	1	**9**	**11**	(18%)
2022/23 Total		10,876	3,093	**13,969**	**14,325**	(2%)
2021/22 Total		10,952	3,373	**14,235**		
Increase/ (Decrease)		(1%)	(8%)	(2%)		

The 2022/23 figures are for students studying between August 2022 and July 2023. The 2021/22 figures are for students studying between August 2021 and July 2022.

University of Chester

Members of the University Council and their interests

Year ended 31 July 2023

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 2022/2023		(1)	(2)
Foundation Members:			
Dr Meredydd David *(President)*		•	
The Right Reverend the Lord Bishop of Chester, Mark Tanner			
The Very Reverend Dr Tim Stratford			
Professor Eunice Simmons *(Vice-Chancellor)*		•	
Dr David Briggs		•	
Professor Steven Broomhead			•
Professor Charles Forsdick			
Mrs Jeannie France-Hayhurst			
Mr Nick Jenkins	Retired 31-07-2023	•	
Professor Helen O'Sullivan		•	
Dr Angela Seeney			•
Mr Peter Wallach	Appointed 01-08-2022		•
Non-Foundation Members:			
Ms Lauren Friel *(Previous Students' Union President)*	Left 30-06-2023	•	
Ms Ellie Smith *(Current Students' Union President)*	Appointed 01-07-2023	•	
Professor John Alcolado	Left 13-02-2023		
Mrs Cathy Bond *(Deputy President)*		•	
Mr Marcus Clinton			
Councillor Mrs Razia Daniels			
Ms Karen Howell			
Mrs Sara Popplewell	Appointed 01-08-2022	•	
Mr Stephen Dobson	Appointed 01-08-2022	•	
Professor Angela Simpson	Appointed 13-03-2023		
Mrs Kate Nwosu-Aaron Efe			
Mr Jonathan Moores *(Secretary to the Council)*	Left 31-07-2023		

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 and 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	Pro Vice-Chancellor – Student Experience
Mr Richard Waddington	Pro Vice-Chancellor Resources Chief Financial Officer/Bursar
Mr Jonathan Moores	Registrar and University Secretary – *Left 31-07-2023*
Mrs Rashmi Patel	Director of Human Resources
Mr Steve Jeffree	Interim Director of Digital Transformation
Professor Kurt Allman	Executive Dean/PVC (Faculty of Science, Business & Enterprise) - *Appointed 01-01-2023*
Professor David McGravie	Executive Dean/PVC (Faculty of Arts, Humanities & Social Sciences) - *Appointed 01-01-2023*
Professor Angela Simpson	Executive Dean/PVC (Faculty of Health, Medicine & Society) - *Appointed 01-01-2023*

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 1st Floor Liverpool L1 3BG
Auditors - External	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Auditors - Internal	RSM 9th Floor 3 Hardman Street Manchester M3 3HF
Solicitors	Knights LLP 58 Nicholas Street Chester CH1 2NP
Insurance Brokers	U M Association Ltd 5 St Helen's Place London EC3A 6AB

The Members of the University Council present their Annual Report for the year ended 31 July 2023 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 9. 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 2023.

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 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 three 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
- Universities Economic Development Unit Limited - facilitate and support the Northwest HEIs' future collective activity, engagement and representation in relation to European Structural Funds

Strategic Report

The communities and places local to our University sites are central to all that we do and an almost 40% increase in the number of international student enrolments in the 2022/23 academic year has challenged us to consider our role in this expanding global community. It is vital that we position ourselves for the future, to deliver excellent student experiences and outcomes to those joining us from local areas and from around the world.

With the focus brought to the university sector by the tight economic operating environment, we have scrutinised how we position ourselves for this future, the foundations of which we have laid during this year. We have drawn closer to local business and public sector partners to support work experience and employment, in particular responding to the publication in June 2023 of the NHS Long Term Workforce Plan. Surveys tell us that over 85% of our students want to stay in the local area after graduation, local employers need a skilled workforce and that there is a demand for our successful Lifelong Learning provision. This has culminated in the rationalisation of the Academic Faculties from seven to three, now comprising: Health, Medicine & Society; Science, Business & Enterprise; and Arts, Humanities & Social Sciences. The newly formed Research and Knowledge Exchange Institutes (RKEIs) which underpin our successful delivery of Research Excellence Framework (REF) and Knowledge Exchange Framework (KEF) metrics have already secured external funding and recognition for a number of our REF and KEF specialisms. In the upcoming year this simplified academic structure will enable the professional services to roll out improved and more efficient processes from central services into the academic hubs. Independent recognition of our endeavours has included being shortlisted for the 2022 Times Higher Education Business School of the Year award and scoring an impressive double win at this year's Student Nursing Times Awards, receiving the Best Student Experience and Student Placement of the Year (Community) awards.

In this period the University recorded a deficit before other gains and losses of £8.21m on a turnover of £138.34m. £2.73m of this deficit is attributed to the impairment of the value of Thornton Science Park upon valuation.

Undergraduate UCAS applications for 2022 entry at Chester saw an increase on 2021, ending at +3.4%. This increase was brought down to +0.9% when PGCE applications were factored in, but this was in line with entire sector which saw a decreasing demand for Teacher Education courses. There was also the beginnings of a continuing trend for a decrease in demand for Nursing and Midwifery courses across the sector after two years of significantly inflated demand during the Covid pandemic. This was reflected in the 2022 intakes, with increased intakes for Chester in all categories of courses but small decreases to intakes in Initial Teacher Education (UG and PGCE) as well as in Nursing and Midwifery courses. Despite these small overall decreases, some Nursing pathways met their allocated targets. The University saw an uplift in applications to many Undergraduate programmes across the Faculties including increases across the single and combined honours provision in Humanities, the single honours provision in Arts and Media, combined honours provision in Business and Management, in non-QTS provision Education and Children's Services, and in single and combined honours provision in Medicine and Life Sciences, Science and Engineering, and Social Sciences. There was also a 10% increase in applications for undergraduate course offered with a Foundation Year. The final out-turn saw a small overall increase in these combined student intakes. This was in a sectoral position that saw a -2.2% intake to universities across the country as higher tariff institutions restricted their intakes and lower and middle tariff institutions saw small levels of growth. A successful Clearing campaign saw 393 students accept Clearing offers from a wide geographic base, up by more than 100 on 2021.

Strategic Report (continued)

Work continues to make the Estate more environmentally and financially sustainable. A sector-leading project has delivered a detailed analysis of energy usage across all locations, enabling the university to confidently report and forecast its carbon emissions. Analysis of in-year energy bills has shown progress in reducing usage and that focus continues. An on-going project to scrutinise the timetable and actual room usage is ensuring that spaces are well utilised. Activity outside core hours is, where possible, converging into fewer spaces to reduce heating and lighting costs, with the pleasing additional benefit of providing an improved community feel. Spaces not well utilised have been re-commissioned - additional teaching spaces required by increased cohort sizes have been created by merging single occupancy staff offices that were underutilised. Disposal of a small number of buildings surplus to requirements has contributed to the improvement in energy efficiency and avoided expenditure to bring aging housing stock up to the Energy Performance Certification standard required for residential accommodation. A successful funding application to the Office for Students enabled substantial improvements to be made to Seaborne Library, which were in place for the tours for potential applicants at the Autumn 2023 Open Days.

The Centre for Academic Innovation and Development (CAID) has continued to support staff to develop and share their teaching expertise and a record number of staff achieved professional recognition for their teaching from Advance HE. The newly created “TL-Innovate” platform provides practice sharing events and a growing range of resources on a Teams SharePoint site to support teaching practice and scholarly enquiry. It is also the home of four special interest groups that encourage evidence-informed action to address key priorities such as student mental wellbeing and the academic success of international students. Working with LIS, the CAID team supported the summer upgrade of the virtual learning environment (VLE) leading activities to embed effective learning design principles across all courses, which has resulted in a range of actions at the local and university-wide scale to improve assessment for student success, and for student and staff wellbeing.

The Directorate of Access, Skills, and Apprenticeships (DASA) continues its work to optimise student success at key intervals of the student lifecycle; access into higher education, success during their time at university and progression beyond graduation. We successfully submitted a new Access & Participation Plan 2024-28 to the Office for Students (OfS) as part of the OfS’ Wave 1 pilot. Our key metric of Graduate Outcomes continues to improve with 68.5% of graduates in highly skilled employment. The Outreach team’s flagship event ‘Taste of University’ - a 4-day residential event for year 12 attendees from various colleges - had its highest number of attendees. The event provides practical insights about university life, and builds the confidence of the attendees, which in turn may lead to them becoming University of Chester students in the future.

Aware of the financial pressures facing students, Student Services’ Your Money team were involved in a cross-university working group focused on supporting students through the Cost-of-Living crisis which was recognised through a nomination for a What Uni Student Choice Award. The university’s Student Money Adviser offers support to students on topics such as budgeting skills and applying for student finance and runs on campus events to promote positive money management and has developed a referral service with debt charity StepChange to support students experiencing significant difficulties in managing debt. There has also been great success with our Social Prescriber pathway for students, which connects students to activities and services in their community to meet the practical, social and emotional needs that affect their health and wellbeing. In addition, training of Wellbeing and Mental Health staff to become accredited to deliver Student Minds Look After Your Mate sessions is empowering students to support friends experiencing mental health difficulties, whilst looking after their own wellbeing.

Student Services established a Northwest Sexual Violence Universities Networking group, inviting peers responsible for sexual violence related work from other local universities to come together and support best practice developments. The Unacceptable Behaviours Group received recognition for improving student safety through the High Sheriff of Chester Award, which also praised the University’s collaboration with the Police Crime Commissioner on the Safer Streets project.

Future Prospects

Since the 2022 intake, the sector has been hit by further falling application numbers for most categories of courses, as the cost-of-living crisis and the after-effects of Covid kick in. The most significant decreases in demand are for Teaching and Subjects Allied to Medicine (Nursing and Midwifery), compounded by proportional decreases in applications from 18-year-olds, as well as significant decreases in applications from mature students. Chester is responding well to these sectoral issues by rationalising the portfolio of courses to create an efficient and 'in-demand' suite of programmes as well as taking opportunities to increase recruitment through new provision such as Graduate Entry Medicine in 2024 and through enhanced marketing and recruitment activity. It is imperative that the University supports these professions and works with employers and the government to make them more attractive to prospective employees.

The key challenge remains dealing with inflationary pressure on non-pay costs and increased pension costs whilst there has been no increased in the £9,250 Undergraduate fee to offset.

The University Council, the Vice-Chancellor and the rest of the Strategic Executive Team would like to take this opportunity to thank all the staff, students and friends of the University for their on-going commitment to our students and our success during the past year.

Financial Review

Financial Performance Indicator	Year ended 31 July 2023	Year ended 31 July 2022
Deficit before other gains and losses for the year	(£8.2m)	(£6.5m)
Margin %	(5.9%)	(4.8%)
Deficit for the year	(17.6m)	(£8.4m)
Margin %	(12.7%)	(6.2%)
Staff costs as % of income	61.2%	61.2%
Cash inflow from operating activities	£7.6m	£9.1m
Current assets ratio	1.3	1.6
Net liquidity (days) (Number of days expenditure held as cash/investments, based on total expenditure less depreciation)	97	101

Financial Performance in 2022/23 compared to previous year:

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	**£'000**
Income	138,343	135,775
Expenditure	(146,553)	(142,253)
Gain of disposal of fixed assets	409	-
Loss on changes in fair value on investment properties	(9,790)	(1,879)
Deficit	(17,591)	(8,357)

- Group income has increased by £2.6m (1.9%).
  - Tuition fees increased by £5.2m (5.1%) this was due to an increase in both Full Time Home and Full Time Overseas students.
- Other income reduced by £3.4m (19.1%).
  - This is primarily due to a reduction in other income, as a one off receipt of £3.0m was received in the previous financial year.

Financial Review (continued)

- Expenditure increased by £4.3m (3.0%).
  - Staffing costs increased by £1.5m (1.8%). There was a reduction in the pension charge compared to the previous year which offset against increased staff costs due to the pay award.
  - Other operating expenses increased by £5.6m (11.6%). This was due to increased premises and facilities expenditure and increased international recruitment costs
  - The University invested £5.1m in fixed assets, the largest items of capital expenditure included:
    - Building a new design studio for engineering provision
    - Installation of new laboratories for medical and other health related provision

Trade Union Facilities Time data for the period 1 April 2022 – 31 March 2023

TABLE 1	**Total Number of Union Officials**		**14**
	Full time equivalent employee number		**13.03**
TABLE 2	**Percentage of time Spent on facility time**		
		0%	0
		1-50%	14
		51-99%	0
		100%	0
TABLE 3	**Percentage of pay bill spent on facility time**		
	Total cost of facility time		71701.33
	Total Pay Bill		77,033,359.48
	% of the total pay bill spent on facility time		0.09
TABLE 4	**Paid trade union activities**		
	% of total paid facility time hours		0

Risks and uncertainties

The key risk is upward pressure on the University cost base due to inflation, resulting in increased pay awards as well as increased pension costs. The pay awards were 3% in August 2022, an interim award of 2% in February 2023 and a further increase of between 5-8% in August 2023 has led to significant increase in payroll costs. In addition, it was confirmed in October 2023 that from April 2024 employers' contributions under the Teachers' Pension Scheme will increase by 5% to 28%.

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 has been fixed at £9,250 until 2025, which will not offset rises in costs.

Having seen significant growth in overseas recruitment in 2022/23, this increase is continued for the 2023/24 year. There was a reduction in recruitment in home students to undergraduate courses in 2023 compared to 2022 but this is expected to increase in 2024.

As the University is in a deficit position, compliance with banking covenants is at risk and although agreement has been reached with lenders for the 2023 and 2024 financial period, this will remain a key risk until the University moves into a stable surplus position.

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 Shropshire, 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, Local Enterprise Partnerships (LEPS), 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.

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 £685k (2022: £80k).

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.

Reserves policy (not including pension liability)

The actual Consolidated Reserves for year ended 31 July 2023:

Unrestricted: £81,087k (2022: £90,074k)

Endowments: £435k (2022: £431k)

Pension liability £ zero (2022: £7,256k)

At 31 July 2023 consolidated reserves are therefore 202% 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 1,573 (2022: 1,537). 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.

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

The financial statements are prepared on a going concern basis notwithstanding that the University Group has reported a deficit before other gains and losses of £8.2m for the year to 31 July 2023 (2022: £6.5m deficit). The Group reported operating cash inflow of £7.6m for the year ended 31 July 2023 (2022: £9.1m inflow) and in assessing the going concern of the Group, detailed cash flow forecasts were prepared covering a period of over 12 months from the date of approval of the accounts. These cash flows were prepared on the basis of severe but plausible downsides impacting the Group and University's operations over that period. These indicate that the Group and University remains a going concern, and covenants with lenders for the year ending July 2024 have been renewed in line with the Group's financial plans. However, the renewed covenants are dependent on the contract for sale of the University's site at Padgate exchanging with the house building site purchaser. This will enable restrictive loan covenants to be waived, trigger the ability to securitise property for Lloyds Bank and access a new £6.5m revolving credit facility with Santander.

The Padgate site is being sold to a major housebuilder and a contract for sale has been agreed, and exchange of contracts is due to take place imminently. Once this has taken place, a joint bid for planning permission will be made and the sale will be completed once planning permission has been granted. The University is confident that the sale will proceed as a great deal of time and expense has already been invested in the sale by both parties.

The sale of the Padgate site will enable the University to repay loans with Lloyds and Barclays, leaving Santander as the University's only lender. If this does not take place before July 2025, negotiations with lenders will be required in order to agree amended covenants. The University Council is confident that these negotiations would be successful if they are required.

To mitigate the situation described above and any further delays in the process, the University is continuing to take a series of cost control measures to ensure cash balances remain sufficient. These include a robust strategic planning process and ongoing rationalisation of estate, as well as rigorous risk mitigation strategies. The University is also supporting its cash position by the sale of several smaller properties. Some of these have already been realised and others are awaiting planning permission for the sales to complete. These will enable the repayment of key loans from cash reserves if the Padgate sale does not continue and thus amended covenants are not available.

Due to this timing issue the University Council believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group and University's ability to continue as a going concern and, therefore, that the Group and University may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Conclusion

The University has had a challenging year. Despite reductions in public funding and upward pressure on costs, the University is well placed to manage challenges in the coming years, 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

23rd May 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 (2014) and its continued compliance with the 2020 edition issued September 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 (2014 and 2020) in so far as they apply to the Higher Education Sector, and it has applied these throughout the year ended 31 July 2023 and up to the date of these accounts.

The University Council

The composition of the University Council is set out on page 9. 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, Safety and Environment 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, studies incidents and related statistics, receives reports from the health and safety manager and sustainability manager, and promotes co-operation across the University to secure sound health, safety and sustainability. The Health, Safety and Environment 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 four 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.

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

<u>Basis for the remuneration package of the Vice-Chancellor</u>

In considering the remuneration of the Vice–Chancellor, the committee reviews progress against agreed key performance indicators 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 2023 increasing by the level of pay award agreed by the University and Colleges Employer Association national pay negotiations.

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) Support and promotion of the Christian ethos of the University through interpreting the nature and character of the University as defined by the University Council and monitoring its impact on University life

b) Equality, diversity and inclusion

c) Wellbeing of staff and students

d) Ethics and ethical standards

e) Sustainability

f) 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.

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 22/23 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 2023 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, Safety and Environment 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 2023 by considering documentation from the Vice-Chancellor and the Audit and Risk Management Committee and took account of events since 31 July 2023.

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

23rd May 2024

Deputy President of the Council

Mrs Cathy Bond

University of Chester

Statement of University Council Responsibilities in Respect of the Annual Report and the Financial Statements
Year ended 31 July 2023

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;

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

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. 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 funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

The 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.

Opinion

We have audited the financial statements of the University of Chester ("the University") for the year ended 31 July 2023 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 31st July 2023, 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.

Material uncertainty related to going concern

We draw attention to Going Concern disclosures on Page 39 to the financial statements which indicates that the Group's and University's ability to continue as a going concern is dependent on the successful completion of a refinancing by July 2024 that is dependent on the sale of a property. These events and conditions, along with the other matters explained in the Going Concern disclosures, constitute a material uncertainty that may cast significant doubt on the Group's and University's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The members have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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, the Director of Legal Services and inspection of policy documentation as to the Groups 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 Resources 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 risk criteria and comparing the identified entries to supporting documentation. These included those posted by non-finance staff or the Chief Financial Officer and journals posted to cash that were outside the normal course of business.
- 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.

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 auditors 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 not 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 charity has not kept sufficient accounting records; or
- 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 27, 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 parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

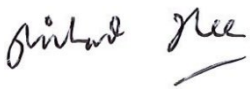
We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure 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.

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

4th June 2024

University of Chester

Consolidated and University Statement of Comprehensive Income and Expenditure
Year ended 31 July 2023

		Year ended 31 July 2023		Year ended 31 July 2022	
	Notes	**Consolidated**	**University**	Consolidated	University
Income		**£'000**	**£'000**	£'000	£'000
Tuition fees and education contracts	1	**107,749**	**107,749**	102,508	102,508
Funding body grants	2	**12,548**	**12,548**	11,580	11,580
Research grants and contracts	4	**1,916**	**1,916**	2,778	2,778
Other income	5	**15,244**	**14,972**	18,540	18,411
Investment income	6	**884**	**882**	363	363
Total income before endowments and donations		**138,341**	**138,067**	135,769	135,640
Donations and endowments	7	**2**	**2**	6	6
Total Income		**138,343**	**138,069**	135,775	135,646
Expenditure					
Staff costs	8	**84,651**	**84,654**	83,126	83,127
Other operating expenses	11	**53,320**	**52,925**	47,762	47,706
Depreciation	12	**5,675**	**5,675**	5,975	5,975
Depreciation due to impairment	12	**693**	**693**	2,763	2,763
Interest and other finance costs	10	**2,214**	**2,214**	2,627	2,627
Total Expenditure		**146,553**	**146,161**	142,253	142,198
Deficit before other gains or losses		**(8,210)**	**(8,092)**	(6,478)	(6,552)

Consolidated and University Statement of Comprehensive Income and Expenditure (continued)

Year ended 31 July 2023

	Notes	Year ended 31 July 2023 Consolidated £'000	Year ended 31 July 2023 University £'000	Year ended 31 July 2022 Consolidated £'000	Year ended 31 July 2022 University £'000
Gains on disposal of fixed assets	12	409	409	-	-
Loss on changes in fair value of investment properties	12	(9,790)	(9,790)	(1,879)	(1,879)
Deficit for the year		**(17,591)**	**(17,473)**	(8,357)	(8,431)
Actuarial gain/(loss) in respect of pension schemes	24	**8,608**	**8,608**	71,104	71,104
Total comprehensive income for the year		**(8,983)**	**(8,865)**	62,747	62,673
Represented by					
Endowment comprehensive income for the year		**4**	**4**	8	8
Unrestricted comprehensive income for the year		**(8,987)**	**(8,869)**	62,739	62,665
Attributable to the University		**(8,983)**	**(8,865)**	62,747	62,673
Deficit for the year attributable to:					
University		**(17,591)**	**(17,473)**	(8,357)	(8,431)

All items of income and expenditure relate to continuing activities

University of Chester

Consolidated and University Statement of changes in Reserves

Year ended 31 July 2023

Consolidated	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 2021	**423**	**27,335**	**27,758**
Surplus from the statement of comprehensive income and expenditure	6	(8,363)	(8,357)
Other comprehensive income	-	71,104	71,104
Release of restricted funds spent in year	2	(2)	-
Total comprehensive income for the year	8	62,739	62,747
Balance at 1 August 2022	**431**	**90,074**	**90,505**
Surplus from the statement of comprehensive income and expenditure	2	(17,593)	(187,591)
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**

University of Chester

Consolidated and University Statement of changes in Reserves (continued)

Year ended 31 July 2023

University	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 2021	**423**	**26,774**	**27,197**
Surplus from the statement of comprehensive income and expenditure	6	(8,437)	(8,431)
Other comprehensive income	-	71,104	71,104
Release of restricted funds spent in year	2	(2)	-
Total comprehensive income for the year	8	62,665	62,673
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 31 July 2023	**435**	**80,570**	**81,005**

University of Chester

Consolidated and University Balance Sheets

Year ended 31 July 2023

	Notes	As at 31 July 2023		As at 31 July 2022	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
Fixed assets	12	**114,166**	**114,166**	115,902	115,902
Investment properties	12	**-**	**-**	9,790	9,790
Current assets					
Stock	13	**68**	**68**	121	121
Trade and other receivables	14	**12,599**	**12,550**	11,391	10,918
Investments	15	**10,000**	**10,000**	10,000	10,000
Cash and cash equivalents	21	**27,387**	**26,311**	26,950	26,245
		50,054	**48,929**	48,462	47,284
Less: Creditors: amounts falling due within one year	16	**(40,109)**	**(39,501)**	(30,322)	(29,779)
Net current assets		**9,945**	**9,428**	18,140	17,505
Total assets less current liabilities		**124,111**	**123,594**	143,832	143,197
Creditors: amounts falling due after more than one year	17	**(42,249)**	**(42,249)**	(46,071)	(46,071)
Provisions					
Provisions for liabilities	18	**(340)**	**(340)**	(7,256)	(7,256)
Net assets		**81,522**	**81,005**	90,505	89,870
Restricted Reserves					
Income and expenditure reserve - endowment reserve	19	**435**	**435**	431	431
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		**81,087**	**80,570**	90,074	89,439
Total Reserves		**81,522**	**81,005**	90,505	89,870

The financial statements were approved by the University Council on 23rd May 2024 and were signed on its behalf on that date by:

Professor E.A. Simmons, Vice-Chancellor

Dr M. David, President of the Council

University of Chester

Consolidated Cash Flow Statement

Year ended 31 July 2023

	Notes	Year ended 31 July 2023	Year ended 31 July 2022
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		**(17,591)**	(8,357)
Adjustment for non-cash items			
Depreciation	12	**6,368**	8,738
Loss on investments	12	**9,790**	1,879
Decrease/(increase) in stock	13	**53**	(14)
Decrease in debtors	14	**(1,208)**	(1,988)
Increase in creditors	16	**8,984**	1,530
Increase in pension provision	24	**1,692**	7,215
Adjustment for investing or financing activities			
Investment income	6	**(688)**	(82)
Interest payable	10	**1,928**	1,448
Endowment income	19	**(2)**	(6)
Gain on sale of fixed assets	12	**(409)**	-
Capital grant income	2	**(1,347)**	(1,219)
Net cash inflow from operating activities		**7,570**	9,144
Cash flows from investing activities			
Proceeds from sale of fixed assets	12	**888**	-
Capital grants receipts		**2,065**	1,723
New deposits	15	**-**	(2,000)
Investment income	6	**688**	82
Payments made to acquire fixed assets	12	**(5,111)**	(8,992)
		(1,470)	(9,187)
Cash flows from financing activities			
Interest paid	10	**(1,928)**	(1,448)
Endowment cash received	19	**2**	6
Repayments of amounts borrowed	17	**(3,737)**	(2,163)
		5,663	(3,605)
Increase/(Decrease) in cash and cash equivalents in the year		**437**	(3,648)
Cash and cash equivalents at beginning of the year	21	**26,950**	30,598
Cash and cash equivalents at end of the year	21	**27,387**	26,950

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 under the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions 2015 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 financial statements are prepared on a going concern basis notwithstanding that the University Group has reported a deficit before other gains and losses of £8.2m for the year to 31 July 2023 (2022: £6.5m deficit). The Group reported operating cash inflow of £7.6m for the year ended 31 July 2023 (2022: £9.1m inflow) and in assessing the going concern of the Group, detailed cash flow forecasts were prepared covering a period of over 12 months from the date of approval of the accounts. These cash flows were prepared on the basis of severe but plausible downsides impacting the Group and University's operations over that period. These indicate that the Group and University remains a going concern, and covenants with lenders for the year ending July 2024 have been renewed in line with the Group's financial plans. However, the renewed covenants are dependent on the contract for sale of the University's site at Padgate exchanging with the house building site purchaser. This will enable restrictive loan covenants to be waived, trigger the ability to securitise property for Lloyds Bank and access a new £6.5m revolving credit facility with Santander.

The Padgate site is being sold to a major housebuilder and a contract for sale has been agreed, and exchange of contracts is due to take place imminently. Once this has taken place, a joint bid for planning permission will be made and the sale will be completed once planning permission has been granted. The University is confident that the sale will proceed as a great deal of time and expense has already been invested in the sale by both parties.

The sale of the Padgate site will enable the University to repay loans with Lloyds and Barclays, leaving Santander as the University's only lender. If this does not take place before July 2025, negotiations with lenders will be required in order to agree amended covenants. The University Council is confident that these negotiations would be successful if they are required.

To mitigate the situation described above and any further delays in the process, the University is continuing to take a series of cost control measures to ensure cash balances remain sufficient. These include a robust strategic planning process and ongoing rationalisation of estate, as well as rigorous risk mitigation strategies. The University is also supporting its cash position by the sale of several smaller properties. Some of these have already been realised and others are awaiting planning permission for the sales to complete. These will enable the repayment of key loans from cash reserves if the Padgate sale does not continue and thus amended covenants are not available.

Due to this timing issue the University Council believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group and

University's ability to continue as a going concern and, therefore, that the Group and University may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Basis of consolidation

The consolidated financial statements include the University and all of its subsidiaries for the financial year to 31 July 2023. 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.

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.

Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use delivering services. Investment properties are measured initially at cost and subsequently at fair value movements recognised in the Surplus or Deficit. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

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.

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 2019) carried out by professionally qualified independent actuaries and the Teachers' Pension Scheme is assessed every five years (last valued at March 2016).

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.

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.

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 2023 the pension valuation was calculated using asset returns as at that date. The difference in asset values using the actual asset return data compared to estimated was £9,984k. This was significantly higher than previous years due to changes in the inflation rate used in the actual valuation due to temporary higher levels of UK inflation. The inflation rate 9.9% was included for 2022/23 returning to 2.7% thereafter.

Details of the assumptions used, and associated sensitivities, are included in note 24.

b. Investment properties

The investment properties are held at Thornton Science Park, which the University operates for research, and investment properties.

The fair value of investment property is determined by management upon receipt of a report by a registered valuer on the properties in question on the basis of continual use.

		Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
1	**Tuition Fees and Education Contracts**				
	Full-time home and EU students	**69,749**	**69,749**	72,506	72,506
	Full-time international students	**31,016**	**31,016**	22,180	22,180
	Part-time students	**3,852**	**3,852**	4,330	4,330
	Education Contracts	**937**	**937**	968	968
	Other Fees and Support Grants	**2,195**	**2,195**	2,524	2,524
		107,749	**107,749**	102,508	102,508
2	**Funding Body Grants**				
	Recurrent Grant				
	Office for Students	**5,360**	**5,360**	5,282	5,282
	UKRI	**3,535**	**3,535**	1,961	1,961
	DfE	**177**	**177**	114	114
	Capital grant	**1,347**	**1,347**	1,219	1,219
	Specific Grants				
	OfS	**453**	**453**	1,243	1,243
	Higher Education Innovation Fund	**1,459**	**1,459**	1,296	1,296
	Uni Connect	**217**	**217**	368	368
	DfE	**-**	**-**	97	97
		12,548	**12,548**	11,580	11,580
3	**Details of Grant and Fee Income**				
	Grant income from Office for Students	**5,813**	**5,813**	6,525	6,525
	Grant income from other bodies	**6,735**	**6,735**	5,055	5,055
	Fee income for taught awards	**104,164**	**104,164**	98,184	98,184
	Fee income for research awards	**1,390**	**1,390**	1,633	1,633
	Fee income for non-qualifying courses	**2,195**	**2,195**	2,691	2,691
	Total grant and fee income	**120,297**	**120,297**	114,088	114,088

	Notes	Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
4 Research Grants and Contracts					
Research Councils		**308**	**308**	803	803
Research Charities		**275**	**275**	565	565
Government (UK and overseas)		**455**	**455**	447	447
Industry and Commerce		**16**	**16**	45	45
Other		**862**	**862**	918	918
		1,916	**1,916**	2,778	2,778
5 Other income					
Residences, Catering and Conferences		**5,937**	**5,680**	4,849	4,761
Other income		**9,307**	**9,292**	13,691	13,650
		15,244	**14,972**	18,540	18,411

Other income relates to European grants, rental income and other income (e.g. nursery, fitness centre).

6 Investment income					
Investment income on endowments	19	**3**	**3**	2	2
Other investment income		**685**	**683**	80	80
Movement in fair value of derivatives	35	**196**	**196**	281	281
		884	**882**	363	363
7 Donations and endowments					
New endowments	25	**2**	**2**	6	6
8 Staff costs					
Salaries		**63,688**	**63,691**	58,983	58,984
Social security costs		**6,722**	**6,722**	6,257	6,257
Other pension costs		**14,241**	**14,241**	17,886	17,886
Total		**84,651**	**84,654**	83,126	83,127

8 Staff Costs (continued)

Emoluments of the Head of Institution

	2023	2022
	£'000	£'000
Professor E.A. Simmons 1 August 2022 to 31 July 2023:		
Salary	**257**	250
Benefits	**7**	-
Other Remuneration – Pension & Expenses	**63**	61
	327	311

	2023	2022
Professor E.A. Simmons 1 August 2022 to 31 July 2023:		
Basic Salary Ratio	**7.5**	8.0
Median Total Remuneration all staff	**7.9**	8.4

The justification for the Head of Institution pay can be found on page 23.

8 Staff Costs (continued)

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

	2023	2022
£100,000 to £104,999	**-**	**1**
£105,000 to £109,999	**1**	**-**
£110,000 to £114,999	**1**	**-**
£115,000 to £119,999	**1**	**-**
£120,000 to £124,999	**-**	**-**
£125,000 to £129,999	**-**	**1**
£130,000 to £134,999	**1**	**3**
£135,000 to £139,999	**4**	**-**
£140,000 to £144,999	**-**	**-**
£145,000 to £149,999	**-**	**-**
£150,000 to £154,999	**1**	**2**
£155,000 to £159,999	**1**	**1**
£160,000 to £164,999	**-**	**1**
Over £165,000	**1**	**1**
	11	**10**

Total Compensation paid to key management personnel	**2,040**	**1,634**

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.

	2023	2022
Average staff numbers by major category:		
Academic Departments	**600**	581
Academic Services	**112**	118
Administration/Central Services	**459**	424
Premises	**163**	180
Catering and Residence	**58**	65
Nursing	**181**	170
	1,573	1,537

Compensation for loss of office

68 payments were made in respect of compensation for loss of office during the year totalling £961k

Council Members

Reimbursements to members of University Council for expenditure incurred in attending Council and meetings of its committees amounted to £2,040 (2022: £943). Council members did not receive any remuneration from the University.

	Notes	Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
9 Access & Participation					
Access Investment		**638**	**638**	671	671
Financial Support	1	**1,745**	**1,745**	1,900	1,900
Disability Support		**787**	**787**	860	860
Research and evaluation (i)		584	**584**	489	489
		3,754	**3,754**	3,921	3,921

(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		**1,928**	**1,928**	1,448	1,448
Net charge on pension scheme	34	**286**	**286**	1,179	1,179
		2,214	**2,214**	2,627	2,627
11 Analysis of other operating expenses by activity					
Academic and related expenditure		**15,255**	**15,297**	12,737	12,748
Administration and central services		**14,804**	**14,804**	12,725	12,758
Premises (including service concession cost)		**19,764**	**19,568**	18,914	18,914
Residences, catering and conferences		**2,261**	**2,143**	1,630	1,626
Research grants and contracts		**638**	**638**	866	866
Other expenses		**598**	**475**	890	794
		53,320	**52,925**	47,762	47,706
Other operating expenses include:					
External auditor's remuneration in respect of audit services		**113**	**88**	91	71
External auditor's remuneration in respect of non-audit services		**38**	**23**	33	25
Operating lease rentals:					
vehicles		**206**	**206**	210	210

12 Fixed Assets

Consolidated and University	Freehold Land and Buildings £'000	Plant and Machinery £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 August 2022	149,035	30,698	11,402	191,135
Additions	2,630	2,047	434	5,111
Disposals	(657)	-	-	(657)
At 31 July 2023	**151,008**	**32,745**	**11,836**	**195,589**
Depreciation				
At 1 August 2022	37,958	27,058	10,217	75,233
Charge for year	2,813	2,009	853	5,675
Charge due to impairment	693	-	-	693
Disposals	(178)	-	-	(178)
At 31 July 2023	**41,286**	**29,067**	**11,070**	**81,423**
Net book value				
At 31 July 2023	**107,685**	**3,678**	**766**	**114,166**
At 31 July 2022	111,077	3,640	1,185	115,902

As a result of a valuation done during 2022/23 an impairment of Land and Buildings at Thornton Science Park has resulted in an accelerated depreciation charge of £2.7m for the year.

At 31 July 2023, freehold land and buildings included £7.8m (2022 - £7.8m) in respect of freehold land and is not depreciated.

As a result of a valuation done during 2022/23 there has been an impairment of Land and Buildings at Thornton Science Park during the year. The valuation performed has indicated that Land and Buildings was overvalued in previous years. No adjustment has been posted in the prior year on the grounds of materiality. This has resulted in an impairment of £0.693m during 2022/23.

12 Fixed Assets (Continued)

Investment properties

Consolidated and University	Investment Properties £'000
At 1 August 2021	9,004
Additions	27
Transfers from Land and Buildings	2,638
Losson change in fair value	(1,879)
At 31 July 2022	9,790
Loss on change in fair value	9,790
At 31 July 2023	**-**

The investment properties are at Thornton Science Park. An overage deed is in place on these properties until 20th March 2034. Under the terms of this overage deed, if the University disposes of these properties then 50% (40% from 31st March 2024) of the market value is payable to the former owners, Shell Research Limited.

The non-current investments have been valued at market value.

As a result of a valuation done during 2022/23 there has been a reduction in the fair value of Investment Properties at Thornton Science Park. The valuation performed has indicated that the Investment Property was overvalued in previous years. No adjustment has been posted in the prior year on the grounds of materiality. This resulted in a downward adjustment (loss) to the fair value of £9.790m during 2022/23 resulting in a balance at 31 July 2023 of £nil.

13 Stock

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
General consumables	68	**68**	121	121

14 Trade and other receivables

Amounts falling due within one year:				
Trade receivables	**8,125**	**7,529**	6,996	6,043
Other receivables	**18**	**18**	17	17
Prepayments and accrued income	**4,456**	**4,149**	4,378	3,804
Amounts due from subsidiary companies	**-**	**854**	-	1,054
	12,599	**12,550**	11,391	10,918

15 Current Investments

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Short term deposits	**10,000**	**10,000**	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 2022 the weighted average interest rate of these deposits was 0.5% 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 2023		Year ended 31 July 2022	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Secured loans*	**1,671**	**1,671**	852	852
Unsecured loans	**1,169**	**1,169**	1,349	1,349
Trade payables	**4,777**	**4,530**	5,266	4,911
Social security and other taxation payable	**1,996**	**1,645**	1,869	1,687
Accruals and deferred income	**30,496**	**30,455**	20,986	20,963
Amounts due to subsidiary companies	**-**	**31**	-	17
	40,109	**39,501**	30,322	29,779

* The bank loans are secured on freehold properties owned by the University with a carrying value of £7.1m (2022: £7.2m), over which the lender holds a legal charge.

17 Creditors: amounts falling due after more than one year

Deferred income	**22,479**	**22,479**	21,729	21,729
Derivatives	**-**	**-**	196	196
Secured loans	**2,741**	**2,741**	5,277	5,277
Unsecured loans	**17,029**	**17,029**	18,869	18,869
	42,249	**42,249**	46,071	46,071

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

Analysis of secured and unsecured loans:

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Due within one year or on demand (Note 14)	**2,840**	**2,840**	2,201	2,201
Due between one and two years	**1,933**	**1,933**	3,041	3,041
Due between two and five years	**10,113**	**10,113**	6,214	6,214
Due in five years or more	**7,723**	**7,723**	14,891	14,891
Due after more than one year	**19,769**	**19,769**	24,146	24,146
Total secured and unsecured loans	**22,609**	**22,609**	26,347	26,347
Secured loans repayable by 2026	**4,412**	**4,412**	6,129	6,129
Unsecured loans repayable by 2038	**18,197**	**18,197**	20,218	20,218
	22,609	**22,609**	26,347	26,347

The secured loans were all repaid during the year. Refinancing followed at a lower amount. Included in loans are the following:

Lender	**Amount**	**Term**	**Interest rate**	**Borrower**
	£'000		%	
Barclays	1,182	2026	6.30	University
Barclays	880	2028	6.80	University
Barclays	2,304	2026	7.00	University
Barclays	925	2024	6.55	University
Lloyds TSB	5,550	2026	6.13	University
Santander	8,108	2037	5.43	University
Santander	3,660	2038	6.80	University
TOTAL	**22,610**			

18 Provisions for Liabilities

Consolidated	Pension enhancements on termination	Pension scheme provision under FRS 102 (Note 24)	Total Provisions
	£'000	£'000	£'000
At 1 August 2022	365	6,891	**7,256**
Utilised in year	(25)	(6,891)	**(6,916)**
Additions in year			
At 31 July 2023	**340**	**-**	**340**

University	Pension enhancement on termination	Pension scheme provision under FRS 102 (Note 24)	Total Provisions
	£'000	£'000	£'000
At 1 August 2022	365	6,891	**7,256**
Utilised in year	(25)	(6,891)	**(6,916)**
Additions in year			**0**
At 31 July 2023	**340**	**-**	**340**

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	
	2023	2022
Discount rate	**5.0%**	2.0%
Inflation	**2.8%**	2.0%

19 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2023 Total	2022 Total
	£'000	**£'000**	**£'000**	£'000
Balances at 1 August 2022				
Capital	130	276	**406**	400
Accumulated income	-	25	**25**	23
	130	301	**431**	423
New Endowments	-	2	**2**	**6**
Investment Income	-	3	**3**	**2**
Expenditure	-	(1)	**(1)**	**-**
(Decrease) / increase in market value of investments	-	-	**-**	**-**
Total endowment Comprehensive income for the year	**-**	4	**4**	**8**
At 31 July 2022	130	305	**435**	**431**
Represented by:				
Capital	130	278	**408**	**406**
Accumulated income	-	27	**27**	**25**
	130	305	**435**	**431**
Analysis by type of purpose:				
Prize funds		66	**66**	**65**
General	130	239	**369**	**366**
	130	305	**435**	**431**

Analysis by asset

Cash & cash equivalents	**435**	431

The endowments received during the year relate to expendable donations received from Alumni (£2k).

20 Financial Instruments

	Year ended 31 July 2023		Year ended 31 July 2022	
	£'000	**£'000**	£'000	£'000
Financial Liabilities				
Derivatives	-	-	196	196

The University uses derivatives to hedge interest rate exposure on some of its secured loans.

The Financial liabilities are at fair value through Statement of Comprehensive Income at the balance sheet date.

21 Cash and Cash Equivalents

	Notes	At 1 August 2022	Cash Flows	At 31 July 2023
		£'000	**£'000**	**£'000**
Consolidated				
Cash and cash equivalents		26,950	437	**27,387**

22 Lease Obligations

Total rentals payable under operating leases:

	31 July 2023		31 July 2022
	Other leases	**Total**	Total
	£'000	**£'000**	£'000
Payable during the year			
Future minimum lease payments due:			
Not later than 1 year	137	**137**	162
Later than 1 year and not later than 5 years	195	**195**	197
Total lease payments due	332	**332**	359

Lease obligations relate to vehicle leases.

23 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
Universities Economic Development Unit Ltd	Management of European Grant funding	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

24 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 £14,241,265 (2022: £17,885,926 which includes £17,985 (2022: £40,318) 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 £339,995 (2022: £364,707) 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 is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The total contribution for the year ended 31 July 2023 was £10,791,356 (2022: £9,874,387) of which the employers' contributions totalled £7,617,247 (2022: £6,971,543) and the employees' contributions totalled £3,174,109 (2022: £2,902,843). The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuations	31 March 2016
Actuarial method	Prospective Benefits
Investment returns per annum	2.9%
Salary scale increases per annum	4.2 %
Market value of assets at date of last valuation	£196.1bn
Proportion of members' accrued benefits covered by the actuarial value of the assets	90%

24 Pension Schemes (continued)

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employers' contributions. The employer were paid at the rate of 23.68%. Employee contribution rates are dependent on salary levels and were in bandings between 7.4% -11.7%.

The TPS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The University accounts for its pension costs on a defined contribution basis as permitted by FRS 102 Section 28.

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 2023 was £6,139,831 (2022: £5,794,040) of which the employers' contributions totalled £4,840,568 (2022: £4,564,567) and employees contributions totalled £1,299,263 (2022: £1,229,473). 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 2023 by a qualified independent actuary.

	31 July 2023	31 July 2022	31 July 2021
	%	%	%
Rate of increases in salaries	3.7	3.4	3.5
Rate of increase in pensions	3.0	3.0	2.8
Discount rate for liabilities	5.05	3.5	1.6

The fund actuary has updated the methodology for CPI assumption to make allowance for the expected inflation observed over the period from October 2022 to March 2023. This has increased the CPI rate from 2.75% to 3.00% as compared with previous year and increased the DBO by £5.6m.

The fund actuaries have not updated the mortality assumption as at 31 March 2023 to reflect the potential effects of Covid-19. This is mainly because there remains uncertainty of the Covid-19 impact on long-term mortality rates for pension scheme members.

The Life Expectancies provided assume the relevant ages were applicable at the last Fund valuation date. This is not in line with standard practice where typically life expectancies are provided for lives at a given age at the balance sheet date. The narrative disclosure around life expectancies should make it clear that the life expectancies quoted are based on lives aged 45 and 65 at the latest Fund valuation at the balance sheet date.

24 Pension Schemes (continued)

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

	31 July 2023	31 July 2022
	%	%
Retiring today		
Males	**21.1**	21.2
Females	**24.1**	23.8
Retiring in 20 years		
Males	**21.8**	22.1
Females	**25.5**	25.5

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2023, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

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 2023	31 July 2022
	£'000	£'000
Equities	**69,013**	64,147
Bonds	**53,198**	55,400
Property	**18,691**	17,495
Cash	**2,876**	8,747
Total market value of assets	**143,778**	145,789

The above asset values as at 31 July 2022 are at bid value as required under FRS 102 Section 28:

	2023	2022
	£'000	£'000
University's estimated asset share	**143,778**	145,789
Present value of scheme liabilities	**(119,952)**	(152,680)
Asset ceiling adjustment	**(23,826)**	-
Deficit in the scheme	**-**	(6,891)

24 Pension Schemes (continued)

Under FRS 102 Section 28, provision has been made by the University for the institution's share of the deficit in the scheme.

The University has considered the funding position of the scheme and has applied an asset ceiling surplus of nil at 31st July 2023. 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 contributions. The asset ceiling calculation is as follows:

Assumes a minimum funding requirement exists in the LGPS for contributions relating to future service.

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 (over FWL) x 2023/24 future service cost
less
B – Annuity (over FWL) x 2023/24 projected employer cash contributions (future service element)

A – 7.2x£3,569,000 = £25,697,000
less
B – 7.2 x £4,839,000 = £34,841,000
equals
-£9,144,000

	£

As B is greater than A, the asset ceiling is £0.

The closing balance sheet 31 July 2023 is amended to:

Assets	143,778,000
Obligations	(119,952,000)
Asset Ceiling Adjustment	(23,826,000)
Net Asset/(Liability)	**-**

31 July 2023 accounting Results Schedule information

Assets	£143,778,000
Obligations	£119,952,000
Net assets	£23,826,000
Discount rate assumption	5.05%
Salary increase rate assumption	3.70%
2023/24 projected service cost %	18.2%
2023/24 projected pensionable payroll	£19,593,000
2023/24 projected service cost £	£3,569,000
2023/24 projected employer cash contributions	£4,839,000
- Future service element (primary rate % adjusted for any negative secondary rate %)	£4,839,000
- Past service element (secondary rate where positive)	£-

31 March 2022 funding valuation information

Future working lifetime 7.6 years
Funding time horizon 15 years

24 Pension Schemes (continued)

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:

	2023	2022
	£'000	£'000
Current Service cost	**6,348**	**10,586**
Past Service Cost (including curtailments)	**93**	**40**
	6,441	**10,626**

Analysis of net return on pension scheme

	2023	2022
	£'000	£'000
Expected return on pension scheme assets	**5,165**	2,453
Impact on pension scheme liabilities	**(5,431)**	(3,632)
Net charge	**(266)**	(1,179)

Amounts recognised in Other Comprehensive Income

	2023	2022
	£'000	£'000
Actuarial gain / (loss) – defined benefit obligations	**43,414**	82,979
Actuarial (loss) / gain – fair value of employer assets	**(10,586)**	(11,875)
Actuarial loss	**32,828**	71,104

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income and Expenditure since the adoption of FRS 102 Section 28 is £3.9 million (2019: £12.3 million).

	2023	2022
	£'000	£'000
Deficit in scheme at beginning of year	**(6,891)**	(70,755)
Movement in year:		
Current service charge	**(6,441)**	(10,626)
Employer contributions	**4,990**	4,565
Net charge on assets	**(266)**	(1,179)
Actuarial gain / (loss)	**32,434**	71,104
Asset ceiling adjustment	**(23,826)**	0
Net deficit	**0**	(6,891)

24 Pension Schemes (continued)

	2023	2022
	£'000	£'000
Liabilities at start of year	**152,680**	222,348
Service cost	**6,441**	10,626
Interest cost	**5,431**	3,632
Employee contributions	**1,299**	1,229
Actuarial gain	**(43,414)**	(82,979)
Benefits paid	**(2,492)**	(2,176)
Liabilities at end of year	**119,945**	152,680
Assets at start of year	**145,789**	151,593
Expected return on Assets	**5,165**	2,453
Actuarial loss	**(10,586)**	(11,875)
Employer contributions	**4,990**	4,565
Employee contributions	**1,299**	1,229
Benefits paid	**(2,492)**	(2,176)
Assets at end of year	**144,165**	145,789

The CPI inflation has remained at 3.00% over the period.
The change in the CPI inflation assumption is a result of underlying changes in market implied RPI, coupled with any changes in the RPI-CPI gap from the previous year and the adjustment to CPI to reflect the high inflationary environment in year 1.

25 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 22/23 year this was a total of £420k (21/22 £425k). The University also received £1.2k of other income from the College (21/22 £2k).

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

- Cheshire and Warrington Local Enterprise Partnership (LEP) – income received £53,860 (21/22 £101k).
- North West Business Leadership Team (NWBLT) – payments were made of £14,500 (21/22 £12k).
- The Alliance for Sustainability Leadership in Education (EAUC) – payments were made of £344 (21/22 £3k).
- National Trust – payments were made of £37.80 (21/22 £1,960).
- Royal Society of Biology – payments were made of £4,000 (21/22 £3k).

The Vice-Chancellor and Dr D. Briggs were members of Cheshire Business Leaders Ltd. – payments were made of £667 (21/22 £417).

The Vice-Chancellor and Steven Broomhead were members of Warrington Chamber of Commerce & Industry – payments were made of £1,188 (21/22 £792).

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 £588 (21/22 £560).

Pro Vice-Chancellor Dr Helen Galbraith was an executive member of Association of Heads of University Administration (AHUA) – payments were made of £7,240 (21/22 £1,450).

Professor Angela Simpson was a Governor and Professor John Alcolado was employed (on an adhoc basis) by Countess of Cheshire NHS Trust – payments were made of £19,149 (21/22 £74,221) and income received of £24,061 (21/22 £27,990).

Professor John Alcolado was a Non-Executive Director of Warrington and Halton NHS Trust – payments were made of £2,900.

Lauren Friel and Ellie Smith were employed by Chester Students' Union – payments were made of £438,981 (21/22 £566,572). Income received £8,861 (21/22 £25,077).

Dr D. Briggs (mentioned above) was Trustee or member of the following organisations:

- Warrington Youth Zone – payments were made of £32,480 (21/22 £25,000).
- Cheshire Agricultural Society – payments were made of £300 (21/22 £300).
- Royal British Legion – Income received £24,340.
- Chester Cathedral Enterprises – payments made £64,980 (21/22 £103,612).
- St Anselm's College – payments were made of £1,450 (21/22 £488).

Councillor Razia Daniels was employed by Cheshire West and Chester Council – payments (excluding rates) were made of £21,013 (21/22 £100,627) and income received £166,881 (21/22 £241,777).

Councillor Razia Daniels was also a Director at the Queen's School – income was received of £1,630 (21/22 £1,320).

25 Related Party Transactions (continued)

Steven Broomhead was the Chief Executive Officer of Warrington Borough Council – payments (excluding rates) were made of £200 (21/22 £1,240) and £60,426 income was received (21/22 £443,644).

Steven Broomhead was also a director of the following organisations:

- Warrington Wolves – £2,723 income received (21/22 £21,326).
- Marketing Cheshire – £18,849 income received (21/22 £22,892).

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 £16,346 (21/22 £24,420).

The Very Reverend Dr Tim Stratford was a Governor at King's School – income received of £65.

Nick Jenkins's wife was a governor at Glyndwr University – £26,258 income received (21/22 £28,988)

Karen Howell was the Chief Executive Officer of Wirral Community Health and Care NHS Foundation Trust – income received £596,657 (21/22 £213,059).

Professor Charles Forsdick was employed by the University of Liverpool – income received £3,975 (21/22 £3,975).

Professor Charles Forsdick was Chair of the Advisory Council at University of London – payments were made of £4,400 (21/22 £185).

Peter Wallach was employed by Wirral Council – income received £102,450 (21/22 £278,575)

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

Professor David McGravie was a Director at AA2A Access to Arts Schools – payments were made of £290 (21/22 £1,400).

Professor David McGravie was a Trustee for Council for Higher Education in Art and Design (CHEAD) – payments were made of £1,420 (21/22 £1,300).

Jeannie France-Hayhurst was a Trustee for Alder Hey Children's Hospital – income received £20,672 (21/22 £5k).

Stephen Dobson was a member of the Institute of Chemical Engineers (IChemE) – payments made of £3,075 (21/22 £5,525)

26 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: Expendable net assets:	**2023** **£'000**	**£'000**	2022 £'000	£'000
Line 15 Balance Sheet	Net assets without donor restrictions			81,087		90,074
Note 19	Net Assets with Donor restrictions			435		431
Note 25	**Secured and unsecured related party receivable**		**703**		443	
Note 25	unsecured related party receivable			703		(443)
Note 12	**Property plant and Equipment post implementation**		**114,116**		115,902	
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			(1,058)		(2,794)
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**			340		7,256
Note 17	**Long term debt for long term purposes**		**22,609**		26,347	
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		(10,175)		(6,437)
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				-

26 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)

Total Expenses and Losses:

		2023		2022	
		£'000	**£'000**	£'000	£'000
Note 8, 10, 11, 19, 24 Cash Flow Line 7	**Total operating expenses without Donor restrictions**		138,465		126,273
Note 6,12,10	Non-operating and net investment		5,484		8,375
Note 12	net investment losses		8,286		1,879
Note 24, Cash Flow Line 7	Pension related changes		(6,891)		(63,864)

Equity Ratio:

Modified net assets:

Line 15 Balance Sheet	Net assets without donor restrictions		81,087		90,074
Note 19	Net Assets with Donor restrictions		435		431
N/A	Goodwill - Intangible assets				
Note 25	**Secured and unsecured related party receivable**	**703**		443	
Note 25	unsecured related party receivable		703		443

Modified assets:

Balance Sheet Lines 1, 2 & 7	Total assets		164,220		174,154
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**	**703**		443	
Note 25	unsecured related party receivable		703		443

Net income Ratio:

Line 15 Balance Sheet	Change in net assets without Donor restrictions		8,987		62,149
Notes 1,2,4,5	Total Revenues and Gains		138,750		135,406

UNIVERSITY OF CHESTER

England & Wales - Charity number 525938

Accounts

University of Chester

Annual Report and Financial Statements

Year ended 31 July 2022

Registered Charity No. 525938

University of Chester

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Year ended 31 July 2022

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University of Chester

Financial Highlights

Year ended 31 July 2022

Result

During the year to 31 July 2022 (year to 31 July 2021 figures in brackets) the consolidated University and subsidiary companies:

- Generated income of £135.8 million (£122.8 million)
- Generated a deficit before other gains and losses of £6.5 million (£5.6 million deficit)
- Generated a net cash inflow from operating activities of £9.1 million (£7.2 million)
- Increased expenditure by £13.9 million (£4.0 million)

Financial Strength

At 31 July 2022 the University had:

- Cash and cash equivalents of £27.0 million (£30.6 million)
- Investments of £10.0 million (£8.0 million)
- Total net assets of £89.9 million (£27.8 million)
- A defined benefit pension liability of £7.3million (£70.6 million)

Financial Investments

During the year to 31 July 2022 the University invested £9.0 million (£4.6 million) in tangible fixed assets.

Staff and students

During the academic year the University:

- Employed an average of 1,537 members of staff (1,565)
- Taught, directly or through collaborative provision and distance learning, higher education students as follows:

Student Headcounts - based on HESA Returns (Student and Agg. Overseas) - (ex Dormant modes)

		Full-Time	Other	2021/22 Total	2020/21 Total	Increase/ (Decrease)
Home/EU	Undergraduate	6,622	718	**7,340**	**7,504**	(2%)
	Postgraduate	1,166	3,365	**4,531**	**4,696**	(4%)
	Nursing and Midwifery	1,863	167	**2,030**	**1,924**	6%
International	Undergraduate	981	135	**1,116**	**1,324**	(16%)
	Postgraduate	2,639	180	**2,819**	**1,727**	63%
	Nursing and Midwifery	11		**11**	**155**	(93%)
2021/22 Total		13,282	4,565	**17,847**	**17,330**	3%
2020/21 Total		12,545	4,785	**17,330**		
Increase/ (Decrease)		6%	(5%)	3%		

The 2021/22 figures are for students studying between August 2021 and July 2022. The 2020/21 figures are for students studying between August 2020 and July 2021.

University of Chester

Members of the University Council and their interests

Year ended 31 July 2022

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 2021/2022		(1)	(2)
Foundation Members:			
Canon Dr Jeff Turnbull *(President)*	Retired 31-07-2022	•	
The Right Reverend the Lord Bishop of Chester, Mark Tanner			
The Very Reverend Dr Tim Stratford			
Professor Eunice Simmons *(Vice-Chancellor)*		•	
Mr Francis Ball	Retired 31-07-2022	•	
Dr David Briggs		•	
Professor Steven Broomhead			•
Professor Charles Forsdick			
Mrs Jeannie France-Hayhurst			
Mr Nick Jenkins		•	
Professor Helen O'Sullivan	Appointed 01-09-2021		
Dr Angela Seeney			•
Mrs Sandra Verity	Retired 31-07-2022	•	
Non-Foundation Members:			
Mr Jack Rankin *(Previous Students' Union President)*	Left 30-06-2022	•	
Ms Lauren Friel *(Current Students' Union President)*	Appointed 01-07-2022	•	
Professor John Alcolado	Appointed 17-09-2021		
Mrs Cathy Bond			•
Mr Marcus Clinton			
Sir Neil Cossons	Retired 31-07-2022	•	
Councillor Mrs Razia Daniels			
Dr Meredydd David *(Deputy President)*		•	
Ms Karen Howell			
Mrs Kate Nwosu-Aaron Efe	Appointed 01-01-2022		
Mr Jonathan Moores *(Secretary to the Council)*	Appointed 01-08-2021		

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; Promotions 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 – *Appointed January 2022*
Dr Helen Galbraith	Pro Vice-Chancellor – Student Experience
Mr Richard Waddington	Pro Vice-Chancellor Resources Chief Financial Officer/Bursar
Mr Jonathan Moores	Registrar and University Secretary
Mrs Rashmi Patel	Interim Director of Human Resources
Mr Steve Jeffree	Interim Director of Digital Transformation
Mr Jerry Headley	Executive Director of Estates Strategy – *Resigned January 2022*
Professor Neville Ford	Pro Vice-Chancellor Enhancement (0.5) – *Retired March 2022*

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 1st Floor Liverpool L1 3BG
Auditors - External	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Auditors - Internal	RSM 9th Floor 3 Hardman Street Manchester M3 3HF
Solicitors	Knights LLP 58 Nicholas Street Chester CH1 2NP
Insurance Brokers	U M Association Ltd 5 St Helen's Place London EC3A 6AB

The Members of the University Council present their Annual Report for the year ended 31 July 2022 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 4. 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 2022.

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 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 three 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
- Universities Economic Development Unit Limited - facilitate and support the Northwest HEIs' future collective activity, engagement and representation in relation to European Structural Funds

Strategic Report

In the 2021/22 academic year the University consolidated its on-going initiatives to further improve the quality and delivery of provision for our diverse student body. The planning process in 2021/22 focused on the student experience, the road to net zero, and investment in a sustainable, fit-for-purpose IT infrastructure.

In this period the University recorded a deficit of £8.4m on turnover of £136m. £4.7m of this deficit relates to reduction in value of Thornton Science Park, with land and buildings having a £2.8m impairment and the fair value of investment properties on the site falling by £1.9m. Without these unusual items, the University would have a reduced deficit of £3.7m compared to £5.6m in 2021.

Recruitment has increased with student numbers increasing overall by 3%. There has been a large increase in international students and although Undergraduate student numbers have fallen, the intakes in autumn 2021 at levels 3 and 4 showed a 6% increase compared to 2020.

At a sector level, only the higher tariff universities increased their applicant numbers. Grade inflation and the willingness of higher tariff universities to over recruit, in our market share for some subject areas, was a challenge. As a result, lower and medium tariff universities were hit the hardest this cycle, so to maintain our recruitment level with last year was a real success. Grade inflation meant that the Clearing and *Insurance to firm* markets were significantly squeezed across the sector this year. The increase in students being accepted to their first choice was evident in the reduction of insurance to firm students for Chester, and we recruited fewer students through Clearing than in previous years. We faced real risk through self-release and did well to keep the number down, fewer than in 2020.

Chester saw a slight uplift in applications to Undergraduate programmes overall, namely in Biological Sciences, Computer Science, Arts and Media, Psychology, Counselling Skills, Professional Policing, and Business, particularly around the subject area of 'Finance' and Digital Marketing. Applications to Foundation Year pathways increased significantly, mostly due to nursing, a renewed Computing pathway, a new Social Work pathway, and a handful of Business and Social Science programmes. History within the Humanities pathway also did very well with a large increase in applications. At University Centre Shrewsbury (UCS), Childhood Studies with Applied Psychology generated a healthy number of applications. Including all Undergraduate, Initial Teacher Training and Nursing numbers, we maintained the 2020 numbers for UCS. Across the University the balance of the Undergraduate and Postgraduate portfolio and the performance of Single Honours and Combined Honours routes continues to be reviewed to understand where there might be a sensible rationalisation of programmes.

In a much needed and exciting development for the University, we have initiated a digital transformation programme, Digital Chester, which will inspire and enable students and staff to succeed through the use of sector leading digital solutions and services. Barriers to active participation are being removed to provide a diverse and fully inclusive experience and the digital provision will provide a consistent and high-quality environment for all students, enabling the citizen student model. We are centring sustainability, adopting new and disruptive technologies where appropriate. Proven, established modern solutions are being used wherever possible, allowing us to accelerate implementation and realise value. We aim to learn from others and leapfrog our capabilities by ambitiously implementing current best practice, rather than adopting a slower incremental pace of change. This is a very significant investment which is transforming the institution - allowing us to embrace the opportunities that digital enables, and deliver the ambitious vision of the University.

In 2021/22 Professor Jackie Potter joined the University to establish and lead the Centre for Academic Innovation Development. The new centre will be a catalyst to for colleagues from across the university to collaborate and build the teaching and learning culture, environments, systems and skills that will best support our diverse student body to achieve success. The centre uses evidence from the sector of what works and also leads inquiry into what works for our students. In its first months it has focused on defining initial support for teaching staff to extend and embed digitally-enhanced teaching and learning across the diverse portfolio of subjects and courses and delivered a conference to celebrate the spirit of scholarly inquiry into teaching practices.

Strategic Report (continued)

We have also been joined by Richard Mendez, Director for the Directorate of Access, Skills and Apprenticeships (DASA). During the year, the team successfully submitted the ESFA's Register of Apprenticeship Training Provider meaning the University is permitted to continue with the delivery of apprenticeship provision. The Careers & Employability team underwent a re-focus of core activity and began a joint piece of *Graduate Outcome Survey* (GOS) work with key faculty staff during the summer, with KPIs submitted to the relevant governance committees for approval. Santander Universities funds and projects now sit with the Careers & Employability team, and they will leverage this opportunity to enhance GOS outcomes. The Outreach team were shortlisted and runners-up in the *What Uni Student Choice Awards* under the Widening Participation award category. The University's Ofsted inspection took place in May 2022. While the overarching rating was not what we wanted ('Requires Improvement'), the Faculty of Health & Social Care received noticeable praise from Ofsted inspectors for the quality of their provision. A key priority for the year ahead is a successful Ofsted monitoring visit with a rating of 'Significant Progress' or 'Reasonable Progress' and successful submission of our Access & Participation Plan 2024, due July 2023.

In the Student Services Directorate, our Unacceptable Behaviours Group (UBG) continued their work in tackling unacceptable behaviours and promoting respect throughout our campus communities. This work included the Campus Climate Survey which was circulated to all students in November 2021. Its focus was around students' experiences and perceptions of sexual violence, but it also looked at wider issues such as safety, fairness, and student behaviour. A number of recommendations came out of this survey which are being progressed. Funding received via the Police and Crime Commissioners Safer Streets bid led to initiatives to improve student safety including the launch of a 'safer taxi scheme', the identification of 'safe spaces' and the installation of additional CCTV cameras and lighting on campus. We launched our Sexual Violence Liaison Officer service, a specialised support service for students who have experienced sexual violence. The university now has a dedicated team of qualified sexual violence liaison officers (SVLOs) to support students who have experienced sexual harassment and/or violence either recently, or in the past.

A new mandatory Safeguarding and Prevent Training module has been developed, which is aimed at all staff and links directly to our new Safeguarding Policy. Enhanced training was delivered to our new network of safeguarding coordinators.

We invested in a Student Assistance Programme, which provides 24/7, 365 days a year crisis support to students and complements our centralised Student Services provision, ensuring that all students can have access to support as soon as they need it. In addition to the usual student feedback we seek from our own service users, student feedback on our Wellbeing and Mental Health service was gained through a new Wellbeing Survey facilitated by the Students' Union. The aim was to obtain a snapshot of students' wellbeing, exploring what had impacted on them and what had helped them. It also provided the opportunity to use feedback to develop service provision, which has led to a number of opportunities to make positive change, in particular on the theme of social isolation which was a key concern for students. The University has signed up to the Mental Health Charter, taking a whole university approach to improving staff and student mental health. The work is being facilitated through the newly formed Wellbeing Steering Group. The Student Comms team launched *Student Shoutout* across multiple platforms to target key messaging to students throughout the academic year and advertise wellbeing sessions.

Student Services are building on the work previously undertaken by the International Centre on the Induction and Welcome activities provided for our growing numbers of international students, with the aim of improving an improved student experience. Feedback from this student group is being sought through the International Student Barometer to help inform the changes we are making.

Future Prospects

Growth in student numbers is expected to continue especially from international students, however, increased applications from Home students are also expected. Cash generation has reduced since 2020, although cash balances remain strong therefore will enable the University to adapt to challenging external factors. The University has invested in capital projects in order to improve the estate and facilities, and other parts of the estate will be disposed of in order to generate cash for further investment.

The key challenge remains dealing with inflationary pressure on pay and non pay costs. This is a matter generally, but particularly with regards to energy costs, although the University has mitigated this by purchasing the majority of its energy for the year ending 31st July 2023.

The University Council, the Vice-Chancellor and the rest of the Strategic Executive Team would like to take this opportunity to thank all the staff, students and friends of the University for their on-going commitment to our students and our success during the past year.

Financial Review

Financial Performance Indicator	Year ended 31 July 2022	Year ended 31 July 2021
Deficit before other gains and losses for the year	(£6.5m)	(£5.6m)
Margin %	(4.8%)	(4.6%)
Deficit for the year	(£8.4m)	(£5.7m)
Margin %	(6.2%)	(4.6%)
Staff costs as % of income	61.2%	67.0%
Cash inflow from operating activities	£9.1m	£7.2m
Current assets ratio	1.6	1.7
Net liquidity (days) (Number of days expenditure held as cash/investments, based on total expenditure less depreciation)	101	114

Financial Performance in 2021/22 compared to previous year:

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Income	135,775	122,719
Expenditure	(142,253)	(128,353)
Loss on changes in fair value on investment properties	(1,879)	(59)
Deficit	(8,357)	(5,693)

- Group income has increased by £13.1m (10.7%).
  - Tuition fees increased by £4.3m (4.4%) this was due to an increase in both Full Time Home and Full Time Overseas students.
- Other income increased by £6.8m (57.6%).
  - Residence, catering and conference income increased by £1.8m (57.3%). This was due to activity increasing following lifting of restrictions.

Financial Review (continued)

- Expenditure increased by £13.9m (10.8%).
  - Staffing costs increased by £0.9m (1.1%), this was primarily as a result of an increase in pension charges (increase pension provision).
  - Other operating expenses increased by £8.9m (23.0%). This was due to increased premises and facilities expenditure (including energy) and increased international recruitment costs
  - The University invested £9.0m in fixed assets, the largest items of capital expenditure included:
    - Purchase and refurbishment of teaching facilities in Warrington town centre
    - Creation and enhancement of clinical skills laboratories

Trade Union Facilities Time data for the period 1 April 2021 – 31 March 2022

TABLE 1	**Total Number of Union Officials**		**14**
	Full time equivalent employee number		**13.03**
TABLE 2	**Percentage of time Spent on facility time**		
		0%	0
		1-50%	14
		51-99%	0
		100%	0
TABLE 3	**Percentage of pay bill spent on facility time**		
	Total cost of facility time		71701.33
	Total Pay Bill		77,033,359.48
	% of the total pay bill spent on facility time		0.09
TABLE 4	**Paid trade union activities**		
	% of total paid facility time hours		0

Risks and uncertainties

The key risk is upward pressure on the University cost base due to inflation. This impacts particularly on operating expenses particularly energy, although this particular cost has been partially mitigated through the forward purchase of energy for the 2022/23 financial year. This is likely to lead to further pressure on pay costs, and the 2022 pay award, although significantly below inflation, was higher than recent years. It is expected that both these pressures will continue in the immediate term at least.

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 has been fixed at £9,250 until 2025, which will not offset rises in costs.

Having seen significant growth in overseas recruitment in 2021/22, this increase is continued for the 2022/23 year. Recruitment to undergraduate courses in 2022 remains stable compared to 2021.

As the University is in a deficit position, compliance with banking covenants is at risk and although agreement has been reached with lenders for the 2022 and 2023 financial period, this will remain a key risk until the University moves into a stable surplus position.

Public benefits and inclusivity

The beneficiaries are the students who participate in higher education at the University of Chester. Ultimately higher education provides a skilled population that can contribute to the growth of the economy and the wider community as a whole.

The University of Chester has a strong network of student support including a Students' Union, has a commitment to providing education in an open inclusive environment and a bursary scheme for those students from low income households. In addition, tuition fee loans allow students to defer the repayment of fees until they finish their studies and earn over £27,295 a year. It is felt that these measures contribute to widening participation and ensure that the opportunity to participate is not restricted by the ability to pay fees.

The acquisition of property ensures residences are available for occupation solely by students of the University of Chester at an affordable rent and has the underlying benefit of widening participation in higher education. This investment in the housing stock is facilitated by the activities of the subsidiary companies and gift aiding taxable profits to the Charity. Once in receipt of these funds the Charity can utilise them to meet the overall objectives stated above.

In setting our objectives and planning our activities the University Council has 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. Property purchases and developments always comply with building regulation guidelines and restrictive covenants and there is regard for the wider environmental impacts. The aim of the Charity is the provision of higher education, and the infrastructure required for this should be balanced against the environmental impact this can have.

Aims, objectives and activities for the public benefit

The underlying aim of the Charity continues to be the provision of higher education.

The objectives of the Charity are:

- To ensure that the University's Christian foundation, underpinning ethos and supportive people-centred culture continue to play an appropriately prominent and facilitative role in the development and strengthening of the institution.
- To be a successful teaching led and research informed University.
- To deliver high quality, actively supported and highly regarded teaching within a curriculum.
- To employ a framework which is responsive to emerging developments and improvements in programme design and delivery including work-based learning and technology enhanced learning.
- To ensure that teaching activities are informed by relevant and up-to-date research and advanced scholarship.
- To promote an environment within which staff are able to translate the research undertaken by themselves or others into effective technology and knowledge transfer and exchange services to business and industry.
- To creatively develop new and successful niche markets.
- To seek modest growth and consolidation in student numbers, with an emphasis upon: maintaining a broadly-based curriculum grounded in the University's current portfolio of disciplines; further development of taught postgraduate and research degree provision; further development of part-time student numbers and foundation degree programmes; and exploring appropriate international development opportunities.
- To be committed to employer and community engagement which is successful in attracting into study individuals with a range of backgrounds and experiences.

Aims, objectives and activities for the public benefit (continued)

- To manage the University's operations and finances efficiently and prudently with an increasingly varied range of income sources.
- To ensure that the University's forward vision and strategy are actively shared and promoted amongst staff, students and interested external stakeholders.

Strategies employed to achieve the objectives

- To provide our students with the best possible integrated learning experiences that enhance their intellectual, professional and personal growth, both inside and outside of the University.
- To provide programmes of study, delivery methods and academic support arrangements that are of high quality and responsive to learner needs and employer expectations.
- To foster excellence in research, scholarship and knowledge transfer/enterprise.
- To apply our intellectual and academic resources to social, economic and community development in the region, the nation and, where appropriate, internationally.
- To create an intellectual community and workplace that respects, welcomes and promotes diversity and equality through learning and teaching; research and scholarship; outreach and other University activities and practices.
- To provide a modern learning and working environment that meets the diverse needs of our staff, students and other users in a flexible, cost effective and efficient manner.
- To sustain and develop a financially secure University within which management systems and structures actively empower staff and students to respond creatively, collaboratively and effectively to the many opportunities and challenges facing the institution.

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 £80k (2021: £82k).

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 2022 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.

Reserves policy (not including pension liability) (continued)

The actual Consolidated Reserves for year ended 31 July 2022:

Unrestricted: £90,074k (2021: £27,335k)

Endowments: £431k (2021: £423k)

Pension liability £7,256k (2021: £71,145k)

At 31 July 2022 consolidated reserves are therefore 298% 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 1,537 (2021: 1,565). 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.

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

The University recorded a deficit of £6.5m before other gains and losses, but a positive operating cashflow helped ensure the University ended the year with cash and cash equivalents of £27.0m, and investments of £10.0m. The budget for 2022/23 is for the University to record a second a consecutive deficit, but cash flow forecasts demonstrate adequate availability of financial resources.

These deficits mean that the University was not compliant with its original loan covenants for 2022 and was projected to breach its loan covenants in 2023. However, agreement has been reached with lenders to amend these covenants to ensure that the University remains compliant.

The end of lockdown measures during the Covid-19 pandemic saw several income streams stay below pre pandemic levels particularly income from student residences and conferences. However, income from student residences has improved in Autumn and growth in conference activity is has resumed. Recruitment of home undergraduates in 2022 is similar to the level recruited in 2021. However, the University saw significant growth in overseas students in 2021/22 and this growth has continued into Autumn 2022 recruitment.

There continues to be pressure on the cost base of the University particularly due to high inflation particularly utility costs.

We have sensitised our forecasts to assess the impact of potential falls in student numbers and potential cost increases and are satisfied that the University has sufficient headroom in its cash flow projections to withstand the impact of reasonably possible downside scenarios during the 12 months following the date of approval of the financial statements.

Going concern (continued)

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 challenging year. Despite reductions in public funding and upward pressure on costs, the University is well placed to manage challenges in the coming years, 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

13th April 2023

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 (2014) and its continued compliance with the 2020 edition issued September 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 (2014 and 2020) in so far as they apply to the Higher Education Sector, and it has applied these throughout the year ended 31 July 2022 and up to the date of these accounts.

The University Council

The composition of the University Council is set out on page 4. 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.

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, Safety and Environment 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, studies incidents and related statistics, receives reports from the health and safety manager and sustainability manager, and promotes co-operation across the University to secure sound health, safety and sustainability. The Health, Safety and Environment 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 four 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.

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):

(i) the holders of senior posts:

- PVC Resources and Bursar/Chief Financial Officer;
- Registrar and University Secretary; and

(ii) the holders of such other senior posts as the Council may from time to time determine and the following posts:

- Pro Vice-Chancellor (Student Experience)
- Pro Vice-Chancellor (Research and Innovation)
- Executive Director of Estates Strategy
- Executive Director of Human Resources

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

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) Support and promotion of the Christian ethos of the University through interpreting the nature and character of the University as defined by the University Council and monitoring its impact on University life

b) Equality, diversity and inclusion

c) Wellbeing of staff and students

d) Ethics and ethical standards

e) Sustainability

f) 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.

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 21/22 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 2022 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, Safety and Environment 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 2022 by considering documentation from the Vice-Chancellor and the Audit and Risk Management Committee and took account of events since 31 July 2022.

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

Deputy President of the Council

Mrs Cathy Bond

Parkgate Road,

CHESTER,

CH1 4BJ

13th April 2023

Statement of University Council Responsibilities in Respect of the Annual Report and the Financial Statements

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;

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

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. 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 funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the University's resources and expenditure.

The 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.

Opinion

We have audited the financial statements of the University of Chester ("the University") for the year ended 31 July 2022 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 2022, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.
- have been properly 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 the regulations made under section 154 of the 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 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;
- 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.

Fraud and breaches of laws and regulations – ability to detect

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 the Chief Operating Officer, the Audit and Risk Management Committee, Internal Audit, the Director of Legal Services 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 Group's 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 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 we do not consider there to be sufficient opportunity, possible incentives and reasonable rationale to fraudulently manipulate revenue in the financial statements 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 risk criteria and comparing the identified entries to supporting documentation. These included those posted by non-finance staff or the Chief Operating Officer and journals posted to cash that were outside the normal course of business.
- Assessing significant accounting estimates for bias

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, 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.

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

Whilst the University is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 these 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 Strategic Review and the Report of the University Council and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, 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. Based solely on that work, we have not identified material misstatements in the other information.

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 charity has not kept sufficient accounting records; or
- 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 responsibilities

As explained more fully in its statement set out on page 21, 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 parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

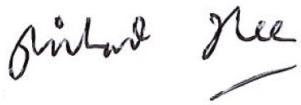
We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure 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.

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

This report is made solely to the University Council, who 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 of the Articles, Charters, Statutes or Ordinances of the institution 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
1 St Peters Square
Manchester
M2 3AE

20th April 2023

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

University of Chester

Consolidated and University Statement of Comprehensive Income and Expenditure

Year ended 31 July 2022

		Year ended 31 July 2022		Year ended 31 July 2021	
	Notes	**Consolidated**	**University**	Consolidated	University
Income		**£'000**	**£'000**	£'000	£'000
Tuition fees and education contracts	1	**102,508**	**102,508**	98,173	98,173
Funding body grants	2	**11,580**	**11,580**	10,584	10,584
Research grants and contracts	4	**2,778**	**2,778**	1,870	1,870
Other income	5	**18,540**	**18,411**	11,763	11,862
Investment income	6	**363**	**363**	311	311
Total income before endowments and donations		**135,769**	**135,640**	122,701	122,800
Donations and endowments	7	**6**	**6**	18	18
Total Income		**135,775**	**135,646**	122,719	122,818
Expenditure					
Staff costs	8	**83,126**	**83,127**	82,230	82,222
Other operating expenses	11	**47,762**	**47,706**	38,819	38,747
Depreciation	12	**5,975**	**5,975**	5,039	5,039
Depreciation due to impairment	12	**2,763**	**2,763**	-	-
Interest and other finance costs	10	**2,627**	**2,627**	2,265	2,265
Total Expenditure		**142,253**	**142,198**	128,353	128,273
Deficit before other gains or losses		**(6,478)**	**(6,552)**	(5,634)	(5,455)

Consolidated and University Statement of Comprehensive Income and Expenditure (continued)

Year ended 31 July 2022

	Notes	Year ended 31 July 2022 Consolidated £'000	Year ended 31 July 2022 University £'000	Year ended 31 July 2021 Consolidated £'000	Year ended 31 July 2021 University £'000
Loss on changes in fair value of investment properties	12	**(1,879)**	**(1,879)**	(59)	(59)
Deficit for the year		**(8,357)**	**(8,431)**	(5,693)	(5,514)
Actuarial gain/(loss) in respect of pension schemes	24	**71,104**	**71,104**	(11,092)	(11,092)
Total comprehensive income for the year		**62,747**	**62,673**	(16,785)	(16,606)
Represented by					
Endowment comprehensive income for the year		**8**	**8**	18	18
Unrestricted comprehensive income for the year		**62,739**	**62,665**	(16,803)	(16,624)
Attributable to the University		**62,747**	**62,673**	(16,785)	(16,606)
Deficit for the year attributable to:					
University		**(8,357)**	**(8,431)**	(5,693)	(5,514)

All items of income and expenditure relate to continuing activities

University of Chester

Consolidated and University Statement of changes in Reserves

Year ended 31 July 2022

Consolidated	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 2020	**405**	**44,138**	**44,543**
Surplus from the statement of comprehensive income and expenditure	18	(5,711)	(5,693)
Other comprehensive income	-	(11,092)	(11,092)
Release of restricted funds spent in year	-	-	-
Total comprehensive income for the year	18	(16,803)	(16,785)
Balance at 1 August 2021	**423**	**27,335**	**27,758**
Surplus from the statement of comprehensive income and expenditure	6	(8,363)	(8,357)
Other comprehensive income	-	71,104	71,104
Release of restricted funds spent in year	2	(2)	-
Total comprehensive income for the year	8	62,739	62,747
Balance at 31 July 2022	**431**	**90,074**	**90,505**

University of Chester

Consolidated and University Statement of changes in Reserves (continued)

Year ended 31 July 2022

University	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 2020	**405**	**43,398**	**43,803**
Surplus from the statement of comprehensive income and expenditure	18	(5,532)	(5,514)
Other comprehensive income	-	(11,092)	(11,092)
Release of restricted funds spent in year	-	-	-
Total comprehensive income for the year	18	(16,624)	(16,606)
Balance at 1 August 2021	**423**	**26,774**	**27,197**
Surplus from the statement of comprehensive income and expenditure	6	(8,437)	(8,431)
Other comprehensive income	-	71,104	71,104
Release of restricted funds spent in year	2	(2)	-
Total comprehensive income for the year	8	62,665	62,673
Balance at 31 July 2022	**431**	**89,439**	**89,870**

University of Chester

Consolidated and University Balance Sheets

Year ended 31 July 2022

	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
Fixed assets	12	**115,902**	**115,902**	118,313	118,313
Investment properties	12	**9,790**	**9,790**	9,004	9,004
Current assets					
Stock	13	**121**	**121**	107	107
Trade and other receivables	14	**11,391**	**10,918**	9,403	9,234
Investments	15	**10,000**	**10,000**	8,000	8,000
Cash and cash equivalents	21	**26,950**	**26,245**	30,598	29,864
		48,462	**47,284**	48,108	47,205
Less: Creditors: amounts falling due within one year	16	**(30,322)**	**(29,779)**	(28,333)	(27,991)
Net current assets		**18,140**	**17,505**	19,775	19,214
Total assets less current liabilities		**143,832**	**143,197**	147,092	146,531
Creditors: amounts falling due after more than one year	17	**(46,071)**	**(46,071)**	(48,189)	(48,189)
Provisions					
Provisions for liabilities	18	**(7,256)**	**(7,256)**	(71,145)	(71,145)
Net assets		**90,505**	**89,870**	27,758	27,197
Restricted Reserves Income and expenditure reserve - endowment reserve	19	**431**	**431**	423	423
Unrestricted Reserves Income and expenditure reserve – unrestricted		**90,074**	**89,439**	27,335	26,774
Total Reserves		**90,505**	**89,870**	27,758	27,197

The financial statements were approved by the University Council on 13th April 2023 and were signed on its behalf on that date by:

Professor E.A. Simmons, Vice-Chancellor

Dr M. David, President of the Council

University of Chester

Consolidated Cash Flow Statement

Year ended 31 July 2022

	Notes	Year ended 31 July 2022	Year ended 31 July 2021
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		**(8,357)**	(5,693)
Adjustment for non-cash items			
Depreciation	12	**8,738**	5,039
Loss on investments	12	**1,879**	59
Increase in stock	13	**(14)**	(28)
Increase in debtors	14	**(1,988)**	(1,856)
Increase in creditors	16	**1,530**	4,177
Increase in pension provision	24	**7,215**	5,226
Adjustment for investing or financing activities			
Investment income	6	**(82)**	(84)
Interest payable	10	**1,448**	1,479
Endowment income	19	**(6)**	(18)
Capital grant income	2	**(1,219)**	(1,065)
Net cash inflow from operating activities		**9,144**	7,236
Cash flows from investing activities			
Capital grants receipts		**1,723**	869
New deposits	15	**(2,000)**	12,101
Investment income	6	**82**	84
Payments made to acquire fixed assets	12	**(8,992)**	(4,560)
		(9,187)	8,494
Cash flows from financing activities			
Interest paid	10	**(1,448)**	(1,479)
Endowment cash received	19	**6**	18
Repayments of amounts borrowed	17	**(2,163)**	(2,128)
		(3,605)	(3,589)
Increase/(Decrease) in cash and cash equivalents in the year		**(3,648)**	12,141
Cash and cash equivalents at beginning of the year	21	**30,598**	18,457
Cash and cash equivalents at end of the year	21	**26,950**	30,598

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 under the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions 2015 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 deficit of £6.5m before other gains and losses, but a positive operating cashflow helped ensure the University ended the year with cash and cash equivalents of £27.0m, and investments of £10.0m. The budget for 2022/23 is for the University to record a second a consecutive deficit, but cash flow forecasts demonstrate adequate availability of financial resources. These deficits mean that the University was not compliant with its original loan covenants for 2022 and was projected to breach its loan covenants in 2023. However, agreement has been reached with lenders to amend these covenants to ensure that the University remains compliant.

The Council have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. We have sensitised our forecasts to assess the impact of potential falls in student numbers and potential cost increases and are satisfied that the University has sufficient headroom in its cash flow projections to withstand the impact of reasonably possible downside scenarios during the 12 months following the date of approval of the financial statements. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). The Report of the University Council provides more information on going concern on page 15.

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 2022. 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.

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.

Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use delivering services. Investment properties are measured initially at cost and subsequently at fair value movements recognised in the Surplus or Deficit. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

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.

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 2019) carried out by professionally qualified independent actuaries and the Teachers' Pension Scheme is assessed every five years (last valued at March 2016).

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.

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.

Financial instruments (continued)

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.

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 2022 the pension valuation was calculated using asset returns as at that date. The difference in asset values using the actual asset return data compared to estimated was £9,984k. This was significantly higher than previous years due to changes in the inflation rate used in the actual valuation due to temporary higher levels of UK inflation. The inflation rate 9.9% was included for 2022/23 returning to 2.7% thereafter.

Details of the assumptions used, and associated sensitivities, are included in note 24.

b. Investment properties

The investment properties are held at Thornton Science Park, which the University operates for research, and investment properties.

The fair value of investment property is determined by management upon receipt of a report by a registered valuer on the properties in question on the basis of continual use.

		Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
1	**Tuition Fees and Education Contracts**				
	Full-time home and EU students	**72,506**	**72,506**	77,306	77,306
	Full-time international students	**22,180**	**22,180**	12,519	12,519
	Part-time students	**4,330**	**4,330**	3,916	3,916
	Education Contracts	**968**	**968**	2,027	2,027
	Other Fees and Support Grants	**2,524**	**2,524**	2,405	2,405
		102,508	**102,508**	98,173	98,173
2	**Funding Body Grants**				
	Recurrent Grant				
	Office for Students	**5,282**	**5,282**	5,811	5,811
	UKRI	**1,961**	**1,961**	1,587	1,587
	DfE	**114**	**114**	354	354
	Capital grant	**1,219**	**1,219**	1,065	1,065
	Specific Grants				
	OfS	**1,243**	**1,243**	187	187
	Higher Education Innovation Fund	**1,296**	**1,296**	1,219	1,219
	Uni Connect	**368**	**368**	361	361
	DfE	**97**	**97**	-	-
		11,580	**11,580**	10,584	10,584
3	**Details of Grant and Fee Income**				
	Grant income from Office for Students	**6,525**	**6,525**	5,998	5,998
	Grant income from other bodies	**5,055**	**5,055**	4,586	4,586
	Fee income for taught awards	**98,184**	**98,184**	93,691	93,691
	Fee income for research awards	**1,633**	**1,633**	911	911
	Fee income for non-qualifying courses	**2,691**	**2,691**	3,571	3,571
	Total grant and fee income	**114,088**	**114,088**	108,757	108,757

	Notes	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
4 Research Grants and Contracts					
Research councils		**803**	**803**	310	310
Research charities		**565**	**565**	450	450
Government (UK and overseas)		**447**	**447**	326	326
Industry and commerce		**45**	**45**	35	35
Other		**918**	**918**	749	749
		2,778	**2,778**	1,870	1,870
5 Other income					
Residences, catering and conferences		**4.849**	**4,761**	3,083	3,141
Other income		**13,691**	**13,650**	8,680	8,721
		18,540	**18,411**	11,763	11,862

Other income relates to European grants, rental income and other income (e.g. nurseries, fitness centres).

6 Investment income					
Investment income on endowments	19	**2**	**2**	2	2
Other investment income		**80**	**80**	82	82
Movement in fair value of derivatives	17	**281**	**281**	227	227
		363	**363**	311	311
7 Donations and endowments					
New endowments	19	**6**	**6**	18	18
8 Staff costs					
Salaries		**58,983**	**58,984**	59,834	59,826
Social security costs		**6,257**	**6,257**	6,035	6,035
Other pension costs		**17,886**	**17,886**	16,361	16,361
Total		**83,126**	**83,127**	82,230	82,222

8 Staff Costs (continued)

Emoluments of the Head of Institution

	2022	2021
	£'000	£'000
Professor E.A. Simmons 1 August 2021 to 31 July 2022:		
Salary	**250**	250
Benefits	**-**	-
Other Remuneration – Pension & Expenses	**61**	59
	311	309

	2022	2021
Professor E.A. Simmons 1 August 2021 to 31 July 2022:		
Basic Salary Ratio	**8.0**	7.2
Median Total Remuneration all staff	**8.4**	8.0

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

8 Staff Costs (continued)

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

	2022	2021
£100,000 to £104,999	**1**	1
£105,000 to £109,999	**-**	1
£110,000 to £114,999	**-**	-
£115,000 to £119,999	**-**	-
£120,000 to £124,999	**-**	-
£125,000 to £129,999	**1**	1
£130,000 to £134,999	**3**	1
£135,000 to £139,999	**-**	-
£140,000 to £144,999	**-**	-
£145,000 to £149,999	**-**	-
£150,000 to £154,999	**2**	1
£155,000 to £159,999	**1**	1
£160,000 to £164,999	**1**	1
Over £165,000	**1**	-
	10	7

Total Compensation paid to key management personnel	**1,634**	1,256

Key Management personnel consist of 10 individuals that make up the Strategic Executive Team. Compensation consists of salary, bonus, employer's national insurance and employer's pension contribution.

	2022	2021
Average staff numbers by major category:		
Academic Departments	**581**	589
Academic Services	**118**	130
Administration/Central Services	**424**	426
Premises	**180**	191
Catering and Residence	**65**	74
Nursing	**170**	155
	1,537	1,565

Compensation for loss of office

81 payments were made in respect of compensation for loss of office during the year totalling £478k

Council Members

Reimbursements to members of University Council for expenditure incurred in attending Council and meetings of its committees amounted to £943 (2021: £80). Council members did not receive any remuneration from the University.

	Notes	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
9 Access & Participation					
Access Investment		**671**	**671**	719	719
Financial Support	1	**1,900**	**1,900**	1,890	1,890
Disability Support		**860**	**860**	957	957
Research and evaluation (i)		489	**489**	258	258
		3,921	**3,921**	3,824	3,824

(i) £1,897k 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		**1,448**	**1,448**	1,479	1,479
Net charge on pension scheme	24	**1,179**	**1,179**	786	786
		2,627	**2,627**	2,265	2,265
11 Analysis of other operating expenses by activity					
Academic and related expenditure		**12,737**	**12,748**	13,804	13,804
Administration and central services		**12,725**	**12,758**	7,226	7,226
Premises (including service concession cost)		**18,914**	**18,914**	15,726	15,726
Residences, catering and conferences		**1,630**	**1,626**	592	590
Research grants and contracts		**866**	**866**	841	841
Other expenses		**890**	**794**	630	560
		47,762	**47,706**	38,819	38,747
Other operating expenses include:					
External auditor's remuneration in respect of audit services		**91**	**71**	84	65
External auditor's remuneration in respect of non-audit services		**33**	**25**	38	31
Operating lease rentals:					
vehicles		**210**	**210**	215	215

12 Fixed Assets

	Freehold Land and Buildings	Plant and Machinery	Computer Equipment	Total
Consolidated and University	£'000	£'000	£'000	£'000
Cost				
At 1 August 2021	148,406	26,978	9,968	185,352
Additions	3,811	3,720	1,434	8,965
Transfer to investment properties	(3,182)	-	-	(3,182)
At 31 July 2022	**149,035**	**30,698**	**11,402**	**191,135**
Depreciation				
At 1 August 2021	32,894	25,032	9,113	67,039
Transfer to investment properties	(544)	-	-	(544)
Charge for year	2,845	2,026	1,104	5,975
Charge due to impairment	2,763	-	-	2,763
At 31 July 2022	**37,958**	**27,058**	**10,217**	**75,233**
Net book value				
At 31 July 2022	**111,077**	**3,640**	**1,185**	**115,902**
At 31 July 2021	115,512	1,946	855	118,313

As a result of a valuation done during 2022/23 an impairment of Land and Buildings at Thornton Science Park has resulted in an accelerated depreciation charge of £2.8m for the year.

At 31 July 2022, freehold land and buildings included £7.8m (2021 - £7.8m) in respect of freehold land and is not depreciated.

12 Fixed Assets (Continued)

Investment properties

Consolidated and University	Investment Properties £'000
At 1 August 2020	9,063
Additions	-
Loss on change in fair value	(59)
At 31 July 2021	9,004
Additions	27
Transfers from Land & Buildings	2,638
Loss on change in fair value	(1,879)
At 31 July 2022	**9,790**

The investment properties are at Thornton Science Park. An overage deed is in place on these properties until 20th March 2034. Under the terms of this overage deed, if the University disposes of these properties then 50% (40% from 31st March 2024) of the market value is payable to the former owners, Shell Research Limited.

The non-current investments have been valued at market value

13 Stock

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
General consumables	121	**121**	107	107

14 Trade and other receivables

Amounts falling due within one year:				
Trade receivables	**6,996**	**6,043**	5,254	4,988
Other receivables	**17**	**17**	35	34
Prepayments and accrued income	**4,378**	**3,804**	4,114	3,800
Amounts due from subsidiary companies	**-**	**1,054**	-	412
	11,391	**10,918**	9,403	9,234

15 Current Investments

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Short term deposits	**10,000**	**10,000**	8,000	8,000

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 2022 the weighted average interest rate of these deposits was 0.5% 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 2022		Year ended 31 July 2021	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Secured loans*	**852**	**852**	836	836
Unsecured loans	**1,349**	**1,349**	1,326	1,326
Trade payables	**5,266**	**4,911**	5,132	5,005
Social security and other taxation payable	**1,869**	**1,687**	1,650	1,480
Accruals and deferred income	**20,986**	**20,963**	19,389	19,299
Amounts due to subsidiary companies	**-**	**17**	-	45
	30,322	**29,779**	28,333	27,991

* The bank loans are secured on freehold properties owned by the University with a carrying value of £7.2m (2020: £7.3m), over which the lender holds a legal charge.

17 Creditors: amounts falling due after more than one year

Deferred income	**21,729**	**21,729**	21,364	21,364
Derivatives	**196**	**196**	477	477
Secured loans	**5,277**	**5,277**	6,129	6,129
Unsecured loans	**18,869**	**18,869**	20,219	20,219
	46,071	**46,071**	**48,189**	**48,189**

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

Analysis of secured and unsecured loans:

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Due within one year or on demand (Note 14)	**2,201**	**2,201**	2,162	2,162
Due between one and two years	**3,041**	**3,041**	2.202	2,202
Due between two and five years	**6,214**	**6,214**	7,400	7,400
Due in five years or more	**14,891**	**14,891**	16,746	16,746
Due after more than one year	**24,146**	**24,146**	26.348	26,348
Total secured and unsecured loans	**26,347**	**26,347**	28,510	28,510
Secured loans repayable by 2031	**6,129**	**6,129**	6,965	6,965
Unsecured loans repayable by 2038	**20,218**	**20,218**	21,545	21,545
	26,347	**26,347**	28,510	28,510

The secured loans were all repaid during the year. Refinancing followed at a lower amount. Included in loans are the following:

Lender	**Amount**	**Term**	**Interest rate**	**Borrower**
	£'000		%	
Barclays	1,576	2026	7.37	University
Barclays	1,040	2028	6.74	University
Barclays	1,053	2024	2.81	University
Barclays	3,500	2031	7.18	University
Lloyds TSB	6,602	2034	5.55	University
Santander	8,676	2037	5.43	University
Santander	3,900	2038	3.06	University
TOTAL	**26,347**			

18 Provisions for Liabilities

Consolidated	Pension enhancements on termination	Pension scheme provision under FRS 102 (Note 24)	Total Provisions
	£'000	£'000	£'000
At 1 August 2021	390	70,755	**71,145**
Utilised in year	(25)	(63,864)	**(63,889)**
Additions in year	-	-	**-**
At 31 July 2022	**365**	**6,891**	**7,256**

University	Pension enhancement on termination	Pension scheme provision under FRS 102 (Note 24)	Total Provisions
	£'000	£'000	£'000
At 1 August 2021	390	70,755	**71,145**
Utilised in year	(25)	(63,864)	**(63,889)**
Additions in year	-	-	**-**
At 31 July 2022	**365**	**6,891**	**7,256**

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	
	2022	2021
Discount rate	**2.0%**	2.0%
Inflation	**2.0%**	2.0%

19 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2022 Total	2021 Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2021				
Capital	130	270	**400**	382
Accumulated income	-	23	**23**	23
	130	293	**423**	405
New Endowments	-	6	**6**	18
Investment Income	-	2	**2**	2
Expenditure	-	-	**-**	(2)
(Decrease) / increase in market value of investments	-	-	**-**	-
Total endowment Comprehensive income for the year	-	8	**8**	18
At 31 July 2021	130	301	**431**	423
Represented by:				
Capital	130	276	**406**	400
Accumulated income	-	25	**25**	23
	130	301	**431**	423
Analysis by type of purpose:				
Prize funds		65	**65**	239
General	130	263	**366**	184
	130	328	**431**	423
Analysis by asset				
Cash & cash equivalents			**431**	423

The endowments received during the year relate to expendable donations received from Alumni (£3k) and Chester TWIN (£15k)

20 Financial Instruments

	Year ended 31 July 2022		Year ended 31 July 2021	
	£'000	**£'000**	£'000	£'000
Financial Liabilities				
Derivatives	**196**	**196**	477	477

The University uses derivatives to hedge interest rate exposure on some of its secured loans.

The Financial liabilities are at fair value through Statement of Comprehensive Income at the balance sheet date.

21 Cash and Cash Equivalents

	Notes	At 1 August 2021	Cash Flows	At 31 July 2022
		£'000	**£'000**	**£'000**
Consolidated				
Cash and cash equivalents		30,598	(3,648)	**26,950**

22 Lease Obligations

Total rentals payable under operating leases:

	31 July 2022		31 July 2021
	Other leases	**Total**	Total
	£'000	**£'000**	£'000
Payable during the year			
Future minimum lease payments due:			
Not later than 1 year	162	**162**	145
Later than 1 year and not later than 5 years	197	**197**	242
Total lease payments due	359	**359**	387

Lease obligations relate to vehicle leases.

23 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
Universities Economic Development Unit Ltd	Management of European Grant funding	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

24 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 £17,885,926 (2021: £16,361,571 which includes £40,318 (2021: £40,242) 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 £364,707 (2021: £389,660) 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.

24 Pension Schemes (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The total contribution for the year ended 31 July 2022 was £9,874,387 (2021: £9,662,834) of which the employers' contributions totalled £6,971,543 (2021: £6,819,740) and the employees' contributions totalled £2,902,843 (2021: £2,843,834). The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuations	31 March 2016
Actuarial method	Prospective Benefits
Investment returns per annum	2.9%
Salary scale increases per annum	4.2 %
Market value of assets at date of last valuation	£196.1bn
Proportion of members' accrued benefits covered by the actuarial value of the assets	90%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employers' contributions. The employer were paid at the rate of 23.68%. Employee contribution rates are dependent on salary levels and were in bandings between 7.4% -11.7%.

The TPS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The University accounts for its pension costs on a defined contribution basis as permitted by FRS 102 Section 28.

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 2022 was £5,794,040 (2021: £5,994,052) of which the employers' contributions totalled £4,564,567 (2021: £4,728,154) and employees contributions totalled £1,229,473 (2021: £1,265,898). 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 2019
Valuation Method	Projected Unit Method
Value of notional needs	£115 Million
Funding level of accrued benefits	98.4%
Investment return per annum	3.20%
Salary scale increases per annum	2.90%

24 Pension Schemes (continued)

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to July 2021 by a qualified independent actuary.

	31 July 2022 %	31 July 2021 %	31 July 2020 %
Inflation	9.9	3.2	3.1
Rate of increases in salaries	3.4	3.5	2.8
Rate of increase in pensions	3.0	2.8	2.1
Discount rate for liabilities	3.5	1.6	1.4

There has been a change in approach in allowing for inflation experience at 31 July 2022 to make allowance for the exceptionally high inflation over the period since September 2021. The DBO at 31 July 2022 includes allowance for emerging inflation experience up to July 2022, which has increased the DBO at 31 July 2022 by £9.4m. Also, the fund actuary has not updated mortality assumption as at 31 July 2022 to reflect the potential effects of COVID-19. This is mainly because their remains uncertainty of the COVID-19 impact on long term mortality rates for pension scheme members

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

	31 July 2022 %	31 July 2021 %
Retiring today		
Males	**21.2**	**21.4**
Females	**23.8**	**24.0**
Retiring in 20 years		
Males	**22.1**	**22.4**
Females	**25.5**	**25.7**

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

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.

24 Pension Schemes (continued)

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 2022	31 July 2021
	£'000	£'000
Equities	**64,147**	69,733
Bonds	**55,400**	65,185
Property	**17,495**	15,159
Cash	**8,747**	1,516
Total market value of assets	**145,789**	151,593

The above asset values as at 31 July 2021 are at bid value as required under FRS 102 Section 28:

	2022	2021
	£'000	£'000
University's estimated asset share	**145,789**	151,593
Present value of scheme liabilities	**(152,680)**	(222,348)
Deficit in the scheme	**(6,891)**	(70,755)

Under FRS 102 Section 28, provision has been made by the University for the institution's share of the deficit in the scheme.

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:

	2022	2021
	£'000	£'000
Current Service cost	**10,586**	9,204
Past Service Cost (including curtailments)	**40**	38
	10,626	9,242

Analysis of net return on pension scheme

	2022	2021
	£'000	£'000
Expected return on pension scheme assets	**2,453**	1,864
Impact on pension scheme liabilities	**(3,632)**	(2,650)
Net charge	**(1,179)**	(786)

24 Pension Schemes (continued)

Amounts recognised in Other Comprehensive Income

	2022	2021
	£'000	£'000
Actuarial gain / (loss) – defined benefit obligations	**82,979**	(26,059)
Actuarial (loss) / gain – fair value of employer assets	**(11,875)**	14,967
Actuarial loss	**71,104**	(11,092)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income and Expenditure since the adoption of FRS 102 Section 28 is £3.9 million (2019: £12.3 million).

	2022	2021
	£'000	£'000
Deficit in scheme at beginning of year	**(70,755)**	(54,396)
Movement in year:		
Current service charge	**(10,626)**	(9,242)
Employer contributions	**4,565**	4,761
Net charge on assets	**(1,179)**	(786)
Actuarial gain / (loss)	**71,104**	(11,092)
Net deficit	**(6,891)**	(70,755)

	2022	2021
	£'000	£'000
Liabilities at start of year	**222,348**	185,227
Service cost	**10,626**	9,242
Interest cost	**3,632**	2,650
Employee contributions	**1,229**	1,265
Actuarial (gain)/loss	**(82,979)**	26,059
Benefits paid	**(2,176)**	(2,095)
Liabilities at end of year	**152,680**	222,348
Assets at start of year	**151,593**	130,831
Expected return on Assets	**2,453**	1,864
Actuarial (loss) / gain	**(11,875)**	14,967
Employer contributions	**4,565**	4,761
Employee contributions	**1,229**	1,265
Benefits paid	**(2,176)**	(2,095)
Assets at end of year	**145,789**	151,593

24 Pension Schemes (continued)

The CPI inflation has risen over the period by 0.20%. The change in the CPI inflation assumption is a result of underlying changes in market implied RPI, coupled with any changes in the RPI-CPI gap from the previous year and the adjustment to CPI to reflect the high inflationary environment in year 1.

25 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 21/22 year this was a total of £425k (20/21 £452k). The University also received £2k of other income from the College (20/21 £6k).

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

- National Trust – payments were made of £1,960
- Cheshire and Warrington Local Enterprise Partnership (LEP) – income received £101,449 (20/21 £488,165)
- North West Business Leadership Team (NWBLT) – payments were made of £12,000 (20/21 £10,000)
- The Colleges and Universities of the Anglican Communion (CUAC) – payments of £3,902 were made
- The Alliance for Sustainability Leadership in Education (EAUC) – payments of £2,824 were made

The Vice-Chancellor and Dr D. Briggs were members of Cheshire Business Leaders Ltd. – payments were made of £417 (20/21 £300). Other income received £417.

The Vice-Chancellor and Steven Broomhead were members of Warrington Chamber of Commerce & Ind – payments were made of £792 (20/21 Membership fees – £792)

The Deputy Vice-Chancellor, Professor Helen O'Sullivan was on the board of Advanced HE (previously The Higher Education Academy) – payments were made of £55,336 (20/21 £10,812).

Deputy Vice-Chancellor Professor Helen O'Sullivan was the chair of the board of trustees for the Association for Learning Technology – payments were made of £560 (20/21 £456).

Pro Vice-Chancellor Dr Helen Galbraith was an executive member of Association of Heads of University Administration (AHUA) – payments were made of £1,450 (20/21 £1,450).

Pro Vice-Chancellor Professor Neville Ford was on the board of ECC Ltd – payments were made of £7,894 (20/21 £7,776).

Professor John Alcolado was a Non-Executive Director of Warrington and Halton NHS Trust – income received £2,040.

Cathy Bond was a Trustee of North West Cancer Research – income received £81,663 (20/21 £77,711).

Jack Rankin and Lauren Friel were employed by Chester Students' Union – payments were made of £566,572 (20/21 406,035). Income received £25,077.

Dr D. Briggs (mentioned above) was Trustee of the following organisations:

- Warrington Youth Club – payments were made of £25,000 (20/21 £25,000)
- Cheshire Agricultural Society – payments were made of £300.

25 Related Party Transactions (continued)

Canon Dr J. Turnbull was Trustee and Clerk of:

- Duddon C of E School Trust – payments were made of £854 (20/21 464).
- Chester Blue Coat C of E Educational Foundation – payments were made of £513 (20/21 £2,218).

Councillor Razia Daniels was employed by Cheshire West and Chester Council – payments were made of £100,627 (excluding rates) (20/21 £28,680) and income received £241,777 (20/21 £76,568).

Councillor Razia Daniels was also a Director at the Queen's School – income was received of £1,320.

Steven Broomhead was the Chief Executive Officer of Warrington Borough Council – payments were made of £1,240 (20/21 £78,229) and £443,644 income was received (20/21 £80,055).

Steven Broomhead was also a director with Warrington Wolves – £21,326 income received (20/21 £3,078).

The Right Reverend the Lord Bishop of Chester, Mark Tanner and The Very Reverend Dr Tim Stratford were both members of Diocese of Chester – £24,420 income received (20/21 £24,092).

Dr D. Briggs and Canon Dr J. Turnbull (both mentioned above) were associated with Chester Cathedral – payments made £103,612 and Chester Cathedral Enterprises – Income received £417 (20/21 £1,182).

Nick Jenkins's wife was a governor at Glyndwr University – £28,988 income received (20/21 £52,156)

Karen Howell was the Chief Executive Officer of Wirral Community Health and Care NHS Foundation Trust – income received £213,059.

26 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:** Expendable net assets:	**2022** **£'000**	**£'000**		2021 £'000	£'000
Line 15 Balance Sheet	Net assets without donor restrictions			90,074			27,335
Note 19	Net Assets with Donor restrictions			431			423
Note 25	**Secured and unsecured related party receivable**		**443**			108	
Note 25	unsecured related party receivable			(443)			(108)
Note 12	**Property plant and Equipment post implementation**		**115,902**			118,313	
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			(2,794)			(5,205)
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**			7,256			71,145
Note 17	**Long term debt for long term purposes**			**26,347**		28,510	
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			(6,437)		(2,147)
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					-

26 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)

Total Expenses and Losses:

		2022		2021	
		£'000	**£'000**	£'000	£'000
Note 8, 10, 11, 19, 24 Cash Flow Line 7	**Total operating expenses without Donor restrictions**		126,273		116,591
Note 6,12,10	Non-operating and net investment		8,375		6,207
Note 12	net investment losses		1,879		(59)
Note 24, Cash Flow Line 7	Pension related changes		(63,864)		(16,318)

Equity Ratio:

Modified net assets:

Line 15 Balance Sheet	Net assets without donor restrictions		90,074		27,335
Note 19	Net Assets with Donor restrictions		431		423
N/A	Goodwill - Intangible assets				
Note 25	**Secured and unsecured related party receivable**	**443**		108	
Note 25	unsecured related party receivable		443		(108)

Modified assets:

Balance Sheet Lines 1, 2 & 7	Total assets		174,154		175,425
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**	**443**		108	
Note 25	unsecured related party receivable		443		(108)

Net income Ratio:

Line 15 Balance Sheet	Change in net assets without Donor restrictions		62,149		(16,803)
Notes 1,2,4,5	Total Revenues and Gains		135,406		122,390

UNIVERSITY OF CHESTER

England & Wales - Charity number 525938

Accounts

University of Chester

Annual Report and Financial Statements

Year ended 31 July 2021

Registered Charity No. 525938

University of Chester

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University of Chester

Financial Highlights

Year ended 31 July 2021

Result

During the year to 31 July 2021 (year to 31 July 2020 figures in brackets) the consolidated University and subsidiary companies:

- Generated income of £122.8 million (£119.7 million)
- Generated a deficit before other gains and losses of £5.6 million (£4.6 million deficit)
- Generated a net cash inflow from operating activities of £7.2 million (£3.2 million)
- Increased expenditure by £4.0 million (£0.3 million)

Financial Strength

At 31 July 2021 the University had:

- Cash and cash equivalents of £30.6 million (£18.5 million)
- Investments of £8.0 million (£20.1 million)
- Total net assets of £27.8 million (£44.5 million)
- A defined benefit pension liability of £70.6 million (£54.4 million)

Financial Investments

During the year to 31 July 2021 the University invested £4.6 million (£2.6 million) in tangible fixed assets.

Staff and students

During the academic year the University:

- Employed an average of 1,565 members of staff (1,595)
- Taught, directly or through collaborative provision and distance learning, higher education students as follows:

Student Headcounts - based on HESA Returns (Student and Agg. Overseas) - (ex Dormant modes)

		Full-Time	Other	2020/1 Total	2019/0 Total	Increase/ Decrease(-)
Home/EU	Undergraduate	6945	559	**7504**	**7739**	-3%
	Postgraduate	1196	3500	**4696**	**4577**	3%
	Nursing and Midwifery	1710	214	**1924**	**1913**	0%
International	Undergraduate	1183	141	**1324**	**1335**	0%
	Postgraduate	1391	336	**1727**	**924**	90%
	Nursing and Midwifery	120	35	**155**	**140**	11%
2020/21 Total		12545	4785	**17330**	**16628**	4%
2019/20 Total		11587	5041	**16628**		
Increase/ Decrease(-)		8%	-5%	4%		

The 2020/21 figures are for students studying between August 2020 and July 2021. The 2019/20 figures are for students studying between August 2019 and July 2020.

University of Chester

Members of the University Council and their interests

Year ended 31 July 2021

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		(1)	(2)	(3)
Foundation Members:				
Canon Dr Jeff Turnbull *(President)*		•		
The Right Reverend the Lord Bishop of Chester, Mark Tanner	Appointed 01-09-2020			
The Very Reverend Dr Tim Stratford				
Professor Eunice Simmons *(Vice-Chancellor)*		•		•
Professor Anna Sutton	Left 30-09-2020			
Mr Francis Ball		•		
Dr David Briggs		•		
Mr Ian Davies	Left 31-08-2020	•		
Professor Charles Forsdick			•	
Mrs Jeannie France-Hayhurst		•		•
Mr Nick Jenkins		•		
Mrs Angela Seeney			•	
Mrs Sandra Verity		•		•
Non-Foundation Members:				
Ms Eleanor Lewis *(Student Union President)*	Left 30-06-2021	•		
Mrs Cathy Bond			•	
Professor Steven Broomhead	Appointed 01-09-2020		•	
Mr Marcus Clinton				
Sir Neil Cossons		•		
Councillor Mrs Razia Daniels	Appointed 01-09-2020			
Dr Meredydd David *(Deputy President)*		•		
Ms Karen Howell				•
Mr Jack Rankin *(Student Union President)*	Appointed 01-07-2021	•		
Dr Liane Smith	Left 31-12-2020		•	
Associate Professor Martin Degg				•
Associate Professor Garfield Southall	Left 31-08-2020			
Mr Gordon Reay				•
Mr Adrian Lee *(Secretary to the Council)*				•

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

(1) Planning & Resources Committee
(2) Audit & Risk Management Committee
(3) Human Resources Committee/Joint Forum

The University is also guided and governed by four further committees, namely, Mission; Nominations & Governance Review; Promotions 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 Neville Ford	Pro Vice-Chancellor (0.5) Enhancement
Dr Helen Galbraith	Pro Vice-Chancellor – Student Experience
Mr Richard Waddington	Pro Vice-Chancellor Resources Chief Financial Officer/Bursar
Mr Jerry Headley	Executive Director of Estates Strategy
Mr Jonathan Moores	Registrar and University Secretary
Mrs Rashmi Patel	Interim Director of Human Resources
Mr Steve Jeffree	Interim Director of Digital Transformation

University Advisors

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

Bankers:

NatWest Bank plc
2-8 Church Street
1st Floor
Liverpool
L1 3BG

Auditors:

External
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Internal
RSM
9th Floor
3 Hardman Street
Manchester
M3 3HF

Solicitors:

Knights LLP
58 Nicholas Street
Chester
CH1 2NP

Insurance Brokers:

U M Association Ltd
5 St Helen's Place
London
EC3A 6AB

The Members of the University Council present their Annual Report for the year ended 31 July 2021 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 4. 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 2021.

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 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 three 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
- Universities Economic Development Unit Limited - facilitate and support the North West HEIs' future collective activity, engagement and representation in relation to European Structural Funds

Strategic Report

The 2020-21 academic year continued to be one of unprecedented challenges, not just for the University of Chester but for the Higher Education sector and the economy as a whole. The impact of COVID-19 affected a second academic cycle and what were perceived as temporary changes to the business model in 2019-20 became more normalised in 2020-21. The University worked hard at delivering, evaluating and improving its provision across its wide range of students and programmes. The planning process in 2020-21 focused on future developments and seeking out business benefits from innovative and evolving ways of working. In this period the University recorded an operating deficit of £5.6m on turnover of £123m

The Higher Education market continued to be exposed to great uncertainty mainly due to COVID-19 and the recent exiting of the UK from the European Union. 'A' level and other level 3 examinations were cancelled and ultimately replaced with *Centre Assessment Grades* (CAGs) which had been produced by teachers and were only considered during the confirmation and clearing period. This chaotic situation led to abnormal recruitment patterns for some universities, but the University of Chester's position remained stable with reasonable recruitment levels.

Tuition fee income grew by £4.4m. This was largely due to a significant increase in international postgraduate students joining the University in February and an additional cohort in May. There was an increase in students on apprenticeships and professional programmes, in particular in Health and Social Care, with late notice in August from the Government of additional places. These welcome developments are tempered by the costs challenges identified in Future Prospects and Financial Review below.

The University has begun a strategic project to relocate its provision from Padgate into the heart of Warrington town centre, as University Centre Warrington. Initially, the Time Square location will open in December 2021, with the Remond House teaching building due to open in February 2022. Through these developments the University intends to support the UK's post-pandemic economic recovery by providing opportunities for adults to develop further the skills needed for well-paid employment throughout their lives.

The University made significant progress in the development of Chester Medical School. At the end of July 2021, the General Medical Council confirmed it was content with the University's stage 4 submission and we look forward to the successful completion of the remaining stages during the 2021-22 academic year.

The Thornton site now concentrates on developing clean growth and sustainable businesses, with complementary research and development, and contributes to the Ellesmere Port Industrial Area Strategy. Students previously at Thornton are now taught at the Exton Park site in refurbished laboratories which provide a modern, fresh and up-to-date science teaching facility. In addition to this, planning permission has been granted for a new Design and Manufacturing suite which is due to be completed during 2021-22.

During the academic year 2020-21 the University appointed a number of new colleagues to strengthen the Strategic Executive Team and this included the appointment of a new Provost and Deputy Vice-Chancellor – Professor Helen O'Sullivan and a new Pro Vice-Chancellor (Student Experience) – Dr Helen Galbraith.

Strategic Report (continued)

In order to align with the emerging risk-based approach to regulation of quality and standards by the Office for Students (OfS), the University continued the roll-out of a streamlined process to maintain standards and secure continuous enhancement of the academic experience of our students. This work will also support the University's approach to the forthcoming revised Teaching Excellence and Student Outcomes Framework (TEF) which the OfS will consult on shortly. At the end of the academic year, the University reviewed its internal committee structure to ensure that academically led decision making is efficient and accords with the priorities of our Citizen Student Strategy. The revised structure, implemented from the beginning of 2021-22, is intended to ensure that the whole academic community is properly represented and has a voice in our deliberative committees.

The University continued to focus on its Access and Participation work, examining closely the experiences of its under-represented groups. New initiatives were put in place to assist with this work and these include; Student Race Advocates, Learning Facilitators, Grit training for staff and students (helping them change beliefs about themselves), Race Equality Challenge Group and a research project with Transforming Access and Student Outcomes in Higher Education (TASO,) looking at the impact of changes in delivery methods on underrepresented groups.

The University values feedback from its students and employer organisations, allowing it to make informed changes and improvements to its provision in teaching, research and employability skills. In 2020-21, the University concentrated on communicating and listening to its students whose experiences were necessarily very different from the experiences of other students in previous years. To this end it set up the Student Consultancy Board, which allows the student voice to influence and develop support mechanisms across the institution. There has been work to enhance the student experience through active partnership, particularly with the Students' Union and in dialogue with all our students.

The focus on employment and life skills remains and we have continued to link the professional and personal skill development of our students to their academic studies. Employability enhancing experiences were delivered outside of the curriculum, and these are inclusive for all students regardless of their background. In particular, an increase in employer-based placements and projects through the Workplace Experiences programme enabled more students to gain relevant employability skills, with anonymised recruitment increasing by 100% the numbers of under-represented students accessing these experiences. In the 2018-19 Graduate Outcomes Survey, 90% of graduates, employed or in further study, agreed or strongly agreed that what they are doing is meaningful. This compares with the sector average of 87%.

The transition to Higher Education and the retention of students enrolled at the University continues to be a focus for the institution. During the year a new Directorate of Access, Skills and Apprenticeships (DASA) was created bringing together departments that work with all learners, especially those from underrepresented groups, building aspirations, skills, and confidence as they transition into higher education. Work has begun to further improve our Personal Academic Tutor system, key to supporting students, by piloting training with Grit and undertaking an internal review. Wellbeing and mental health continue to be high on the University's agenda and new developments introduced during 2019-20 due to COVID are progressing and evolving. Support for students is primarily provided online or by phone, but we have provided on the day, face to face emergency appointments as soon as national guidance allowed it. Academic year 2020-21 saw a continued increase in complex needs, with 70% of all wellbeing cases being mental health related. Through the 24/7 support of Together all, continued roll out of Mental Health First Aid for staff and the introduction of a male mental health group and emotion regulation group, we have determined an effective balance between reactive and proactive approaches to ensure students are supported. In addition, the University has trialled new approaches to online delivery of academic programmes via AULA, a learning engagement platform, and the move to online delivery across most University support departments is providing greater access for more students.

Future Prospects

Cash generation has reduced over the last two financial years; however cash balances have not reduced materially and therefore will enable the University to adapt to challenging external factors. Student numbers after several years of reduction, have increased in the Autumn intakes of both 2020 and 2021, with the most recent increases as a result of recruiting students internationally. It is expected that this growth in students will continue in the coming years. The key challenge is dealing with the increasing cost base due to increased payroll and energy costs, as well as expected rises in other costs due to pressure on the UK supply chain.

The University Council, the Vice-Chancellor and the rest of the Senior Executive Team would like to take this opportunity to thank all the staff, students and friends of the University for their hard-work, adaptability, flexibility and commitment to our students and our success during the past year.

Financial Review

Financial Performance Indicator	Year ended 31 July 2021	Year ended 31 July 2020
Deficit before other gains and losses for the year	(£5.6m)	(£4.6m)
Margin %	(4.6%)	(3.8%)
Deficit for the year	(£5.7m)	(£5.0m)
Margin %	(4.6%)	(4.2%)
Staff costs as % of income	67.0%	67.6%
Cash inflow from operating activities	£7.2m	£3.2m
Current assets ratio	1.7	2.0
Net liquidity (days) (Number of days expenditure held as cash/investments, based on total expenditure less depreciation)	114	113

Financial Performance in 2020/21 compared to previous year:

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	**£'000**
Income	122,719	119,754
Expenditure	(128,353)	(124,364)
Loss on changes in fair value on investment properties	(59)	(422)
Deficit	(5,693)	(5,032)

- Group income has increased by £3.0m (2.5%).
  - Tuition fees increased by £4.4m (4.7%) this was due to an increase in both Full Time Home and Full Time Overseas students.
- Other income decreased by £2.3m (16.4%)
  - Residence, catering and conference income decreased by £2.6m (46%). This was due to having no student residence income and reduced catering income since December and no conference activity during Easter and summer due to Covid-19 restrictions.

- Expenditure increased by £4.0m (3.2%)
  - Staffing costs increased by £1.2m (1.5%), this was primarily as a result of an increase in pension charges (increase pension provision).
  - Other operating expenses increased by £2.7m (7.4%). This was due to premises expenditure increasing following reduced activity in 2019-20 due to the pandemic, increased in academic costs as well as a reduction in residence catering and conferences costs due to lower activity

The University invested £4.6m in fixed assets. The largest items of capital expenditure included:
- Purchase and refurbishment of teaching facilities in Warrington town centre
- IT infrastructure

Trade Union Facilities Time data for the period 1 April 2020 – 31 March 2021

TABLE 1	**Total Number of Union Officials**		**18**
	Full time equivalent employee number		**15.83**
TABLE 2	**Percentage of time Spent on facility time**		
		0%	4
		1-50%	14
		51-99%	0
		100%	0
TABLE 3	**Percentage of pay bill spent on facility time**		
	Total cost of facility time		44,576
	Total Pay Bill		77,109,503
	% of the total pay bill spent on facility time		0.06
TABLE 4	**Paid trade union activities**		
	% of total paid facility time hours		0

Risks and uncertainties

Although the situation regarding the Covid-19 pandemic has stabilised, this remains a key risk for the University as well as economic and political uncertainty. The outcome of the government's review of tuition fees is still awaited and this could impact on the University's ability to deliver improvements to the student experience as well as infrastructure and facilities. The UK's exit from the European Union presents uncertainty across several areas of activity particularly grant funding from Europe as well as impact on the University cost base through inflation and increased utility costs.

Having seen significant growth in overseas recruitment in 2020-21, this increase is continued for the 2021-22 year. Recruitment to undergraduate courses in 2021 remains stable compared to 2020.

There continues to be upward pressure on the University cost base, particularly around pensions and payroll, with no increase in the undergraduate fee of £9,250 to offset. The increase in national insurance contributions will add 1.25% to staffing costs from April 2022, with uncertainty around the Local Government Pension Scheme triennial valuation in March 2022.

Risks and uncertainties (continued)

As the University is in a deficit position, compliance with banking covenants is at risk and although agreement has been reached with lenders for the 2021 and 2022 year ends, this will remain a key risk until the University moves into a stable surplus position.

Public benefits and inclusivity

The beneficiaries are the students who participate in higher education at the University of Chester. Ultimately higher education provides a skilled population that can contribute to the growth of the economy and the wider community as a whole.

The University of Chester has a strong network of student support including a Students' Union, has a commitment to providing education in an open inclusive environment and a bursary scheme for those students from low income households. In addition, tuition fee loans allow students to defer the repayment of fees until they finish their studies and earn over £26,568 a year. It is felt that these measures contribute to widening participation and ensure that the opportunity to participate is not restricted by the ability to pay fees.

The acquisition of property ensures residences are available for occupation solely by students of the University of Chester at an affordable rent and has the underlying benefit of widening participation in higher education. This investment in the housing stock is facilitated by the activities of the subsidiary companies and gift aiding taxable profits to the Charity. Once in receipt of these funds the Charity can utilise them to meet the overall objectives stated above.

In setting our objectives and planning our activities the University Council has 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. Property purchases and developments always comply with building regulation guidelines and restrictive covenants and there is regard for the wider environmental impacts. The aim of the Charity is the provision of higher education, and the infrastructure required for this should be balanced against the environmental impact this can have.

Aims, objectives and activities for the public benefit

The underlying aim of the Charity continues to be the provision of higher education.

The objectives of the Charity are:

- To ensure that the University's Christian foundation, underpinning ethos and supportive people-centred culture continue to play an appropriately prominent and facilitative role in the development and strengthening of the institution.
- To be a successful teaching led and research informed University.
- To deliver high quality, actively supported and highly regarded teaching within a curriculum.
- To employ a framework which is responsive to emerging developments and improvements in programme design and delivery including work-based learning and technology enhanced learning.
- To ensure that teaching activities are informed by relevant and up-to-date research and advanced scholarship.

Aims, objectives and activities for the public benefit (continued)

- To promote an environment within which staff are able to translate the research undertaken by themselves or others into effective technology and knowledge transfer and exchange services to business and industry.
- To creatively develop new and successful niche markets.
- To seek modest growth and consolidation in student numbers, with an emphasis upon: maintaining a broadly-based curriculum grounded in the University's current portfolio of disciplines; further development of taught postgraduate and research degree provision; further development of part-time student numbers and foundation degree programmes; and exploring appropriate international development opportunities.
- To be committed to employer and community engagement which is successful in attracting into study individuals with a range of backgrounds and experiences.
- To manage the University's operations and finances efficiently and prudently with an increasingly varied range of income sources.
- To ensure that the University's forward vision and strategy are actively shared and promoted amongst staff, students and interested external stakeholders.

Strategies employed to achieve the objectives

- To provide our students with the best possible integrated learning experiences that enhance their intellectual, professional and personal growth, both inside and outside of the University.
- To provide programmes of study, delivery methods and academic support arrangements that are of high quality and responsive to learner needs and employer expectations.
- To foster excellence in research, scholarship and knowledge transfer/enterprise.
- To apply our intellectual and academic resources to social, economic and community development in the region, the nation and, where appropriate, internationally.
- To create an intellectual community and workplace that respects, welcomes and promotes diversity and equality through learning and teaching; research and scholarship; outreach and other University activities and practices.
- To provide a modern learning and working environment that meets the diverse needs of our staff, students and other users in a flexible, cost effective and efficient manner.
- To sustain and develop a financially secure University within which management systems and structures actively empower staff and students to respond creatively, collaboratively and effectively to the many opportunities and challenges facing the institution.

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 £82k (2020: £255k).

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 2021 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 2021:

Unrestricted: £27,335k (2020: £44,138k)

Endowments: £423k (2020: £405k)

Pension liability £71,145k (2020: £54,396k)

At 31 July 2021 consolidated reserves are therefore 348% 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 1,565 (2020: 1,595). 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.

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

The University recorded a deficit of £5.6m before other gains and losses, but a positive operating cashflow helped ensure the University ended the year with cash and cash equivalents of £30.6m, and investments of £8.0 The budget for 2021-22 is for a consecutive deficit, forward cash forecasts demonstrate adequate availability of financial resources.

These deficits mean that the University was not compliant with some existing loan covenants for 2021 and 2022, however agreement has been reached with lenders to amend these covenants to ensure that the University remains compliant.

Going concern(continued)

The impact of Covid-19 had an impact on several income streams during the 20-21 year particularly income from student residences and conferences. Income from student residences has not grown to pre-pandemic levels in Autumn 2021 and growth in conference activity is uncertain. Recruitment of home undergraduates in 2021 is similar to the level recruited in 2020. However, the University saw significant growth in overseas students in 2020-21 and this growth has continued into Autumn 2021 recruitment.

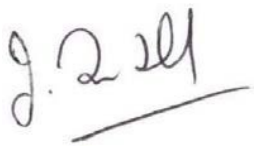
There continues to be pressure on the cost base of the University particularly due to supply chain issues impacting on IT and estates expenditure, as well as utility costs. The increase in national insurance rates will increase staffing costs as well as increases in pension provisions.

We have sensitised our forecasts to assess the impact of potential falls in student numbers and potential cost increases and are satisfied that the University has sufficient headroom in its cash flow projections to withstand the impact of reasonably possible downside scenarios during the 12 months following the date of approval of the financial statements.

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 challenging year. Despite reductions in public funding and upward pressure on costs, the University is well placed to manage challenges in the coming years, 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:
Canon Dr J. Turnbull

Deputy President of the Council:
Dr M. David

15th February 2022

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 (2014) and its continued compliance with the 2020 edition issued September 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 (2014 and 2020) in so far as they apply to the Higher Education Sector, and it has applied these throughout the year ended 31 July 2021 and up to the date of these accounts.

The Council

The composition of the Council is set out on page 4. It is the 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 Planning and Resources Committee, the Nominations and Governance Review Committee, the Human Resources Committee, the Senior Salaries (Remuneration) Committee, the Mission Committee and the Audit and Risk Management Committee.

Planning and Resources Committee

The Planning and Resources Committee meet six times a year and considers in detail the Strategic Plan and the Financial Forecasts. It also considers the mid-year Financial Forecast and Budgets. It considers the overall objectives of the University and is provided with the minutes from the Council Committees and receives a report at each meeting from the Vice-Chancellor. It makes recommendations, as appropriate, to the Council.

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. The 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.

Human Resources Committee

The Human Resources Committee meets at least three times a year and considers the consultative procedures with the staff unions recognised by the University Council, monitors the implications of all staffing policies of the University, and makes recommendations as appropriate to the Planning and Resources Committee.

A University Health, Safety and Environment Committee reports to the Human 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, studies incidents and related statistics, receives reports from the safety representative and the health and safety adviser and promotes co-operation across the University to secure sound health and safety. The Health, Safety and Environment Committee's annual report is presented to the University Council.

Senior Salaries Remuneration 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):

(i) the holders of senior posts:

- PVC Resources and Bursar/Chief Financial Officer
- Registrar and University Secretary

and

(ii) the holders of such other senior posts as the Council Members may from time to time determine and the following posts:

- Pro Vice-Chancellor (Student Experience)
- Pro Vice-Chancellor (Research and Innovation)
- Executive Director of Estates Strategy
- Executive Director of Human Resource

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.

Justification for total remuneration package for the Vice Chancellor

The Committee is influenced by a wide range of factors in determining the Vice-Chancellor's remuneration and utilises evidence from the higher education sector to benchmark pay and normally agrees quantified performance targets that are aligned to the strategy of the University. Market rates for remuneration are considered and evidenced by the comparative data, together with growing sector and institutional challenge and complexity, increasing competition and size of roles; skills, experience and individual performance.

Justification for total remuneration package for the Vice Chancellor (continued)

The data supporting decisions on the Vice-Chancellor's and other senior staff pay is drawn from the following:

- data maintained by the Higher Education Statistics Agency and the Office for Students;
- the UCEA Annual Senior Staff Remuneration Survey;
- the Committee of University Chairs' Vice-Chancellor Salary Survey (when available).

Mission Committee

The Mission Committee meets at least three times a year and its role is to promote and support the Christian ethos of the University through interpreting the nature and character of the University as defined by the University Council, monitoring its impact on University life and to make recommendations as necessary to the University Council.

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 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. During the year the committee undertook a mapping exercise against the new CUC HE Audit code of Practice and recommended adoption of the code.

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 20/21 concluded a positive overall opinion and confirmed that the university had "an adequate and effective assurance framework".

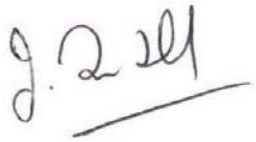
The Council has reviewed the key risks to which the University is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that has been in place for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the Council and that it accords with Higher Education Code of Governance.

Statement of Internal Control (continued)

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 Audit and Risk Management Committee also receive regular reports from the internal auditor and from the Health, Safety and Environment 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 2021 by considering documentation from the Vice-Chancellor and the Audit and Risk Management Committee, and took account of events since 31 July 2021.

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
Canon Dr J. Turnbull

Parkgate Road,
CHESTER,
CH1 4BJ

15th February 2022

Deputy President of the Council
Dr M. David

Statement of University Council Responsibilities in Respect of the Annual Report and the Financial Statements

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.

They are 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 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

The University Council are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the directors are 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The University Council are 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;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The 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.

Opinion

We have audited the financial statements of the University of Chester ("the University") for the year ended 31 July 2021 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 the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*
- have been properly 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 the regulations made under section 154 of the 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 they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have 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 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;
- 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.

Fraud and breaches of laws and regulations – ability to detect

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 the University Council, the Audit and Risk Management Committee, internal audit, University Secretary 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 Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, 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 and the risk of fraudulent revenue recognition, in particular the risk that revenue generated from other income streams is recorded in the wrong period.

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 risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and journals poste to cash and turnover that were outside the normal course of business.
- Assessing significant accounting estimates for bias
- Assessing revenue transactions to ensure included within the correct period and are accurate

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, 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.

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

Whilst the University is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 these 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 Strategic Review and the Report of the University Council and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, 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. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Strategic Review and the Report of the University Council and Corporate Governance Statement, is consistent with the financial statements.

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 charity has not kept sufficient accounting records; or
- 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 responsibilities

As explained more fully in their statement set out on page 21, 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 parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 dated 25 October 2019 issued by the Office for Students.

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.

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

This report is made solely to the University Council, who 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 of the Articles, Charters, Statutes or Ordinances of the institution 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.

Timothy Cutler

for and on behalf of KPMG LLP, Senior Statutory Auditor

Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

Date: 22nd February 2022

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

University of Chester

Consolidated and University Statement of Comprehensive Income and Expenditure
Year ended 31 July 2021

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	**Consolidated**	**University**	Consolidated	University
Income		£'000	£'000	£'000	£'000
Tuition fees and education contracts	1	**98,173**	**98,173**	93,797	93,797
Funding body grants	2	**10,584**	**10,584**	9,819	9,819
Research grants and contracts	4	**1,870**	**1,870**	1,699	1,699
Other income	5	**11,763**	**11,862**	14,072	14,797
Investment income	6	**311**	**311**	358	357
Total income before endowments and donations		**122,701**	**122,800**	119,745	120,469
Donations and endowments	7	**18**	**18**	9	9
Total Income		**122,719**	**122,818**	119,754	120,478
Expenditure					
Staff costs	8	**82,230**	**82,222**	81,028	81,028
Other operating expenses	11	**38,819**	**38,747**	36,136	36,432
Depreciation	12	**5,039**	**5,039**	4,946	4,946
Interest and other finance costs	10	**2,265**	**2,265**	2,254	2,254
Total Expenditure		**128,353**	**128,273**	124,364	124,660
Deficit before other gains or losses		**(5,634)**	**(5,455)**	(4,610)	(4,182)

University of Chester

Consolidated and University Statement of Comprehensive Income and Expenditure (continued)

Year ended 31 July 2021

	Notes	Year ended 31 July 2021 Consolidated	Year ended 31 July 2021 University	Year ended 31 July 2020 Consolidated	Year ended 31 July 2020 University
		£'000	£'000	£'000	£'000
Loss on changes in fair value of investment properties*	12	**(59)**	**(59)**	(422)	(422)
Deficit for the year		**(5,693)**	**(5,514)**	(5,032)	(4,604)
Actuarial loss in respect of pension schemes	24	**(11,092)**	**(11,092)**	(20,513)	(20,513)
Total comprehensive income for the year		**(16,785)**	**(16,606)**	(25,545)	(25,117)
Represented by					
Endowment comprehensive income for the year		18	18	5	5
Unrestricted comprehensive income for the year		(16,803)	(16,624)	(25,550)	(25,122)
Attributable to the University		**(16,785)**	**(16,606)**	(25,545)	(25,117)
Deficit for the year attributable to:					
University		(5,693)	(5,514)	(5,032)	(4,604)

All items of income and expenditure relate to continuing activities

University of Chester

Consolidated and University Statement of changes in Reserves

Year ended 31 July 2021

Consolidated	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 2019	**400**	**69,688**	**70,088**
Surplus from the statement of comprehensive income and expenditure	9	(5,041)	(5,032)
Other comprehensive income	-	(20,513)	(20,513)
Release of restricted funds spent in year	(4)	**4**	-
Total comprehensive income for the year	5	(25,550)	(25,545)
Balance at 1 August 2020	**405**	**44,138**	**44,543**
Surplus from the statement of comprehensive income and expenditure	18	(5,711)	(5,693)
Other comprehensive income	-	(11,092)	(11,092)
Release of restricted funds spent in year	-	**-**	-
Total comprehensive income for the year	18	(16,803)	(16,785)
Balance at 31 July 2021	**423**	**27,335**	**27,758**

University of Chester

Consolidated and University Statement of changes in Reserves (continued)

Year ended 31 July 2021

University	Income and Expenditure Account		Total
	Endowment	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 2019	**400**	**68,520**	**68,920**
Surplus from the statement of comprehensive income and expenditure	9	(4,613)	(4,604)
Other comprehensive income		(20,513)	(20,513)
Release of restricted funds spent in year	(4)	4	-
Total comprehensive income for the year	5	(25,122)	(25,117)
Balance at 1 August 2020	**405**	**43,398**	**43,803**
Surplus from the statement of comprehensive income and expenditure	18	(5,532)	(5,514)
Other comprehensive income	-	(11,092)	(11,092)
Release of restricted funds spent in year	-	-	-
Total comprehensive income for the year	18	(16,624)	(16,606)
Balance at 31 July 2021	**423**	**26,774**	**27,197**

University of Chester

Consolidated and University Balance Sheets

Year ended 31 July 2021

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated	**University**	Consolidated	University
		£'000	£'000	£'000	£'000
Fixed assets	12	**118,313**	**118,313**	118,792	118,792
Investment properties	12	**9,004**	**9,004**	9,063	9,063
Current assets					
Stock	13	**107**	**107**	79	79
Trade and other receivables	14	**9,403**	**9,234**	7,547	7,584
Investments	15	**8,000**	**8,000**	20,101	20,101
Cash and cash equivalents	21	**30,598**	**29,864**	18,457	17,196
		48,108	**47,205**	46,184	44,960
Less: Creditors: amounts falling due within one year	16	**(28,333)**	**(27,991)**	(23,669)	(23,185)
Net current assets		**19,775**	**19,214**	22,515	21,775
Total assets less current liabilities		**147,092**	**146,531**	150,370	149,630
Creditors: amounts falling due after more than one year	17	**(48,189)**	**(48,189)**	(51,000)	(51,000)
Provisions					
Provisions for liabilities	18	(71,145)	(71,145)	(54,827)	(54,827)
Net assets		**27,758**	**27,197**	44,543	43,803
Restricted Reserves					
Income and expenditure reserve - endowment reserve	19	**423**	**423**	405	405
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		**27,335**	**26,774**	44,138	43,398
Total Reserves		**27,758**	**27,197**	44,543	43,803

The financial statements were approved by the University Council on 15th February 2022 and were signed on its behalf on that date by:

Professor E.A. Simmons, Vice-Chancellor

Canon Dr J. Turnbull, President of the Council

University of Chester

Consolidated Cash Flow Statement

Year ended 31 July 2021

	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		**(5,693)**	(5,032)
Adjustment for non-cash items			
Depreciation	12	**5,039**	4,946
Loss on investments	12	**59**	422
Increase in stock	13	**(28)**	(37)
(Increase)/Decrease in debtors	14	**(1,856)**	206
Increase/(Decrease) in creditors	16	**4,177**	(1,127)
Increase in pension provision	24	**5,226**	4,214
Decrease in other provisions	18	**-**	(259)
Adjustment for investing or financing activities			
Investment income	6	**(84)**	(257)
Interest payable	10	**1,479**	1,560
Endowment income	19	**(18)**	(9)
Capital grant income	2	**(1,065)**	(1,421)
Net cash inflow from operating activities		**7,236**	3,206
Cash flows from investing activities			
Proceeds from sales of fixed assets		**-**	12
Capital grants receipts		**869**	603
New deposits	15	**12,101**	(73)
Investment income	6	**84**	257
Payments made to acquire fixed assets	12	**(4,560)**	(2,592)
		8,494	(1,793)
Cash flows from financing activities			
Interest paid	10	**(1,479)**	(1,560)
Endowment cash received	19	**18**	9
Repayments of amounts borrowed	17	**(2,128)**	(2,147)
		(3,589)	(3,698)
Increase/(Decrease) in cash and cash equivalents in the year		**12,141**	(2,285)
Cash and cash equivalents at beginning of the year	21	**18,457**	20,742
Cash and cash equivalents at end of the year	21	**30,598**	18,457

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 under the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions 2015 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 deficit of £5.6m before other gains and losses, but a positive operating cashflow helped ensure the University ended the year with cash and cash equivalents of £30.1m, and investments of £8.0. The budget for 2021-22 is for a consecutive deficit, forward cash forecasts demonstrate adequate availability of financial resources. These deficits mean that the University was not compliant with some existing loan covenants for 2021 and 2022, however agreement has been reached with lenders to amend these covenants to ensure that the University remains compliant.

The Council have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. We have sensitised our forecasts to assess the impact of potential falls in student numbers and potential cost increases and are satisfied that the University has sufficient headroom in its cash flow projections to withstand the impact of reasonably possible downside scenarios during the 12 months following the date of approval of the financial statements. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). The Report of the University Council provides more information on going concern on page 14.

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 2021. 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.

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.

Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use delivering services. Investment properties are measured initially at cost and subsequently at fair value movements recognised in the Surplus or Deficit. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

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.

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 2019) carried out by professionally qualified independent actuaries and the Teachers' Pension Scheme is assessed every five years (last valued at March 2016).

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.

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.

Financial instruments (continued)

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.

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 depend on a number of factors including life expectancy, salary increases, asset valuations, liability periods and discount rates on corporate bonds. A qualified actuary estimate 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 2021 the pension valuation was calculated using asset returns as at that date. The difference in asset values using the actual asset return data compared to estimated was £159k

Details of the assumptions used, and associated sensitivities, are included in note 24.

b. Investment properties

These properties are located at Thornton Science Park. In June 2018, the Planning Committee of Cheshire West and Cheshire Council (CWaC) elected to reject a retrospective planning permission seeking a change of use to Class D1 (non-residential institutions) for certain elements of the site. An appeal against this decision was not successful and as such, the University will cease teaching on the site from March 2021. The University will continue to operate the site for research, and maintain investment properties. Staff will also continue to have offices on the site.

Despite this, the decision does create some future uncertainty around future marketability of the properties which may impact fair value which cannot be quantified. Therefore the fair value of investment property is determined by management upon receipt of a report by a registered valuer on the properties in question on the basis of continual use.

		Year Ended 31 July 2021		Year Ended 31 July 2020	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
1	**Tuition Fees and Education Contracts**				
	Full-time home and EU students	**77,306**	**77,306**	75,515	75,515
	Full-time international students	**12,519**	**12,519**	8,960	8,960
	Part-time students	**3,916**	**3,916**	3,141	3,141
	Education Contracts	**2,027**	**2,027**	3,668	3,668
	Other Fees and Support Grants	**2,405**	**2,405**	2,513	2,513
		98,173	**98,173**	93,797	93,797
2	**Funding Body Grants**				
	Recurrent Grant				
	Office for Students	**5,811**	**5,811**	6,774	6,774
	UKRI	**1,587**	**1,587**		
	DFE	**354**	**354**	248	248
	Capital grant	**1,065**	**1,065**	1,421	1,421
	Specific Grants				
	OfS DHSC Covid Testing	**187**	**187**	-	-
	Higher Education Academic Subject Centres	**-**	**-**	106	106
	Higher Education Innovation Fund	**1,219**	**1,219**	948	948
	Uni Connect (formerly NCOP Higher Horizons Project)	**338**	**338**	322	322
	Uni Connect Shaping Futures	**23**	**23**	-	-
		10,584	**10,584**	9,819	9,819
3	**Details of Grant and Fee Income**				
	Grant income from Office for Students	5,998	5,998	5,400	5,400
	Grant income from other bodies	4,586	4,586	4,419	4,419
	Fee income for taught awards	93,691	93,691	88,818	88,818
	Fee income for research awards	911	911	1,176	1,176
	Fee income for non-qualifying courses	3,571	3,571	3,803	3,803
	Total grant and fee income	**108,757**	**108,757**	103,616	103,616

	Notes	Year Ended 31 July 2021		Year Ended 31 July 2020	
		Consolidated	**University**	Consolidated	University
		£'000	**£'000**	£'000	£'000
4 Research Grants and Contracts					
Research councils		**310**	**310**	156	156
Research charities		**450**	**450**	534	534
Government (UK and overseas)		**326**	**326**	303	303
Industry and commerce		**35**	**35**	241	241
Other		**749**	**749**	465	465
		1,870	**1,870**	1,699	1,699
5 Other income					
Residences, catering and conferences		**3,083**	**3,141**	5,724	5,329
Other income		**8,680**	**8,721**	8,348	9,468
		11,763	**11,862**	14,072	14,797

Other income relates to European grants, rental income and other income (e.g. nurseries, fitness centres).

6 Investment income					
Investment income on endowments	19	**2**	**2**	2	2
Other investment income		**82**	**82**	255	254
Movement in fair value of derivatives	17	**227**	**227**	101	101
		311	**311**	358	357
7 Donations and endowments					
New endowments	19	**18**	**18**	9	9
8 Staff costs					
Salaries		**59,834**	**59,826**	59,914	59,914
Social security costs		**6,035**	**6,035**	6,085	6,085
Other pension costs		**16,361**	**16,361**	15,029	15,029
Total		**82,230**	**82,222**	81,028	81,028

8 Staff Costs (continued)

Emoluments of the Head of Institution

The emoluments below relate to Professor T.J. Wheeler, who was Vice Chancellor for the period to 31 December 2019, and to Professor E.A. Simmons who was Vice Chancellor from 1 January 2020.

	2021	2020
	£'000	£'000
Professor T.J. Wheeler 1 August 2019 to 31 December 2019:		
Salary	**-**	118
Benefits	**-**	1
Other Remuneration – Expenses	**-**	1
	-	120

In addition to the emoluments above, Professor Wheeler received salary as Professor Emeritus for the period from 1 January 2020 to 31 July 2020 of £164,500, and benefits of £1,208. The arrangements were the subject of advice from the Senior Salaries Committee at a meeting on 11th July 2019 and approved by the University Council on 19th November 2019.

	2021	2020
	£'000	£'000
Professor E.A. Simmons 1 January 2020 to 31 July 2020:		
Salary	**250**	146
Benefits	**-**	0
Other Remuneration – Pension & Expenses	**59**	35
	309	181

Head of Institution Median Pay Ratios:

	2021	2020
Professor T.J. Wheeler 1 August 2019 to 31 December 2019:		
Basic Salary Ratio	**-**	8.3
Total Remuneration Ratio	**-**	8.3

	2021	2020
Professor E.A. Simmons 1 January 2020 to 31 July 2021:		
Basic Salary Ratio	**7.2**	7.3
Median Total Remuneration all staff	**8.0**	7.3

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

8 Staff Costs (continued)

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

	2021	2020
£100,000 to £104,999	**1**	1
£105,000 to £109,999	**1**	2
£110,000 to £114,999	**-**	-
£115,000 to £119,999	**-**	-
£120,000 to £124,999	**-**	-
£125,000 to £129,999	**1**	1
£130,000 to £134,999	**1**	-
£135,000 to £139,999	**-**	-
£140,000 to £144,999	**-**	2
£145,000 to £149,999	**-**	-
£150,000 to £154,999	**1**	1
£155,000 to £159,999	**1**	1
£160,000 to £164,999	**1**	-
	7	8

Total Compensation paid to key management personnel	**1,256**	1,553

Key Management personnel consist of 10 individuals that make up the Strategic Executive Team. Compensation consists of salary, bonus, employer's national insurance and employer's pension contribution.

	2021	2020
Average staff numbers by major category:		
Academic Departments	**589**	589
Academic Services	**130**	139
Administration/Central Services	**426**	441
Premises	**191**	199
Catering and Residence	**74**	79
Nursing	**155**	148
	1,565	1,595

Compensation for loss of office

38 payments were made in respect of compensation for loss of office during the year totalling £499k

Council Members

Reimbursements to members of University Council for expenditure incurred in attending Council and meetings of its committees amounted to £80 (2020: £299). Council members did not receive any remuneration from the University.

		Notes	Year Ended 31 July 2021		Year Ended 31 July 2020	
			Consolidated	University	Consolidated	University
			£'000	£'000	£'000	£'000
9	**Access & Participation**					
	Access Investment		**719**	**719**	710	710
	Financial Support	1	**1,890**	**1,890**	1,978	1,978
	Disability Support		**957**	**957**	786	786
	Research and evaluation (i)		**258**	**258**	245	245
			3,824	**3,824**	3,719	3,719

(i) £1,543k 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		**1,479**	**1,479**	1,560	1,560
	Net charge on pension scheme	24	**786**	**786**	694	694
			2,265	**2,265**	2,254	2,254
11	**Analysis of other operating expenses by activity**					
	Academic and related expenditure		**13,804**	**13,804**	11,980	11,987
	Administration and central services		**7,226**	**7,226**	8,582	8,592
	Premises (including service concession cost)		**15,726**	**15,726**	12,526	12,526
	Residences, catering and conferences		**592**	**590**	2,264	2,230
	Research grants and contracts		**841**	**841**	250	250
	Other expenses		**630**	**560**	534	847
			38,819	**38,747**	36,136	36,432
	Other operating expenses include:					
	External auditor's remuneration in respect of audit services		**84**	**65**	81	63
	External auditor's remuneration in respect of non-audit services		**38**	**31**	21	13
	Operating lease rentals:					
	vehicles		**215**	**215**	132	132

12 Fixed Assets

	Freehold Land and Buildings	Plant and Machinery	Computer Equipment	Total
Consolidated	£'000	£'000	£'000	£'000
Cost				
At 1 August 2020	145,668	26,473	9,278	181,419
Additions	2,738	1132	690	4,560
Disposals	-	(627)	-	(627)
At 31 July 2021	**148,406**	**26,978**	**9,968**	**185,352**
Depreciation				
At 1 August 2020	30,065	24,308	8,254	62,627
Charge for the year	2,829	1351	859	5,039
Disposal	-	(627)	-	(627)
At 31 July 2021	**32,894**	**25,032**	**9,113**	**67,039**
Net book value				
At 31 July 2021	**115,512**	**1,946**	**855**	**118,313**
As 31 July 2020	115,603	2,165	1,024	118,792
University				
Cost and Valuation				
At 1 August 2020	145,668	26,473	9,278	181,419
Additions	2,738	1132	690	4,560
Disposals	-	(627)	-	(627)
At 31 July 2021	**148,406**	**26,978**	**9,968**	**185,352**
Depreciation				
At 1 August 2020	30,065	24,308	8,254	62,627
Charge for the year	2,829	1351	859	5,039
Disposal		(627)		(627)
At 31 July 2021	**32,894**	**25,032**	**9,113**	**67,039**
Net book value				
At 31 July 2021	**115,512**	**1,946**	**855**	**118,313**
At 31 July 2020	115,603	2,165	1,024	118,792

At 31 July 2021, freehold land and buildings included £7.8m (2020 - £7.8m) in respect of freehold land and is not depreciated.

12 Fixed Assets (continued)

Investment properties

Consolidated and University	Investment Properties £'000
At 1 August 2019	9,485
Additions	
Loss on change in fair value	(422)
At 31 July 2020	**9,063**
Additions	-
Loss on change in fair value	(59)
At 31 July 2021	**9,004**

The investment properties are at Thornton Science Park. An overage deed is in place on these properties until 20th March 2034. Under the terms of this overage deed, if the University disposes of these properties then 50% (40% from 31st March 2024) of the market value is payable to the former owners, Shell Research Limited.

The non-current investments have been valued at market value

13 Stock

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
General consumables	**107**	**107**	79	79

14 Trade and other receivables

Amounts falling due within one year:				
Trade receivables	**5,254**	**4,988**	4,185	3,556
Other receivables	**35**	**34**	38	38
Prepayments and accrued income	**4,114**	**3,800**	3,324	3,289
Amounts due from subsidiary companies	**-**	**412**	-	701
	9,403	**9,234**	7,547	7,584

15 Current Investments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Short term deposits	**8,000**	**8,000**	20,101	20,101

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 2021 the weighted average interest rate of these deposits was 0.5% 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 2021		Year ended 31 July 2020	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Secured loans*	**836**	**836**	819	819
Unsecured loans	**1,326**	**1,326**	1,309	1,309
Trade payables	**5,132**	**5,005**	4,356	4,347
Social security and other taxation payable	**1,650**	**1,480**	1,588	1,398
Accruals and deferred income	**19,389**	**19,299**	15,597	15,257
Amounts due to subsidiary companies	**-**	**45**	-	55
	28,333	**27,991**	23,669	23,185

* The bank loans are secured on freehold properties owned by the University with a carrying value of £7.2m (2020: £7.3m), over which the lender holds a legal charge.

17 Creditors: amounts falling due after more than one year

Deferred income	21,364	21,364	21,786	21,786
Derivatives	477	477	704	704
Secured loans	6,129	6,129	6,965	6,965
Unsecured loans	20,219	20,219	21,545	21,545
	48,189	**48,189**	51,000	51,000

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

Analysis of secured and unsecured loans:

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	**University**	Consolidated	University
	£'000	**£'000**	£'000	£'000
Due within one year or on demand (Note 14)	**2,162**	**2,162**	2,128	2,128
Due between one and two years	**2.202**	**2,202**	2,162	2,162
Due between two and five years	**7,400**	**7,400**	6,729	6,729
Due in five years or more	**16,746**	**16,746**	19,618	19,618
Due after more than one year	**26.348**	**26,348**	28,509	28,509
Total secured and unsecured loans	**28,510**	**28,510**	30,637	30,637
Secured loans repayable by 2031	**6,965**	**6,965**	7,784	7,784
Unsecured loans repayable by 2038	**21,545**	**21,545**	22,853	22,853
	28,510	**28,510**	30,637	30,637

The secured loans were all repaid during the year. Refinancing followed at a lower amount. Included in loans are the following:

Lender	**Amount**	**Term**	**Interest rate**	**Borrower**
	£'000		**%**	
Barclays	1,969	2026	7.31	University
Barclays	1,200	2028	6.68	University
Barclays	1,181	2031	1.51	University
Barclays	3,814	2031	7.12	University
Lloyds TSB	6,959	2034	5.55	University
Santander	9,247	2037	5.43	University
Santander	4,140	2038	1.82	University
TOTAL	28,510			

18 Provisions for Liabilities

Consolidated	Pension enhancements on termination	Pension scheme provision under FRS 102 (Note 24)	Total Provisions
	£'000	£'000	£'000
At 1 August 2020	431	54,396	**54,827**
Utilised in year	(41)	-	**(41)**
Additions in year	-	16,359	**16,359**
At 31 July 2021	**390**	**70,755**	**71,145**

University	Pension enhancement on termination	Pension scheme provision under FRS 102 (Note 24)	Total Provisions
	£'000	£'000	£'000
At 1 August 2020	431	54,396	**54,827**
Utilised in year	(41)	-	**(41)**
Additions in year	-	16,359	**16,359**
At 31 July 2021	**390**	**70,755**	**71,145**

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	
	2021	2020
Discount rate	2.0%	2.0%
Inflation	2.0%	2.2%

19 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2021	2020
			Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2020				
Capital	130	252	**382**	373
Accumulated income	-	23	**23**	27
	130	275	**405**	400
New Endowments		18	**18**	9
Investment Income		2	**2**	2
Expenditure		(2)	**(2)**	(6)
(Decrease) / increase in market value of investments		-		-
Total endowment Comprehensive income for the year		**18**	**18**	**5**
At 31 July 2021	130	293	**423**	405
Represented by:				
Capital	130	270	**400**	382
Accumulated income	-	23	**23**	23
	130	293	**423**	405
Analysis by type of purpose:				
Prize funds	-	239	**239**	239
General	130	54	**184**	166
	130	293	**423**	405
Analysis by asset				
Cash & cash equivalents			**423**	405

The endowments received during the year relate to expendable donations received from Alumni (£3k) and Chester TWIN (£15k)

20 Financial Instruments

	Year ended 31 July 2021		Year ended 31 July 2020	
Financial Liabilities				
Derivatives	**477**	**477**	704	704

The University uses derivatives to hedge interest rate exposure on some of its secured loans.

The Financial liabilities are at fair value through Statement of Comprehensive Income at the balance sheet date.

21 Cash and Cash Equivalents

	Notes	At 1st August 2020	Cash Flows	At 31st July 2021
		£'000	£'000	£'000
Consolidated				
Cash and cash equivalents		18,457	12,141	**30,598**

22 Lease Obligations

Total rentals payable under operating leases:

	31 July 2021		31 July 2020
	Other leases	Total	Total
	£'000	£'000	£'000
Payable during the year			
Future minimum lease payments due:			
Not later than 1 year	145	**145**	79
Later than 1 year and not later than 5 years	242	**242**	190
Total lease payments due	387	**387**	269

Lease obligations relate to vehicle leases.

23 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
Universities Economic Development Unit Ltd	Management of European Grant funding	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

24 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 £16,361,571 (2020: £15,029,231) which includes £40,242 (2020: £48,477) 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 £389.660 (2020: £431,394) 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.

24 Pension Schemes (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The total contribution for the year ended 31 July 2021 was £9,662,834(2020: £9,483,994) of which the employers' contributions totalled £6,819,740_(2020: £6,628,498) and the employees' contributions totalled £2,843,834(2020: £2,855,496). The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuations	31 March 2016
Actuarial method	Prospective Benefits
Investment returns per annum	2.9%
Salary scale increases per annum	4.2 %
Market value of assets at date of last valuation	£196.1bn
Proportion of members' accrued benefits covered by the actuarial value of the assets	90%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employers' contributions. The employer were paid at the rate of 23.68%. Employee contribution rates are dependent on salary levels and were in bandings between 7.4% -11.7%.

The TPS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The University accounts for its pension costs on a defined contribution basis as permitted by FRS 102 Section 28.

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 2021 was £5,994,052 (2020: £5,879,576) of which the employers' contributions totalled £4,728,154 (2020: £4,584,662) and employees contributions totalled £1,265,898 (2020: £1,294,914). 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 2019
Valuation Method	Projected Unit Method
Value of notional needs	£115 Million
Funding level of accrued benefits	98.4%
Investment return per annum	3.20%
Salary scale increases per annum	2.90%

24 Pension Schemes (continued)

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to July 2021 by a qualified independent actuary.

	31 July 2021	31 July 2020	31 July 2019
	%	%	%
Inflation	**3.2**	3.1	3.5
Rate of increases in salaries	**3.5**	2.8	2.7
Rate of increase in pensions	**2.8**	2.1	2.4
Discount rate for liabilities	1.6	1.4	2.2

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

	31 July 2021	31 July 2020
	%	%
Retiring today		
Males	**21.4**	21.2
Females	**24.0**	23.6
Retiring in 20 years		
Males	**22.4**	21.9
Females	**25.7**	25.0

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 2021	31 July 2020
	£'000	£'000
Equities	**69,733**	56,257
Bonds	**65,185**	54,949
Property	**15,159**	13,083
Cash	**1,516**	6,542
Total market value of assets	**151,593**	130,831

24 Pension Schemes (continued)

The above asset values as at 31 July 2021 are at bid value as required under FRS 102 Section 28:

	2021	2020
	£'000	£'000
University's estimated asset share	**151,593**	130,831
Present value of scheme liabilities	**(222,348)**	(185,227)
Deficit in the scheme	**(70,755)**	(54,396)

Under FRS 102 Section 28, provision has been made by the University for the institution's share of the deficit in the scheme.

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:

	2021	2020
	£'000	£'000
Service cost	**9,242**	8,211
	9,242	8,211

Analysis of net return on pension scheme

	2021	2020
	£'000	£'000
Expected return on pension scheme assets	**1,864**	2,671
Impact on pension scheme liabilities	**(2,650)**	(3,365)
Net charge	**(786)**	(694)

Amounts recognised in Other Comprehensive Income

	2021	2020
	£'000	£'000
Actuarial loss– defined benefit obligations	**(26,059)**	(25,572)
Actuarial gain– fair value of employer assets	**14,967**	5,059
Actuarial loss	**(11,092)**	(20,513)

24 Pension Schemes (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income and Expenditure since the adoption of FRS 102 Section 28 is £3.9 million (2019: £12.3 million).

	2021	2020
	£'000	£'000
Deficit in scheme at beginning of year	**(54,396)**	(29,564)
Movement in year:		
Current service charge	**(9,242)**	(8,211)
Employer contributions	**4,761**	4,586
Net charge on assets	**(786)**	(694)
Actuarial loss	**(11,092)**	(20,513)
Net deficit	**(70,755)**	(54,396)

	2021	2020
	£'000	£'000
Liabilities at start of year	**185,227**	148,810
Service cost	**9,242**	8,211
Interest cost	**2,650**	3,365
Employee contributions	**1,265**	1,295
Actuarial loss	**26,059**	25,572
Benefits paid	**(2,095)**	(2,026)
Liabilities at end of year	**222,348**	185,227
Assets at start of year	**130,831**	119,246
Expected return on Assets	**1,864**	2,671
Actuarial gain	**14,967**	5,059
Employer contributions	**4,761**	4,586
Employee contributions	**1,265**	1,295
Benefits paid	**(2,095)**	(2,026)
Assets at end of year	**151,593**	130,831

The Fund Actuary has proposed a change to their standard approach to setting the CPI assumption, to take account of RPI reform. The method for calculating the RPI assumption (on which the CPI assumption is based) has been updated, resulting in a reduction in DBO of c. £11m. In addition, the difference between CPI and RPI (the RPI-CPI wedge) has been updated, resulting in an increase in DBO of c. £27m. These changes are linked and are based on pre-2030 and post-2030 rates.

25 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 20/21 year this was a total of £452k (19/20 £630k). The University also received £6k of other income from the College (19/20 £18k).

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

- AMOSSHE – payments were made of £1,688.00
- National Trust – payments were made of £1,800.00
- Warrington Chamber of Commerce & Ind – payments were made of £792.00 (19/20 Membership fees of £500)
- Cheshire and Warrington Local Enterprise Partnership (LEP) payments were made of £52,500.00 (19/20 £25k) and £488,164.67 income was received (19/20 £5k)
- NWBLT (North West Business Leadership Team) – payments were made of £10,000.00.

The Vice-Chancellor and Deputy Vice-Chancellor, Professor Helen O'Sullivan were on the board of ADVANCED HE (previously The Higher Education Academy) – payments were made of £10,812.64

The Vice-Chancellor and Dr D. Briggs were members of Cheshire Business Leaders Ltd. – payments were made of £300.00.

Deputy Vice-Chancellor Professor Helen O'Sullivan was the chair of the board of trustees for the Association for Learning Technology – payments were made of £456.00.

Pro Vice-Chancellor Dr Helen Galbraith was an executive member of AHUA (Association of Heads of University Administration) – payments were made of £1,450.00.

Pro Vice-Chancellor Professor Neville Ford was on the board of ECC Ltd – payments were made of £7,776.00.

Cathy Bond was a Trustee of North West Cancer Research – £77,711.30 income was received.

Charles Forsdick was employed by the University of Liverpool – payments were made of £26,707.00 and £5,283.34 income was received.

Dr D. Briggs (mentioned above) is Trustee of the following organisation:

- Warrington Youth Club – payments were made of £25,000.00 (19/20 £500)

Eleanor Lewis and Jack Rankin were employed by Chester Students' Union – payments were made of £406,035.21 and income received of £2,650.50.

Canon Dr J. Turnbull was Trustee and Clerk of:

- Duddon C of E School Trust – payments were made of £464.00.
- Chester Blue Coat C of E Educational Foundation – payments were made of £2,218.00 (19/20 £4k).

Councillor Razia Daniels was employed by Cheshire West and Chester Council – payments were made of £28,679.74 and £76,568.19 income received.

Nick Jenkins's wife was a governor at Glyndwr University – £52,156.00 income received (19/20 £27k)

Sandra Verity was a governor at the Kings School – £803.33 income received.

25 Related Party Transactions (continued)

Steve Broomhead was employed by Warrington Borough Council – payments were made of £78,229.85 and £80,055.43 income was received.

Mr Broomhead was also a director with Warrington Wolves – £3,077.88 income received.

The Right Reverend the Lord Bishop of Chester, Mark Tanner and The Very Reverend Dr Tim Stratford were both members of Diocese of Chester – £24,092.41 income received

The following were also associated with Chester Cathedral Enterprises – £1,181.70 income received:

- The Very Reverend Dr T. Stratford,
- Dr D. Briggs (mentioned above)
- Canon Dr J. Turnbull (mentioned above)

Ms E. Degg wife of Associate Professor M. Degg, is the CEO of NW Business Leadership team (mentioned above).

26 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:** Expendable net assets:	**2021** £000	£000	2020 £000	£000
Line 15 Balance Sheet	Net assets without donor restrictions			27,335		44,138
Note 19	Net Assets with Donor restrictions			423		405
Note 25	**Secured and unsecured related party receivable**		**108**		**12**	
Note 25	unsecured related party receivable			(108)		12
Note 12	**Property plant and Equipment post implementation**		**118,313**		**118,792**	
Note 12	Property plant and Equipment pre-implementation			(113,108)		(116,897)
Note 12	Property plant and Equipment post implementation WITH debt					-
Note 12	Property plant and Equipment post implementation WITHOUT debt			(5,205)		(1,895)
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**			71,145		54,827
Note 17	**Long term debt for long term purposes**		**28,510**		**30,638**	
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		(4,274)		(2,147)
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				-

26	**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)

Total Expenses and Losses:

		2021	2020
Note 8, 10, 11, 19, 24 Cash Flow Line 7	**Total operating expenses without Donor restrictions**	116,591	113,638
Note 6,12,10	Non-operating and net investment	6,207	6,148
Note 12	net investment losses	(59)	(422)
Note 24, Cash Flow Line 7	Pension related changes	(16,318)	(24,727)

Equity Ratio:

Modified net assets:

Line 15 Balance Sheet	Net assets without donor restrictions	27,335	44,138
Note 19	Net Assets with Donor restrictions	423	405
N/A	Goodwill - Intangible assets		-
Note 25	**Secured and unsecured related party receivable**	**108**	**12**
Note 25	unsecured related party receivable	(108)	(12)

Modified assets:

Balance Sheet Lines 1, 2 & 7	Total assets	175,425	174,039
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**	**108**	**12**
Note 25	unsecured related party receivable	(108)	(12)

Net income Ratio:

Line 15 Balance Sheet	Change in net assets without Donor restrictions	(16,803)	(25,550)
Notes 1,2,4,5	Total Revenues and Gains	122,390	119,387