

# Financial Statements

## 2024-2025





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**Consolidated Financial Statements for the year ended 31 July 2025**

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### **Treasurer**

Stuart McMinnies

### **Executive Director of Finance**

Alison Jarvis

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## Summary and highlights

The University and its subsidiary undertakings (“the University”) continue to make good progress in delivery of the University strategy which was launched in early 2022. The strategy sets out a clear set of goals and ambitious targets for the University, focusing on excellence in the triple helix of education, research, and knowledge exchange & enterprise, with people at its core. More information on the University strategy is available at <https://www.southampton.ac.uk/about/strategy>.

The University is proud to be the first international institution licensed by India’s University Grants Commission to establish a campus under the National Education Policy (NEP) 2020—advancing world-class, work-ready education. The launch of our Delhi Campus marks a milestone in transnational education and celebrates India’s rise as a global hub for research and innovation. In September 2025, we received the Higher Education Award at The Indian Awards for this groundbreaking UK-India collaboration. We welcomed our first cohort in the 2025/26 academic year, with over 100 students joining this pioneering venture.

The University is also proud to have launched six new and exciting, fully online, award-bearing postgraduate programmes in AI and Data and in Management, the pioneer programmes for the University’s new online portfolio “Southampton Online” which will provide a diverse portfolio of high quality and distinctive University of Southampton online programmes. This flexible and accessible offering will open up new markets, increasing the number and diversity of students in the UK and globally who are able to obtain a world-class education at a global top 100 University. The aspiration is to develop a broad portfolio of up to 20 award-bearing online programmes operating at scale over the next five years.

During the year, the University announced a joint initiative with the University Hospital Southampton (UHS) NHS Foundation Trust to deliver the Institute for Medical Innovation (IMI). Bringing researchers and medics together in a brand-new building to accelerate medical research and innovation, the £100m IMI facility will be based on the Southampton General Hospital site. The IMI will champion interdisciplinary research by uniting expertise in medicine, computer science and engineering. By adopting innovative working practices, including shared laboratories, offices and support spaces, our University will be ready to meet the growing demand for cross-disciplinary collaboration, increasingly vital to modern research. Adopting more efficient use of space will also reduce our carbon footprint, generating a positive sustainable impact.

The continued focus on quality has seen the University maintain high league table positions both nationally and internationally. Within the UK, the University moved up to 20th from 22nd in the Guardian University Guide, with 11 subjects in the top 10 with a further 11 subjects in the top 20. The University improved its top 20 UK position within the Complete University Guide moving up to 17th from 20th, and The Times and Sunday Times Good University Guide also saw positive improvements moving up to 17th from 19th. In international league tables, the University is ranked 87th, down from 80th, in the Quacquarelli Symonds (QS) World University Rankings and 129th, down from 115th, in the Times Higher Education (THE) World University Rankings. Strong league table performance is a good indicator of future student recruitment, especially internationally, and a testament to the continued hard work within our community to further improve student experience.

The University continues to focus on teaching excellence and the experience of all students. The results of the 2025 National Student Survey (NSS) were published in July and provide a strong guide as to the satisfaction with us of our final year students during their undergraduate studies. With a participation rate of 74%, the University achieved a positivity score above 70% in all ten themes with eight scoring 80% or above, compared to 2024 where the University scored 80% or above in six themes. In 2023 the University was awarded a Silver rating in the Teaching Excellence Framework (TEF), recognising the very high-quality provision across all student groups.

The University continues to develop an estates programme of extensive refurbishment, replacement and new build. The programme will ensure it meets the immediate and future needs of the University community, in line with our sustainable goals. The year saw the continued progress of the North East Quadrant (NEQ) development at the Highfield campus with completion expected towards the end of 2027. The NEQ will form the gateway to the University’s main campus and provide much-needed cutting-edge teaching and learning spaces set in an attractive and usable landscape. The University is also looking to increase residences capacity, embarking on a major programme of expansion and growth. Parallel to the investment in our physical infrastructure, we are developing an ambitious digital strategy and delivery plan. The digital investment is designed to transform our capabilities and enhance business process capability as well as enhancing the experience of students and staff.

## Strategic Report (continued)

### Review of the financial year

Throughout the year the University has continued to deliver high quality teaching, research, and knowledge exchange & enterprise, based on a foundation of strong financial management and commitment to a truly 'One Southampton' approach. Continued financial sustainability will enable the investment necessary to meet the University's aspirations, enhancing the physical estate, facilities and digital infrastructure.

#### Total Income

**£747.5m**

(2024 - £751.5m)

#### EBITDA\*

**£56.4m**

(2024 - £76.8m)

#### Operating Surplus\*\*

**£6.4m**

(2024 - £22.3m)

#### Total Net Assets

**£974.7m**

(2024 - £942.5m)

#### Cash; Cash Equivalents & Current Investments

**£609.6m**

(2024 - £615.4m)

#### Net Cash Inflow\*\*\*

**£43.5m**

(2024 - £72.4m)

\* EBITDA represents the surplus before other gains/losses excluding depreciation, amortisation, interest and other finance costs and the USS deficit accrual

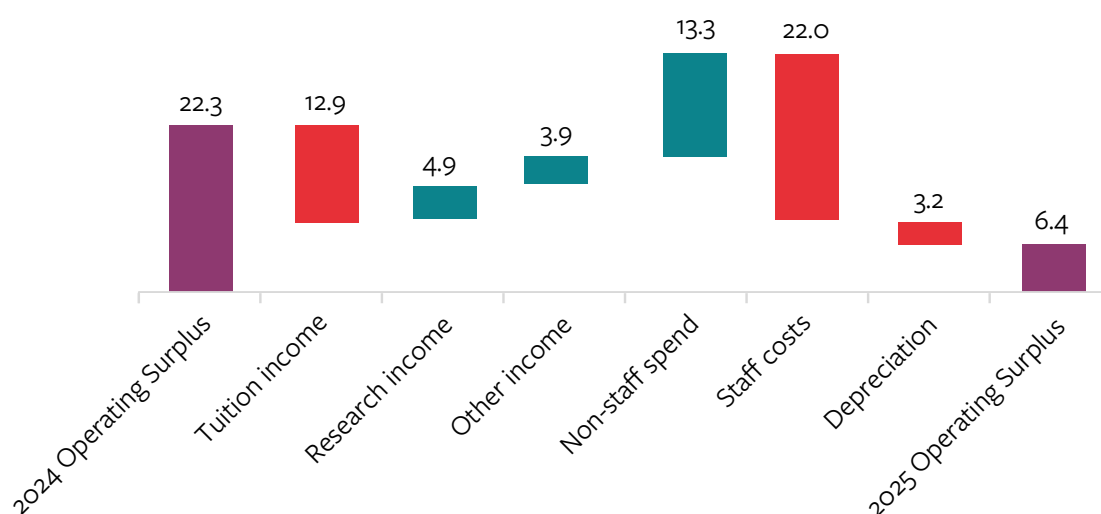
\*\* Operating surplus is the surplus before other gains/losses excluding the USS deficit accrual

\*\*\* Net cash inflow from operating activities

The University achieved a surplus before other gains/losses of £6.4m in the year ending 31 July 2025 (2024: £216.3m). This result includes the movement in the Universities Superannuation Scheme (USS) deficit accrual of £Nil (2024: £194.0m) as the scheme moved into surplus. The University's surplus before other gains and losses excluding the USS deficit accrual ("operating surplus") decreased by £15.9m to £6.4m (2024: £22.3m), a decrease of 71.3%. This was mainly due to a decrease in tuition fee income partially offset by an increase in research and investment income, combined with an increase in staff costs partially offset by a reduction in operating expenditure. The result for 2025 after tax was a surplus of £35.0m (2024: £248.2m).

Total income remained fairly consistent when compared to the prior year with a decrease of just £4.0m to £747.5m (2024: £751.5m) a decrease of 0.5%. EBITDA decreased by £20.4m to £56.4m (2024: £76.8m) a decrease of 26.6%. Net assets increased by £32.2m to £974.7m (2024: £942.5m), an increase of 3.4%. Cash, cash equivalents and current investments remained consistent with the prior year falling by 0.8% and net cash inflow of £43.5m was down 40% due to a lower surplus in the year.

## Operating surplus movement £m



Despite sector-wide challenges in international student recruitment and rising staff costs due to workforce growth and pay enhancements, the University delivered a strong financial performance. We exceeded our budgeted surplus, achieving an impressive post-tax surplus of £35.0m, driven in part by a £32.0m market value gain on investments. This outcome reflects the University's resilience, strategic financial management, and continued commitment to long-term sustainability.

Total expenditure for the University, not including the decrease in the USS deficit accrual, was £741.1m (2024: £729.2m), an increase of £11.9m. This included an increase of £22.0m relating to staff costs driven by a combination of increased staff numbers to support University growth and pay increases. Other operating expenditure decreased by £5.6m due to a range of factors but primarily as a result of a gain on the revaluation of the Science Park's investment properties of £0.1m against a loss of £4.1m in 2024. Interest and other finance costs fell by £7.7m due to a combination of reduced loan interest where loans were repaid in 2024 and a reduction in the net charge on pension schemes now that USS is no longer in a deficit. Depreciation and amortisation increased by £3.2m reflecting our increased investment in our estate.

Capital expenditure increased notably in the year with additions totalling £86.3m, of which £73.0m were assets under construction.

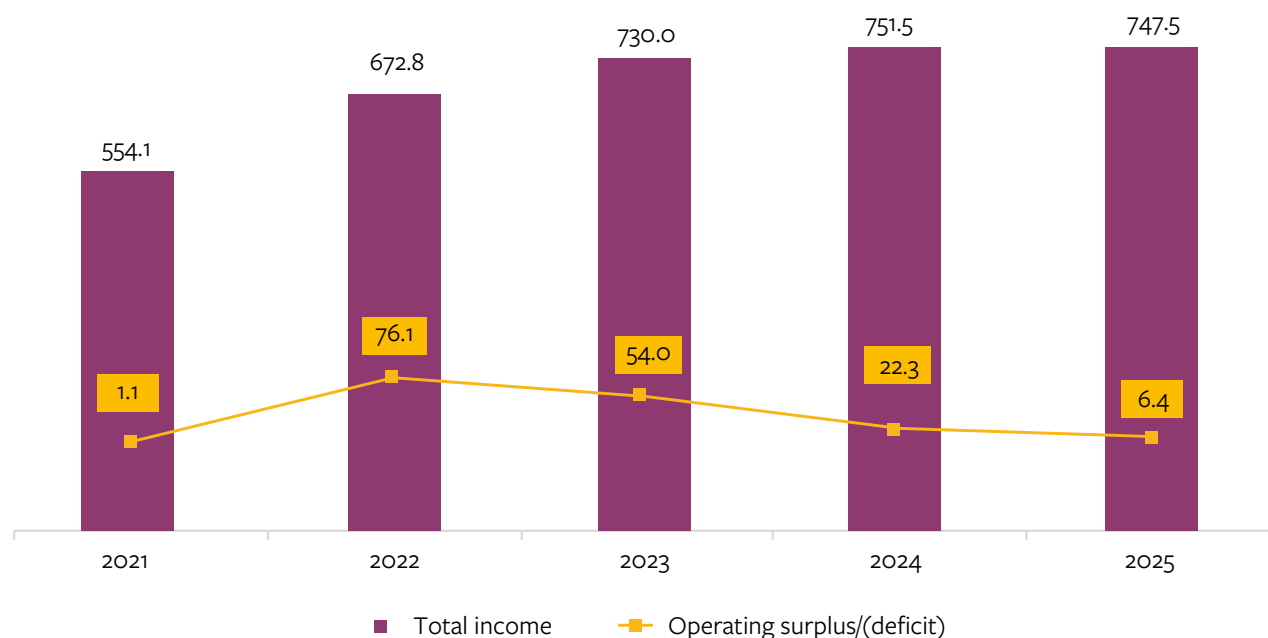
The liability in respect of the University's Pension and Assurance Scheme (PASNAS) increased in the year to £27.1m (2024: £25.4m). The USS element was fully released in 2024 following the completion of the March 2023 USS valuation which showed the Scheme in a surplus position and therefore deficit contributions into the scheme are no longer required.

## Strategic Report (continued)

### Income

Total income for the year was £747.5m (2024: £751.5m), a decrease of £4.0m. The decrease was driven by a fall in tuition fee income of £12.9m and investment income of £2.9m. This was offset by an increase in research grants of £4.9m and other income of £8.1m.

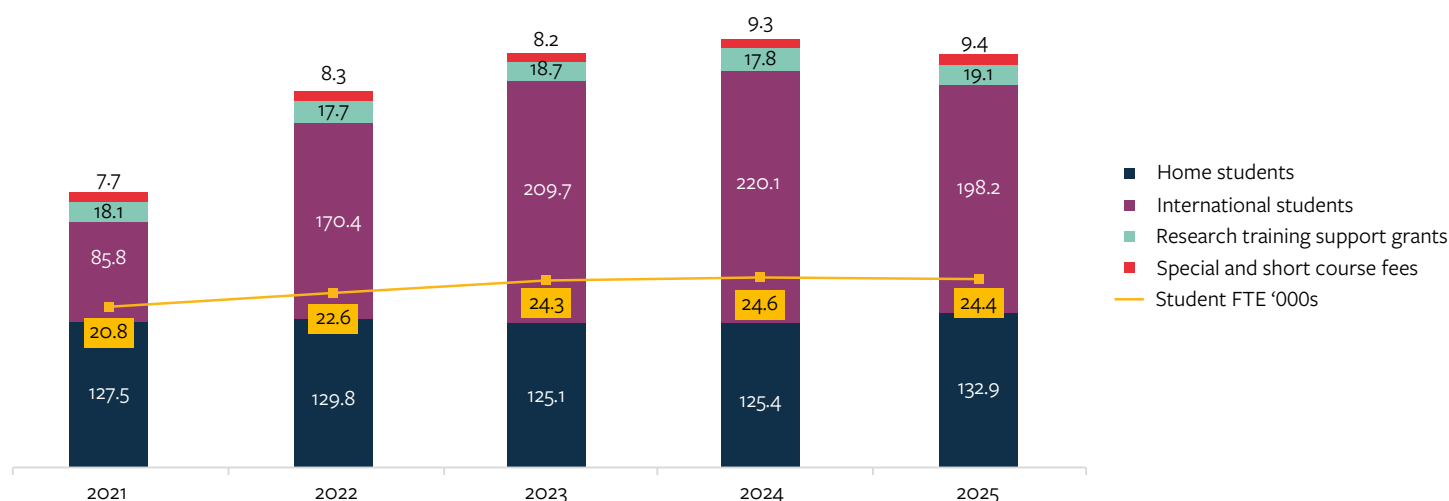
**Total income (£m) vs operating surplus (£m)**



Total income from tuition fees and education contracts decreased by £12.9m to £359.7m (2024: £372.6m), a decrease of 3.5%. The University's total student population decreased by 157 to 24,449 FTE (2024: 24,606 FTE). The number of undergraduate and postgraduate international students decreased in the year by 618 to 9,179 FTE (2024: 9,797 FTE) a decrease of 6.3%, which has contributed to the decrease in international fee income of £21.9m to £198.2m (2024: £220.1m), reflecting the challenges faced across the sector for international student recruitment.

Despite these challenges, the University has nearly doubled its number of international students since before the start of the global pandemic in 2018/19 from 5,430 and illustrates the overall strong performance in this area by the University. The University continues to drive its strategy which aims to deliver growth in our student numbers over the next decade whilst maintaining quality standards.

**Tuition income by type (£m) and student FTE equivalent**





Research grants and contracts income increased by £4.9m to £141.8m (2024: £136.9m), an increase of 3.6% reflecting the University's continued strength in converting research applications to awards.

Other operating income increased by £8.1m to £152.8m (2024: £144.7m), an increase of 5.6%, attributable to residences and consultancy and trading income.

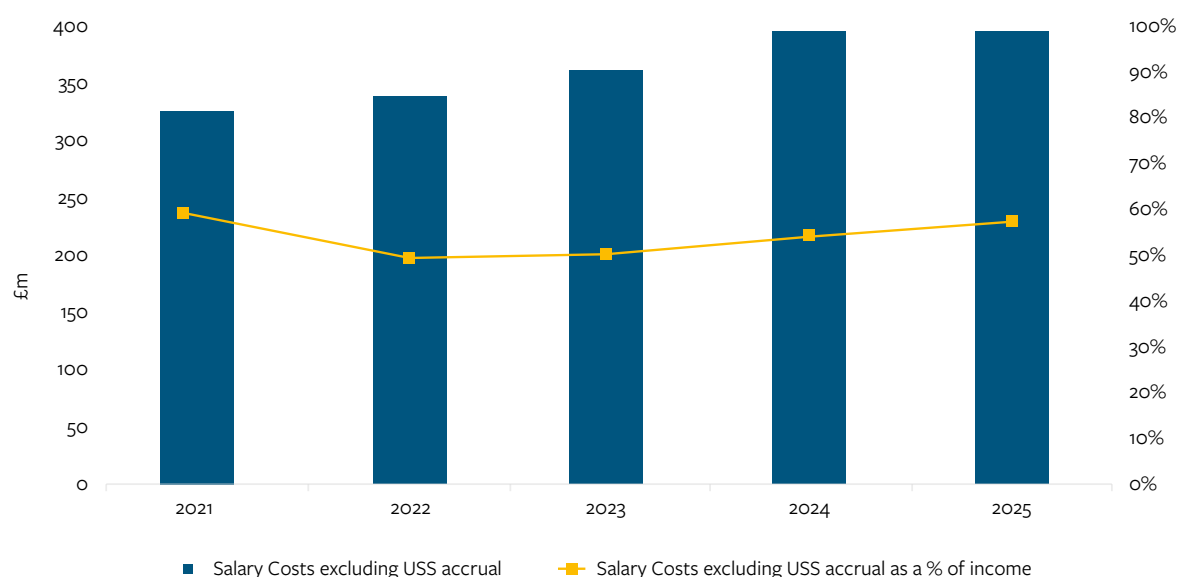
Investment income reduced by £2.9m to £5.9m (2024: £8.8m), a decrease of 33%. This is mainly due to the move from income funds to accumulated funds as part of the strategic investment plan. This change in investment strategy is reflected in gains on investments of £32.0m for the year (2024: gain of £38.1m).

## Expenditure

Total expenditure increased by £205.9m to £741.1m (2024: £535.2m). Excluding the movement in the USS pension provision, expenditure saw an increase of £11.9m to £741.1m (2024: £729.2m). There is no movement to the USS provision in 2025 as the scheme moved to a surplus during 2024.

Staff expenditure, excluding the movement in the USS pension provision, increased by £22.0m to £421.8m (2024: £399.8m), an increase of 5.5% on the prior year. The average headcount for staff in the year increased by 233 FTE to 6,667 FTE (2024: 6,434 FTE), an increase of 3.6% on the prior year. Additional resource expenditure was carefully controlled within the University's strategy for growth with a focus on recruitment in research, knowledge exchange and enterprise.

Salary Costs versus Income £m



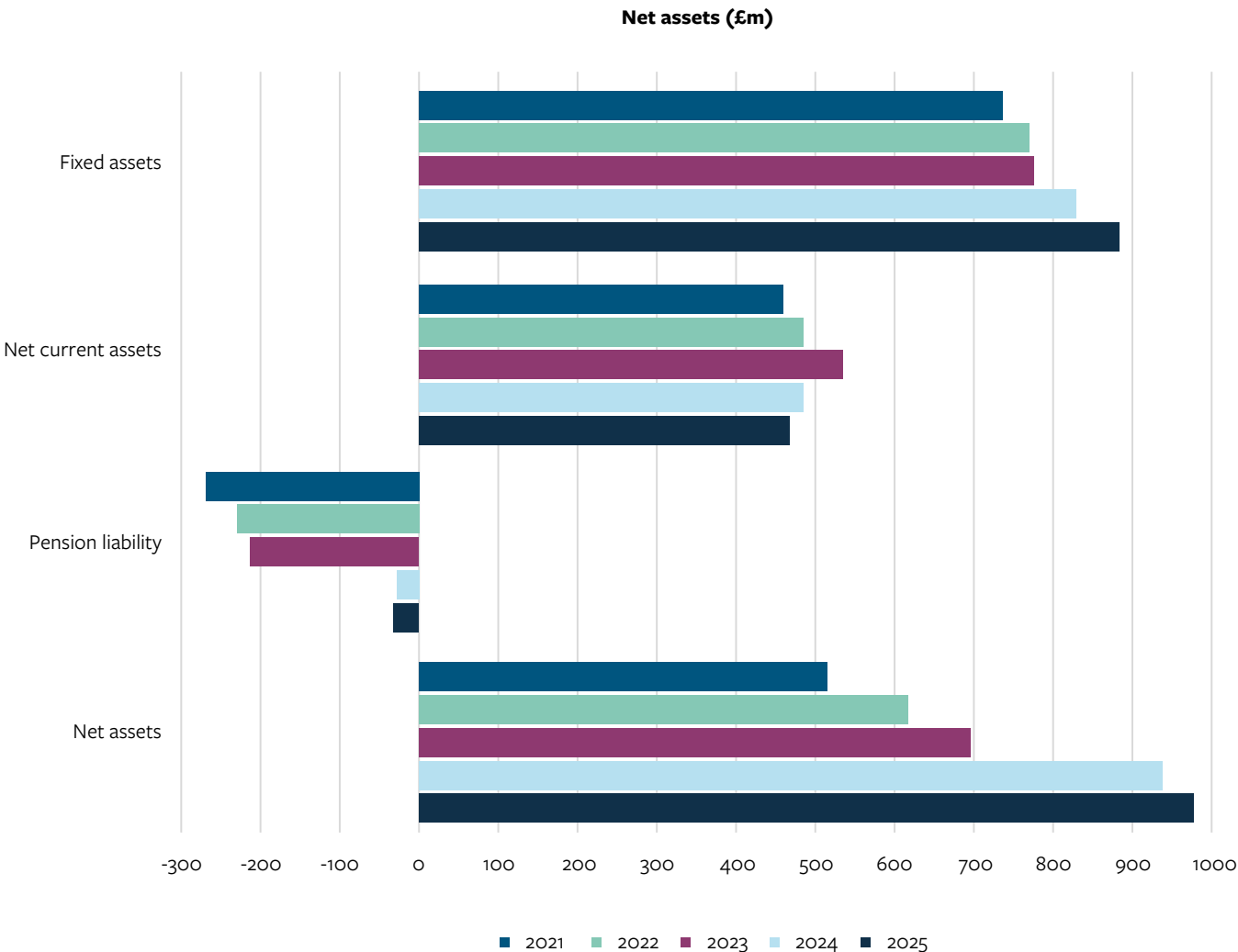
Other operating expenses decreased by £5.6m to £269.3m (2024: £274.9m), a decrease of 2.0% on the prior year. The decrease is primarily as a result of a gain on the revaluation of the Science Park's investment properties of £0.1m against a loss of £4.1m in 2024.

The overall movement includes a £1.0m reduction in impairments booked compared to the prior year where £2.2m impairment was recognised regarding the University's combined heat and power facility whereas the current year had an impairment charge of £1.2m relating to the University's water sports facilities. Other movements include a £2.7m reduction in repairs, refurbishments and scheduled maintenance, £1.9m reduction in utility costs as a result of reduced rates for gas and a reduction in rent, rates and hire of facilities of £1.8m. This has been offset by an increase in office expenses and professional fees of £2.2m which relates to additional fees for various consultancy work across the University and a £2.0m increase in other expenses which primarily relates to the impairment of intercompany loans.

Strategic Report (continued)

Statement of Financial Position

The University net assets have increased by £32.2m to £974.7m (2024: £942.5m), an increase of 3.4%.

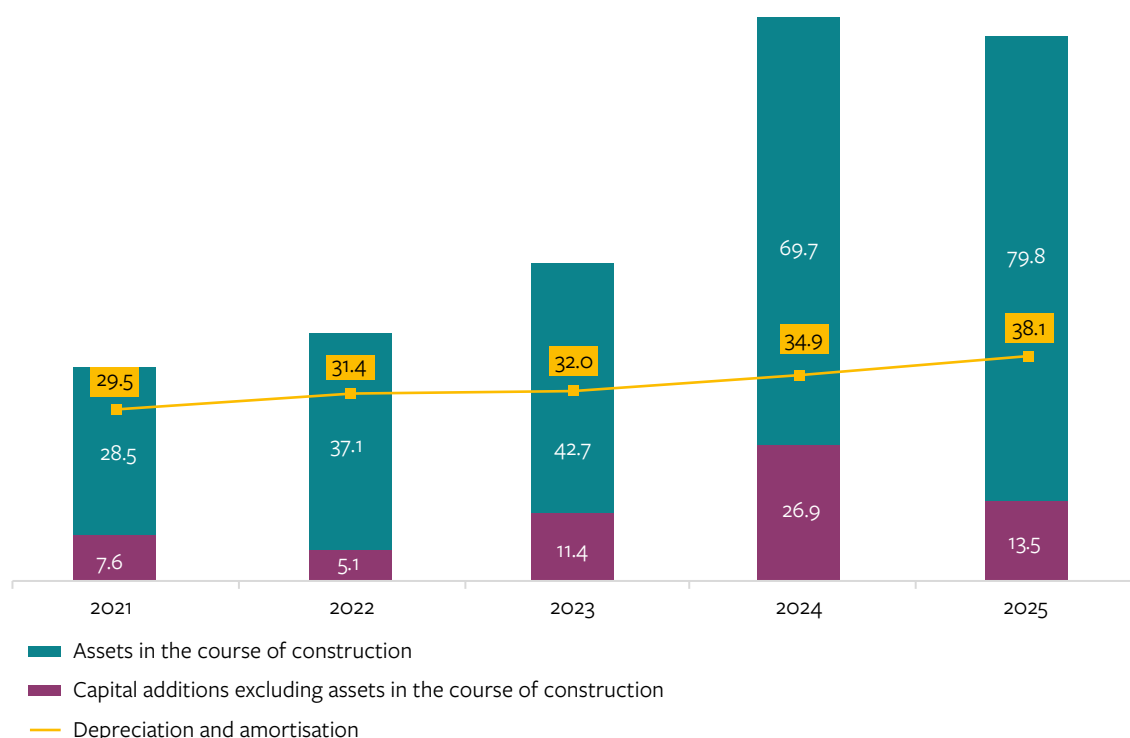


The University holds significant funds which were raised to ensure the highest quality of our teaching and research facilities. These funds are now being utilised through an extensive infrastructure and estates programme over the next 5 to 10 years.

During the year the University acquired or constructed tangible fixed assets with a value of £86.3m (2024: £96.6m), showing the University’s commitment to continually making improvements to its estate to provide world class facilities to both its staff and students. The most significant amount of capital expenditure relates to the North East Quadrant (NEQ) redevelopment where the underlying structure of the building can now be seen at the entrance of University Road. £30.4m has been spent during the year on NEQ evidencing the significant progress made since the development began in 2024. Other items of capital expenditure include the refurbishment and fit-out of Capital House in Winchester of £5.2m as well as the final costs relating to the enabling works to demolish the Faraday building of £2.3m.

The University is also making good progress with its digital strategy by updating its current IT infrastructure to bring it in line with modern day technology to provide an IT environment that is fit for purpose to continue to provide best in class education, research and knowledge exchange and enterprise. Significant additions of £7.0m were added to the University’s intangible assets during the year reflecting the early stages of the digital strategy with spend expected to accelerate in this area over the next 5 years.

## Tangible and Intangible asset additions, depreciation and amortisation (£m)



In April 2017, the University issued an unsecured fixed rate public bond of £300 million, with a 40-year term and a coupon rate of 2.25%. There are no capital repayments to be made over the term of the bond, with full repayment of £298.6 million due in 2057. An investment plan is in place to repay the bond in full at the end of its term.

On the 11 April 2025, the University entered into an agreement for a £200m revolving credit facility, which was unutilised as at 31 July 2025, to support the University's capital programme.

The University's net debt, as set out in note 26, decreased by £77.0m to £242.9m (2024: £319.9m). This decrease mainly relates to an increased level of cash held by the University of £100.8m. The net debt does not take into account the investment portfolio held as part of the University's treasury management strategy of £508.8m (2024: £591.1m). When this is taken into account, the overall position is adjusted net funds of £265.9m (2024: £271.3m).

The pension liability of the University's PASNAS fund increased by £1.8m to £27.1m (2024: £25.3m). The PASNAS scheme is subject to annual FRS102 revaluation and this year's increase in the net liability is due to remeasurements of assumptions, which have resulted in an actuarial loss. The current valuation for PASNAS as at 31 July 2024 is underway but will not be complete by 31 October 2025 and an extension has been requested.

## Subsidiaries

The University of Southampton Science Park supports the long-term strategy of the University by providing opportunities for our research to spin out into knowledge exchange and enterprise activities, for student work experience during studies, and for student employment opportunities once graduated. The Science Park also makes a significant contribution to the economic growth and prosperity of both our city and our region. The occupancy rate for the park in July 2025 was 87% (2024: 90%). Although occupancy in the year has reduced, there were a number of lease incentives given in the year which increased the income by £1.3m (2024: (£0.03m)) and the rents per square feet have also increased since July 2024. The Science Park turnover was £7.9m (2024: £6.6m) with a profit before taxation of £3.1m (2024: loss of £3.1m). Excluding valuation changes the Science Park made a profit before taxation of £2.3m (2024: £1.9m).

### Strategic Report (continued)

The University's campus in Malaysia (University of Southampton Malaysia (UoSM)) remains a key part of the international strategy, offering programmes across the fields of Engineering, Business, and Computer Science. It recently moved its operations to a new 150,000 sq.ft. full-service campus situated in the vibrant EcoWorld community in Iskandar. The new campus is equipped with a myriad of open learning spaces, lecture halls, laboratories and studios that provide an exceptional educational experience. During the year, Malaysia recently appointed Professor Ehsan Mesbahi as Academic Provost to help shape the University's future success in Malaysia with a revised strategy in place to support growth over the next 3 years.

During the year, the University incorporated a new subsidiary in India to support the operations of the new campus in Delhi. The University's other subsidiaries are immaterial and more information about their principal activities can be found in note 17 to the financial statements.

### Sustainability

The University considers sustainability to be a critical component in aligning activities with the mission statement of changing the world for the better. The University vision is that by 2030, sustainability will be a part of every activity and operation: our individual behaviours, our methods of working together and our decision making for the future.

The vision for 2030 includes achieving net zero for Scope 1 and 2 emissions, substantially reducing Scope 3 emissions, and embedding sustainability into teaching, learning, research, and professional services operations. The University continues to make progress in reducing net carbon emissions with 2025 emissions decreasing to 16,190 tons of carbon equivalent (2024: 17,366 tons of carbon equivalent). More detail is available on our website which includes the latest annual sustainability report published in September 2025. The link to the website can be found here: <https://www.southampton.ac.uk/susdev/index.page>.

### Key Performance Indicators

The University has the following key performance indicators (KPI) which Council uses to measure and track performance. League table KPIs are based on the most recently published data by the relevant reporting entities against a target of a top 20 UK university and a global top 100 university. The operating cash flow KPI has evolved during the year and is used to track the University's financial sustainability, with a minimum target of a three-year average of £80m p.a. Finally, the net carbon emissions KPI is used to track progress against the University's sustainability goals as outlined earlier in this report.

	Unit	2025	2024	2023
Net cash inflow	£m	43.5	72.4	92.5
Net carbon scopes 1 & 2 emissions	Tons of carbon equivalent	16,190	17,366	18,191
<b>League tables:</b>				
The Times Good University Guide	UK Ranking	17	19	17
Complete University Guide	UK Ranking	17	20	17
Guardian	UK Ranking	20	22	20
Quacquarelli Symonds (QS)	World Ranking	87	80	81
Times Higher Education (THE)	World Ranking	129	115	97

## Risks and uncertainties

The University's Organisational Risk Register (ORR) details major internal and external risks that might impact upon the successful delivery of the University strategy. It is maintained via a dedicated risk management function, who support members of the University Executive Board (UEB) as risk owners in the dynamic management of these risks. The University's approach to risk management is supported by a Risk Management Policy, annual Assurance Statements and approved Risk Appetite Statements.

The ORR is effectively managed to enable robust insight and to provide sufficient assurances that risks to strategy are being appropriately considered. The ORR is reviewed quarterly at UEB, inclusive of yearly horizon scanning sessions, which are informed by Higher Education and out of sector professional networks. It is also reviewed at every meeting of Audit and Risk Committee (A&RC) and deep dives are undertaken into higher likelihood and impact risks. A&RC holds responsibility for reviewing the effectiveness of the University's risk management arrangements.

Wider University risk management functions support the development of dynamic risk management practice, that enable thematic risks and higher likelihood and impact risks to be considered for inclusion on the ORR. This is inclusive of risks within all faculty and professional service departments. It is supported using a bespoke digital risk management tool, which allows for data analysis regarding risk themes, outstanding actions, and wider University risk appetite.

Our principal risks to the strategy and mitigating responses are outlined in the table below.

Area:	Risk:	Response:
<b>International student recruitment</b>	A potential reduction in international undergraduate and postgraduate taught student numbers is both a University specific as well as a sector wide issue. The ongoing risk of volatility in international student recruitment reflects geopolitical instability and the impact this has across the higher education sector. In addition the UK Government's intention to introduce a 6% levy on international student fees may make studying in the UK less attractive for prospective international students.	Financial modelling will assess the potential short, medium, and long term impacts of reductions in international student numbers which will inform wider strategic priorities.  The University's existing Malaysia campus, the launch of Southampton Online, the opening of the University of Southampton Delhi campus and the broader transnational education strategy will support delivery to a diversified, international student cohort and help mitigate the risk of declining international enrolments.
<b>Financial sustainability</b>	There is a risk that the underlying cost base may not align to the medium/long term income levels or may be impacted by inflationary and/or unanticipated costs restricting investment in strategic programmes and/or undermining medium/longer term financial sustainability.  Investment returns are subject to volatility and there is a risk of poor returns on financial investments.  This may result in the University being unable to financially support its strategy for growth and service bond interest requirements.	Robust five-year financial planning aligned to delivering the strategic objectives of the University and ensuring all aspects of financial sustainability including covenant management.  Ongoing financial modelling and sensitivity analysis including stress testing the medium-term financial plans.  An agreed treasury management policy is in place which allows proactive management of our investments in order to maximise returns within an appropriate risk appetite.

## Strategic Report (continued)

Area:	Risk:	Response:
<b>Pension costs</b>	The escalating cost and volatility of our pension schemes remains one of our highest risks to long-term sustainability. There is a risk that defined benefit pension service costs increase which may negatively impact future cashflows.	The 2023 USS valuation has now concluded which indicates a more favourable and financially stable position. Employer contributions reduced from 21.6% to 14.5% from January 2024.  PASNAS has increased collateral and liquidity by adopting a liability driven investment strategy.
<b>Information Security</b>	The risk of a successful ransomware or cyber-attack is a higher scoring risk and a thematic risk amongst Universities.	This risk is being mitigated both in the context of likelihood and impact reduction. Better defences and a world class digital offering will reduce the likelihood of a successful attack, and robust planning for this eventuality will reduce the potential short and long-term impact, in the worst instance.

## Conclusion

The University has again delivered a strong financial performance in times of challenge for the sector. Sound financial management has allowed the University to continue to progress its Triple Helix strategy with confidence building on the foundations laid in prior years.

I am delighted that the University's reputation for excellence has been demonstrated by continued high league table placings within the top-20 nationally and top-100 globally, and by the silver award within the Teaching Excellence Framework.

Over the year, the University has continued to make strong progress on delivering the ambitious strategic plan, with a focus on excellence across education, research and knowledge exchange & enterprise. The extensive estates development programme will be essential to create the capacity for growth as well as deliver a world class campus for our students and staff to enjoy. In particular, it is great to be able to see the structure of the new NEQ building start to appear at the entrance to Highfield campus. As we enter a period of considerable capital investment for the University, but also geopolitical instability impacting the HE market, we can take comfort from the University's strong cash position, which together with its excellent leadership team puts it in good stead to deliver the strategic plan.

I would like to end by thanking all staff for their continued efforts through the year, as the University's achievements are a true testament to their continued hard work and dedication.



**Stuart McMinnies**  
University Treasurer



## Introduction

The University of Southampton is an independent Higher Education Corporation formed by Royal Charter and an exempt charity under the terms of the Charities Act 2011, with the Office for Students (OfS) acting as the Principal Regulator. In determining the University's strategic direction and ensuring effective management and control of the University's affairs, property and finances, the members of our governing body, as trustees, have due regard to the Charity Commission's guidance on public benefit. Our Charitable objectives focus on the delivery of education, research and knowledge exchange and, as a charity, the University must operate for public benefit which is demonstrated through the delivery of our Triple Helix strategy.

The powers and governance framework within which the University operates are set out in the University Charter and Ordinances. Governance of the University is overseen by two bodies, Council and Senate. Council is responsible for approving the mission and strategy, ensuring financial sustainability, and monitoring other aspects of performance. Senate has responsibility for oversight of the policies, procedures and regulations of the University that relate to Education, Research and Knowledge Exchange & Enterprise.

The University has a clear mission: to change the world for the better. The approach to meeting that mission includes remarkable world-class research, education, knowledge exchange & enterprise, attracting exceptional students from across the globe, and empowering and developing them to realise their full potential through their journeys of discovery and learning with us. As a founding member of the Russell Group of research-intensive universities, the University has a reputation for excellence, which is reflected in consistently high international league table rankings.

The University makes a strong contribution to public benefit. The following outlines some of the key benefits delivered during the year which are aligned to the delivery of our strategic goals and objectives.

## Delivering world-class research, knowledge exchange and enterprise

The University of Southampton unites research disciplines from across its expert community, working together with partners and industries to address today's pressing global challenges. Here are a few examples of some of the research projects in progress during the year that are benefiting society.

The University's outstanding business and public engagement has been recognised again with the release of the third Knowledge Exchange Framework (KEF4), retaining its top scores, enabling 'high' or 'very high' engagement across 5 out of 7 areas of

assessment. The University achieved the top rating of 'very high engagement' in four categories: public and community engagement; IP and commercialisation; working with business; and working with the public and third sector. It achieved the second highest rating, 'high engagement' for local growth and regeneration. These results put Southampton at or above the average in all areas of assessment compared to other similar institutions (those that are in the group of 17 very large, research-intensive and broad-discipline universities in England) and leading across the sector. This strong performance is a testament to our thriving and diverse community demonstrating strength across the breadth of the KEF perspectives and reflects the relevance of our Triple Helix strategy.

## Harnessing AI to improve eye health

The University's eye specialists, mathematicians and games designers have developed phone apps using new AI-based technology to help improve vital treatment for children with amblyopia, known as 'lazy eye'.

The team launched spin-out company Nucleolus Software to develop the games, which use novel approaches from computational mathematics and artificial intelligence to sense if the eye patch is being worn properly. Nucleolus has received funding from the University's Web Science Institute, Innovate UK, and the Gift of Sight charity.

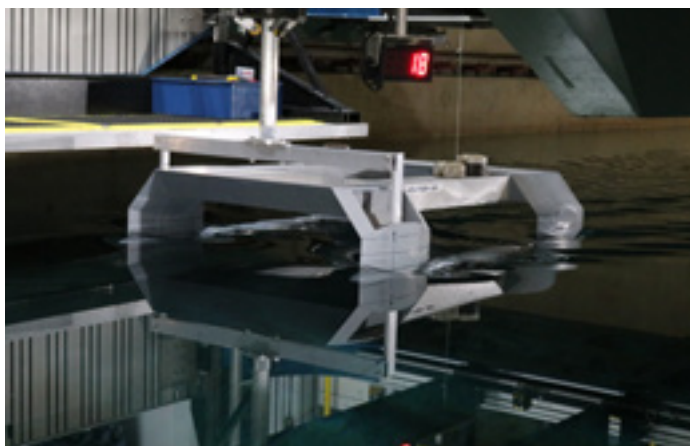


### Public Benefit (continued)

#### Autonomous ships tackle the high seas and climate change

A Southampton research team is testing a new generation of uncrewed vessels that could rapidly decarbonise the marine industry worldwide.

Using data acquired in the University's 138m long and 3.5m deep Towing Tank, the team has built mathematical tools to predict what happens to uncrewed, hydrogen-powered vessels at sea in more challenging oceanic conditions that cannot be simulated in a tank. These included important calculations such as fuel consumption rates and the ability to launch or recover remotely operated vehicles. Engineers at commercial partner ACUA Ocean are now designing and building the first full prototype. Tests on that product are expected within the next two years.



#### Developing community-led climate and health solutions in Ghana

Southampton researchers are exploring the impact of climate change on the health of the rural population in Ghana and finding community-led solutions to improve the health and education of local people.

The team is carrying out household surveys and in-person feedback events, which will help better understand local Ghanaians' knowledge of the climate crisis, its impacts, and the healthcare options available to them when they are affected.

The results of this work will enable the team to design solutions that will increase and improve communication around health, climate change, and attitudes towards healthcare.



#### Tackling pension poverty

A University research team is hearing directly from midlife and older people from diverse communities in Southampton, in a project designed to better understand the factors behind pension inequality.

The project will help fill significant gaps in existing data. By combining statistical expertise with public engagement research methodologies, the project is enriching existing knowledge around pension inequalities, filling gaps in the data, and informing policymakers.



#### Tackling food insecurity through local innovation

A Southampton-led project is transforming how surplus food is shared across southern England. Working with councils and food aid services, the initiative aims to create a fairer, more sustainable system of food distribution. Community members are acting as co-researchers, helping shape a new online platform to match supply with need. By focusing on dignity, health, and sustainability, the project empowers local people and ensures access to nutritious food isn't a postcode lottery.

#### LifeLab: shaping young lives through science

The University's award-winning LifeLab programme continues to improve the health and wellbeing of young people across the region. Through immersive workshops and real science experiments, students learn about the effects of sleep, nutrition, and exercise. In 2025, LifeLab expanded into primary schools and strengthened youth leadership through its Youth Panel. The programme has earned praise from public health leaders and equips students with the knowledge and confidence to take control of their health futures.

#### Web Science for public good

Through its 2024–25 Knowledge Exchange Fund, the University of Southampton's Web Science Institute is supporting projects

that bridge digital innovation and social responsibility. Awardees include projects developing tools for new models for managing UK grasslands and initiatives to co-design an 'AI city of excellence' in Southampton. Each project emphasises public engagement and ethical innovation—ensuring digital advances serve real communities, address sustainability, and reflect the complexity of human experience.

### **Delivering high quality education and student experience**

The 2025 Summer graduation saw 4,200 successful students pick up their undergraduate degrees, masters degrees and postgraduate qualifications in 17 ceremonies at the Southampton Guildhall and Winchester Cathedral.

In the summer of 2025 the University notably had 10 Honorary Graduands (double the usual number) and five alumni award winners attending ceremonies.

The University has retained its 'silver' rating in a national teaching assessment. The Teaching Excellence Framework (TEF) silver award reflects the University's focus on enabling and encouraging students to excel during their time at Southampton. The award recognises Southampton's high quality provision across all student groups, with some initiatives recognised as 'outstanding' by the TEF panel.

The University of Southampton is celebrating an increase in student satisfaction this year, with student-led improvements placing us among the top 10 Russell Group universities in this year's National Student Survey (NSS) results. The impact of these improvements is especially evident in areas such as assessment and feedback and student voice, with the University seeing an increase in performance scores across all metrics, performing above benchmark levels throughout.

Dr Stefania Paredes Fuentes and Professor Bryony Whitmarsh, both from the University of Southampton, were awarded National Teaching Fellowships by Advance HE in August 2025. These Fellowships recognise their outstanding impact on student outcomes and on the teaching profession more broadly: Dr Paredes Fuentes for evidence-informed economics education, and Professor Whitmarsh for her work in internationalisation, social responsibility, and reducing barriers to participation in higher education.

The University of Southampton has been chosen by the UK government to lead a new training programme aimed at cementing Britain's reputation as an AI powerhouse.

Young people with exceptional talent in artificial intelligence will be able to enrol onto a new scholarship which has been launched by Number 10.

The Spärck AI scholarships – named after pioneering British computer scientist Karen Spärck Jones – will provide full funding for master's degrees.

### **Widening participation and outreach**

The University of Southampton works with schools and colleges both locally and nationally to offer additional opportunities to young people from areas with lower participation in higher education. Through our Learn with US and Learn with US Transition programmes we work with young people on a long-term basis engaging both in schools and through visits to our campuses.

#### **Key activities include:**

- Literacy, numeracy, and research skills sessions in primary, secondary, and post-16 settings;
- University visits and residential events;
- Mentoring, student shadowing and work experience opportunities including our Virtual Work-Experience for students interested in studying Medicine;
- Sessions for teachers, advisors, parents, and carers;
- Academic and research skills sessions designed to support students in the completion of the Extended Project Qualification (EPQ).

Our flagship 'Ignite Your Journey' programme is a transition programme which students in year 12 can apply to be part of throughout their final year of school or college. The programme offers an online programme demystifying elements of university like funding, academic writing and offers mentoring with a current University of Southampton student. Participants in Ignite Your Journey receive an additional bursary of £1,000 in their first year if they come to Southampton and are guaranteed an interview for our Ignite Your Success Programme.

The University has partnered with the Cowrie Scholarship Foundation (CSF), which aims to raise hundreds of thousands of pounds to provide scholarships for disadvantaged black British students.

The Foundation's mission is to fund 100 disadvantaged black British students through leading UK universities. The University of Southampton is supporting CSF by providing a full scholarship for one student per year over a ten-year period to study an undergraduate programme of their choice.

In addition, the University has launched the Black Futures Scheme offering full funding for postgraduate research programmes. In the 2023/24 academic year and in recognition of the impact of cost of living on students the University of Southampton allocated over £1 million for students in financial difficulty through the Student Support Fund, the Technology Grant, the Health and Wellbeing Fund and a Commuter Fund.

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### Public Benefit (continued)

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This funding allowed students to access essential equipment for their studies, covered medical and additional heating costs for students and ensured students were able to attend lectures and study sessions on campus, ensuring an equal opportunity to succeed for the most disadvantaged students.

The University delivered significant levels of face-to-face activity on campus and in schools and colleges, both in the region and on a national basis. In addition, we increased our activity with pupils in key stages 2 – 4 in Southampton through the development of the Reading Buddies programme, working with hundreds of pupils across the city and contributing to an increased reading age for the majority of pupils who undertook the programme.

This programme will continue to be expanded into the 2024/25 academic year as a key pillar of the Access and Participation Plan (APP). The APP sets out ten goals addressing eleven key issues identified as barriers to pursuing higher education. The full plan is available on the Office for Students website.

#### Advancing equity in higher education

The University's student-led Awarding Gap Project is helping to tackle educational inequality by creating a welcoming and supportive community for Black students at Southampton.

In the UK, Black, Asian and minoritised students are much less likely than their white peers to be awarded top degrees. During 2021/22, there was a gap of 18.3 percentage points between Black and white students. This inequality highlights serious issues and challenges within our education system.

The Awarding Gap Project was formed by the Student Inclusion team to tackle this issue and has made great progress in creating permanent, impactful change to improve the experiences and outcomes for our Black student community.

So far, the team has organised and hosted events, contributed to panels, collaborated with the University's Equality, Diversity and Inclusion (EDI) team, created and published a Black Freshers' Guide, and produced the Bridging the Gap podcast.

#### University of Sanctuary status

The University of Southampton has been recognised as a University of Sanctuary in the past year, and is taking concrete steps to support people seeking sanctuary, refugees, and those displaced. The University offers Sanctuary Scholarships which cover tuition, living costs, accommodation, and wellbeing support to four students per year, as well as running events across campus and in the city to raise awareness and foster inclusion. The University works closely with local charities and the Southampton Sanctuary Network to coordinate support and share best practice, integrating research and civic responsibility.

#### Empowering students with money matters

Money management is a huge part of student life. The University's peer-led initiative, Student Money Champions, involves a group of students from diverse backgrounds who help to run events, create resources and spark conversations with their fellow students.

The Student Money Champions work alongside the Financial Support team at the University to provide peer-led initiatives for fellow students about money matters. They offer guidance on seeking support, run events and drop-in sessions, write regular newsletters, collaborate on workshops, and create valuable resources.

The project has already seen a huge amount of success, despite only being in its second year; the first cohort of Champions won a Student Experience Award for Wellbeing and Inclusivity with the Students' Union after just one semester of work.

The Ignite Your Success programme offers students from underrepresented backgrounds access to opportunities, including guaranteed internships, peer mentoring, workshops with former students, and annual funding (for three years of their study), which includes a range of bursaries, awards and scholarships. In 2025/26 the programme will welcome a further 60 students.

Care Leaver and Estranged Students are offered holistic support via a designated contact who can offer advice and guidance to students navigating life at Southampton. In addition to the Southampton Undergraduate Bursary, eligible full time and enrolled students are also entitled to our Care Leaver & Estranged Student Bursary of £2,000.

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#### Culture and events

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John Hansard Gallery (JHG) is one of the UK's leading contemporary art galleries. They support, develop, and present great art by outstanding artists from across the world and are proud to play a dynamic role in the cultural life of Southampton and the region.

Over the past year, JHG presented 18 exhibitions in the gallery including major new commissions and partnerships that demonstrated the Gallery's commitment to innovation, accessibility, and social impact. Key exhibitions included Emma Critchley's Soundings in partnership with Tate St Ives, Attenborough Centre for the Creative Arts, Quay Arts, and The National Oceanography Centre – a groundbreaking three-screen video and sound installation exploring the urgent issue of deep-sea mining and its ecological, geopolitical, and cultural impacts. The immersive exhibition combined film, choreography, and public engagement, featuring live dance performances



## Public Benefit (continued)

created in collaboration with choreographer Siobhan Davies, and included Rights of the Deep, an open letter co-authored by marine scientists, legal scholars, and Indigenous activists calling for protection of the deep ocean.

Sarah Pierce's Scene of the Myth retrospective was presented in partnership with IMMA | Irish Museum of Modern Art, Dublin and GfZK – Galerie für Zeitgenössische Kunst Leipzig. This expansive solo exhibition consisted of performances, videos, installations, and archives, developing Pierce's concept of the "community of the exhibition" to explore how exhibitions hold us, and works of art, in community.

The Gallery also presented Las Gemelas: Arrival (a lexicon of unmaking), a major new commission by neurodivergent artists Sonia Boué and Ashokkumar D Mistry. Responding to the Basque Children archives held within the University of Southampton's Special Collections, this exhibition explored the arrival of almost 4,000 Basque child refugees to Southampton in May 1937 during the Spanish Civil War.

In a significant multi-year collaboration, JHG premiered Ukrainian artist Mykola Ridnyi's ambitious Mazepa trilogy, developed in partnership with the Gallery since 2022. Created against the backdrop of Russia's ongoing invasion of Ukraine, Ridnyi's trilogy interrogates historical narratives, cultural appropriation, and Ukraine's continuing struggle for self-determination. Following its Southampton premiere, the work travels to the Museum of Modern Art in Warsaw as part of the Kyiv Biennial 2025, demonstrating JHG's role in supporting urgent contemporary artistic responses to geopolitical conflict.

Community Takeover returned from June to September 2024, featuring vibrant, creative responses to themes exploring food culture, wellbeing, and sustainability. Co-created with the JHG Ambassadors – a group of local volunteers who have contributed their time since May 2023 – the exhibition transformed the Gallery into a celebration of the rich ideas and talents of local people in Southampton.

Alongside their exhibitions, JHG's pioneering work in Engagement and Learning continued with several notable projects undertaken. The Compassionate Conversations series, developed in partnership with Pascal Matthias, Vice President of Equality, Diversity, Inclusion, and Social Justice at University of Southampton, featured in-depth discussions with leading cultural voices including broadcaster Nihal Arthanayake, actor David Harewood, artist Alison Lapper, theatre actor Kobna Holdbrook-Smith, and writer and broadcaster Afua Hirsch. These conversations posed important questions around how to create more equitable and inclusive spaces and ensure that ideas, policies, and procedures impact everyone's lives, reflecting JHG's ongoing commitment to equality, diversity, and inclusion embedded in all its work.

JHG also launched Inclusive Practices, a new schools project supported by Freelands Foundation. Working alongside University of Southampton PGCE Art and Design students, artists and creatives, and pupils in eight local secondary schools, engagement sessions addressed themes of race, identity, and cultural representation. These workshops encouraged reflection on personal educational journeys, curriculum design, and the role of art educators as change-makers. Through the Inclusive Practices project, JHG has made significant progress in laying foundations for long-term change in inclusive arts education.

JHG's commitment to equity and accessibility was further demonstrated through partnerships with BSL Celebration as part of Southampton BSL Fest 2025, commissioning deaf BSL artists to create work inspired by climate change and the deep sea in response to Emma Critchley's Soundings exhibition. The Gallery also launched an open call for HIV/AIDS awareness artworks in partnership with Southampton Pride, City Eye, GO! Southampton, and Breakout Youth, with the selected work to be displayed on the Gallery's prominent exterior windows on Above Bar Street for one year.

Beyond its exhibition programme, JHG played a significant national advocacy role through its co-commissioning of Framing the Future: The Political Case for Strengthening the Visual Arts Ecosystem, a major sector report produced in partnership with CVAN Contemporary Visual Arts Network, DACS, a-n The Artists Information Company, Plus Tate, and the All-Party Parliamentary Group for Visual Arts and Artists. This influential report, launched in Parliament in April 2025, made the case for investment in the UK's visual arts sector, presenting four key recommendations to government and positioning visual arts as vital cultural infrastructure that generates over £4.1 billion in exports annually while supporting education, wellbeing, and regional development.

In total during the year, John Hansard Gallery welcomed 90,159 exhibition visitors and reached an estimated audience in the public realm of over 500,000 people. Alongside their public exhibition programme, the Gallery welcomed 13,769 workshop participants, engaging with 8,587 family members, 3,089 adults, and 2,093 children through the engagement, learning and Space to Create! activities.

Public Benefit (continued)

Honours and awards

During the year, many of the University’s academic community have been recognised for their work for public good. A few notable examples include the following.

Professor Gill Reid was awarded a CBE in the King’s New Year Honours 2025 for her services to chemical sciences and inclusion and diversity. Her work not only advances chemistry, but also seeks to empower women and girls in the discipline—a public good in terms of equality and inclusion.

Professor Richard Oreffo was awarded an OBE in the King’s New Year Honours 2025 for services to education equality and to musculoskeletal science. In particular, he founded the Cowrie Scholarship Foundation, which works to improve access to higher education for talented disadvantaged Black British students—another example of the University’s academic work contributing socially.

Professor Gerry Stoker was awarded an OBE in the King’s Birthday Honours 2025 for his services to local governance and the study of democracy. His academic work has real public impact through advising and engaging with government, media and public debates on democracy.

Professor William Powrie was awarded a CBE in the 2025 King’s Birthday Honours for services to engineering—specifically, work on sustainable waste management and resilient, low maintenance transport infrastructure. This includes collaborating with industry and public bodies to deliver benefits in sustainability and infrastructure that affect the public broadly.

Professor Sally Ward, Director of Translational Research at the Centre for Cancer Immunology, was awarded the International Society of Molecular Recognition Award in Affinity Technology in July 2025. The prize honours her pioneering work in antibody engineering, in particular her contributions to extending antibody half-life and reducing harmful antibody levels, which have led to approved therapies for autoimmune and infectious diseases such as myasthenia gravis.

Professor Stephen Turnock, Head of the School of Engineering and an expert in maritime engineering, received the William Froude Medal from the Royal Institution of Naval Architects in June 2025. This is RINA’s highest award, presented in recognition of his 35 years of exceptional contributions in areas including ship performance, propulsion, and sustainable marine technologies.



## Legal status of the University

The University is an independent Higher Education exempt charity under the terms of the Charity Act 2011, with the Office for Students (OfS) acting as principal regulator. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. Our charitable objectives focus on the delivery of education and research. As a charity the University must operate for the public benefit which is detailed in the public benefit statement of this report. The University of Southampton was established by Royal Charter in 1952.

Members of Council are the charity trustees. No trustee received any payment for their trustee duties, other than for expenses incurred while fulfilling their duties. Details of the total expenses paid in relation to trustee duties are reported in note 10 to the Financial Statements.

## Governance

The University's constitution is set out in its Charter and Ordinances. These are the overarching governance documents that outline the University's aims, structure, responsibilities and powers. These require the University to have a Council and a Senate, each with clearly defined functions and responsibilities to oversee the University's activities, as follows:

### Council

Council is the governing body of the University and is charged by the Charter with responsibility for "...the management and administration of the revenue and property of the University and the conduct of all the affairs of the University..." (Article 9 of the Charter). In carrying out its functions, the Council is bound by the terms of the 'Terms and conditions of funding for higher education institutions' between the Office for Students and the University.

Council has a membership consisting of a majority of independent members and members of staff and students (see below for Council membership).

Council normally meets six times a year and receives reports on the functioning of the University and of its subsidiary companies. These include the critical assessment of agreed Key Performance Indicators. Matters specifically reserved for Council decision include the mission and strategic direction of the University, and the approval of budgetary allocations and major new developments.

Council may delegate some of its functions, powers and duties to individuals or/and to committees (subject to provisions in the ordinances).

### Senate

Senate is responsible for the oversight of all academic matters. Academic matters means the policies, procedures, and regulations of the University that relate to education, research and knowledge exchange and enterprise.

### Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the University's arrangements for matters of governance, internal control, risk management, data assurance and value for money and for reviewing and commenting on the annual financial statements and accounting policies. It meets four times a year with the University's senior officers and the external and internal auditors. The Committee discusses detailed audit reports and recommendations for the improvement of the University's systems of control, together with management's response and implementation plans. The Committee also considers reports from the Office for Students relating to the conduct of business and monitors adherence to the regulatory requirements. Whilst senior executives are in attendance at meetings, they are not members of the Committee. The Committee members also regularly meet separately with external and internal auditors for independent consultations.

### Finance Committee

The Finance Committee considers and makes recommendations to Council regarding the University's financial plans and interests and takes into consideration the wider environment of Higher Education funding, public policy and the demand for Higher Education services on a local to global scale.

### Nominations and Governance Committee

The Nominations and Governance Committee is responsible for making recommendations for the filling of vacancies in membership of Council and for oversight of governance.

### Remuneration Committee

The Remuneration Committee determines the remuneration of the President and Vice-Chancellor and Vice-Presidents and has oversight of the remuneration arrangements for other senior members of staff, including members of our professoriate and senior professional services staff.

### Estates & Infrastructure Committee

The Estates & Infrastructure Committee provides advice concerning major capital and digital projects, and on long term strategy for the University's estate and infrastructure.

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### Corporate Governance (continued)

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All of these committees are formally constituted with terms of reference that include the composition of membership. All members of Council and of its committees, together with the executive officers, are subject to Standing Orders, which inter alia require the maintenance of a Register of Interests. Members may not be present at any discussion in which they have a direct or indirect financial interest.

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#### President and Vice-Chancellor

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The President and Vice-Chancellor is the principal academic and administrative officer of the University and has overall responsibility to Council for the executive management of the University. Under the 'Terms and conditions of funding for higher education institutions' with the Office for Students the President and Vice-Chancellor is the designated 'accountable officer', and in that capacity is required to advise Council on the discharge of all its responsibilities under the terms and conditions of funding.

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#### Statement of Internal Control

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Council is responsible for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, whilst safeguarding public and other funds and assets for which it is responsible. The system of internal control is designed to understand and manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore provide only a reasonable, but not absolute, assurance against financial misstatement or loss.

The internal control system in place for the year ended 31 July 2025 and up to the date of approval of the financial statements accords with Office for Students guidance.

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

- clear definitions of the responsibilities and delegated authority of all members of the University Executive Board;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure and capital budgets and cash flow forecasts;
- regular reviews of business, operational, compliance and financial risk;
- regular reviews of overall performance and at least termly reviews of financial performance and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, appointment of staff, investment and borrowing decisions; and
- comprehensive Financial Regulations approved by the Finance Committee, Audit and Risk Committee and Council.

The system of internal control is supplemented by an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and the likelihood and impact of those risks becoming a reality; and to manage them efficiently, effectively and economically.

Council has approved a process of identifying major risks and encouraging risk management awareness throughout the University with formal risk management strategies, policies and reporting systems, which are regularly monitored by Audit and Risk Committee and Council. This includes a focus on primary strategic aims and Key Performance Indicators. Risk management and internal control are considered on a regular basis during the year and there is an adequate risk and control assessment system.

Risk management has also been incorporated fully into the corporate planning and decision-making processes of the University. Council reviews the University's strategic risks and key performance indicators (KPI) on a regular basis and formally reviews retrospective KPI performance.

The Audit and Risk Committee reviews the effectiveness of the systems of internal control on behalf of Council and provides its assurance assessment to Council annually.

Council's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Any such system can, however, only provide reasonable, but not absolute, assurance against financial misstatement or loss.

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#### Role of Council in the Preparation of the Financial Statements

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Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the 'Statement of Recommended Practice (SORP): Accounting for Further and Higher Education' and other relevant accounting and financial reporting standards. In addition, within the 'Terms and conditions of funding for higher education institutions' between the Office for Students and the Council of the University, Council, through the President and Vice-Chancellor, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

## Corporate Governance (continued)

Council has, through its committees and officers, ensured that in the preparation of the financial statements:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent; and
- applicable accounting and financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis has been used in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from all government sources, including Office for Students, UKRI, Department for Education and Education and Skills Funding Agency, are used only for the purposes for which they have been given and in accordance with the ‘Terms and conditions of funding for higher education institutions’ and any other conditions which may have been prescribed;
- ensure that there are appropriate financial and management controls in place to safeguard funds from all sources;
- safeguard the assets of the University to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University’s resources and expenditure.

Members of Council have had due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

## Members of the Council

The Council is comprised of University officers, academic and non-academic staff, students and independent lay members.

Membership for the period 1 August 2024 – 25 November 2025

Name	Type of Membership	Original appointment commenced	Current term end or actual leaving date if before 25 Nov 2025	Attendance Aug 2024 – Jul 2025
Sir I Diamond	University Officer – Chair of Council	April 2024	July 2027	7/7
Dame J Macgregor	University Officer – Vice-Chair of Council	August 2018	March 2026	5/7
Mr S Young	University Officer – The Council Treasurer	August 2021	July 2025	7/7
Mr S McMinnies	University Officer – The Council Treasurer	August 2025	July 2028	0/0
Professor M E Smith	University Officer - President and Vice-Chancellor	October 2019	N/A	7/7
Professor P Wright	University Officer - Senior Vice President	August 2021	N/A	6/7
Ms F Barnes	Independent Lay Member	November 2016	July 2025	7/7
Dr A Vincent	Independent Lay Member	August 2017	July 2026	5/7
Ms H Pawlby	Independent Lay Member	August 2017	July 2026	5/7
Dame M Atkins	Independent Lay Member	March 2019	July 2027	7/7

**Corporate Governance (continued)**

Name	Type of Membership	Original appointment commenced	Current term end or actual leaving date if before 25 Nov 2025	Attendance Aug 2024 – Jul 2025
Mr R Gledhill	Independent Lay Member	August 2022	July 2028	7/7
Ms J Douglas-Todd	Independent Lay Member	August 2022	July 2028	7/7
Mr D Willetts	Independent Lay Member	August 2023	July 2025	5/7
Mr J Johnston	Independent Lay Member	August 2024	July 2027	7/7
Mr H Kutty	Independent Lay Member	August 2024	July 2027	7/7
Ms J Blakely	Independent Lay Member	August 2025	July 2028	0/0
Dr V Cardo	Academic Staff Member	October 2020	July 2026	7/7
Professor m.c. Schraefel	Academic Staff Member	November 2024	July 2027	6/6
Professor D Eccles	Academic Staff Member	October 2024	July 2027	5/6
Mr B Siran	Non-academic Staff Member	May 2023	July 2026	6/7
Mr L Coomber	Student Member	July 2024	June 2025	6/6
Mr D Rezaeinia	Student Member	July 2024	June 2025	6/6
Ms E Brown	Student Member	August 2025	June 2026	0/0
Ms H El Hefni	Student Member	August 2025	June 2026	0/0

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**Independent auditor's report to the council of the University of Southampton**


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**Report on the audit of the financial statements**


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**1. Opinion**

In our opinion the financial statements of the University of Southampton (the 'University') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2025 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the Statement of principal accounting policies;
- the Consolidated and University statements of comprehensive income;
- the Consolidated and University statements of financial position;
- the Consolidated and University statements of changes in reserves;
- the Consolidated statement of cash flows;
- the related notes 1 to 33; and
- the US Department of Education Financial responsibility supplemental schedule, being required by reference to the University of Southampton accepting students under the US Department of Education student financial assistance programs.

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) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019).

**2. 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 University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the University. The non-audit services provided to the Group and the University for the year are disclosed in note 10 to the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor’s report to the members of the University of Southampton (continued)

3. Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"><li>Accounting for major capital projects</li><li>Completeness of payables and accrued liabilities.</li></ul>
Materiality	<p>The materiality that we used for the Group financial statements was £12.3m which was determined on the basis of 1.65% of total income. A lower materiality of £0.5m was used with respect to the expenditure on access and participation activities which was determined on the basis of 5% of the total expenditure.</p>
Scoping	<p>An audit of the entire financial information was performed on the University and covering 99% of the Group’s total income (2024: 99%), and 94% of the Group’s total net assets (2024: 94%).</p>
Significant changes in our approach	<p>In the current year, we have identified a key audit matter in relation to the completeness of payables and accrued liabilities, reflecting the volume of transactions and the management judgement required in determining when liabilities should be recognised in the financial statements.</p>

4. Conclusions relating to going concern

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.

Our evaluation of the Council’s assessment of the Group’s and University’s ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the forecasting process through enquiries with management and inspection of the forecasts;
- Evaluating the reasonableness of the detailed assumptions underpinning the Group’s forecasts taking into consideration the current economic environment;
- Evaluating the University’s financial position including the size and liquidity of its investment portfolio;
- Assessing forecasting accuracy including the historical accuracy of forecasts against previous performance and comparing post-year end performance to forecast; and
- Assessing the appropriateness of the associated disclosures in the financial statements.

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 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent auditor's report to the members of the University of Southampton (continued)

## 5.1. Accounting for Major Capital Projects

**Key audit matter description**

The Group recognised a total of £73.0m (2024: £69.7m) of additions to assets in course of construction in the year ended 31 July 2025, as disclosed in note 15 to the financial statements. These additions predominantly relate to new academic facilities and infrastructure improvements.

Judgement is applied in determining whether expenditure is capital in nature under the definitions of capital spend within FRS 102 Section 17 "Property, Plant and Equipment" or should be expensed. This judgement gives rise to the potential for manipulation and bias. Therefore, we consider this to be a risk of material misstatement due to fraud.

Details of the accounting policies applied are set out in the statement of principal accounting policies note j and on pages 33 and 34 of the Annual Report.

**How the scope of our audit responded to the key audit matter**

To address the risk that accounting for major capital projects is not appropriate, our procedures included:

- Obtaining an understanding of management's process and the relevant controls over the accounting for major capital projects that may impact the classification and validity of additions;
- Assessing the appropriateness of management's accounting policy and the application of that policy;
- For a sample of additions to assets in course of construction, we obtained supporting documentation and challenged management's judgement as to whether these specific additions represented capital items, by assessing the nature of the additions against the criteria set out in FRS 102; and
- Assessing the appropriateness of the related disclosures in note 15 to the consolidated financial statements.

**Key observations**

Based on the work performed, we are satisfied that accounting for major capital projects is appropriate.

## 5.2. Completeness of Payables and Accrued Liabilities

**Key audit matter description**

The Group recognised a total of £87.2m of payables and accrued liabilities (2024: £74.4m) at the year ended 31 July 2025, as disclosed in note 21 of the financial statements.

We have identified a key audit matter in relation to the completeness of these balances due to the volume of transactions and the management judgement

required in determining when liabilities should be recognised in the financial statements. This takes into consideration a range of factors such as the probability of the outflow, the achievement of performance obligations and the value of goods or services received at the year end. This gives rise to the potential for manipulation and bias which could result in the understatement of these balances and the related expenditure in the year. Therefore, we consider this to be a risk of material misstatement due to fraud.

Details of the accounting policies applied are set out in the statement of principal accounting policies note q and on page 35 of the Annual Report.

**How the scope of our audit responded to the key audit matter**

To address the risk that payables and accrued liabilities are not complete, our procedures included:

- Obtaining an understanding of management's year end close process and the relevant controls over the completeness of payables and accrued liabilities that may impact the classification and validity of liabilities;
- Assessing the appropriateness of management's accounting policy and the application of that policy;
- Evaluating an extended sample of post-year end payments and invoices received for completeness of recorded payables and accrued liabilities to assess the probability of outflow, performance obligations and values received at year end;
- Performing an assessment of journal transactions relating to payables and accrued liabilities posted as debits and evaluating whether the reductions in the balances were appropriate; and
- Assessing supporting documentation and challenging management's judgement by evaluating the nature of payables and accrued liabilities against the criteria set out in FRS 102.

**Key observations**

Based on the work performed, we are satisfied with the completeness of payables and accrued liabilities.

Independent auditor’s report to the members of the University of Southampton (continued)

6. Our application of materiality

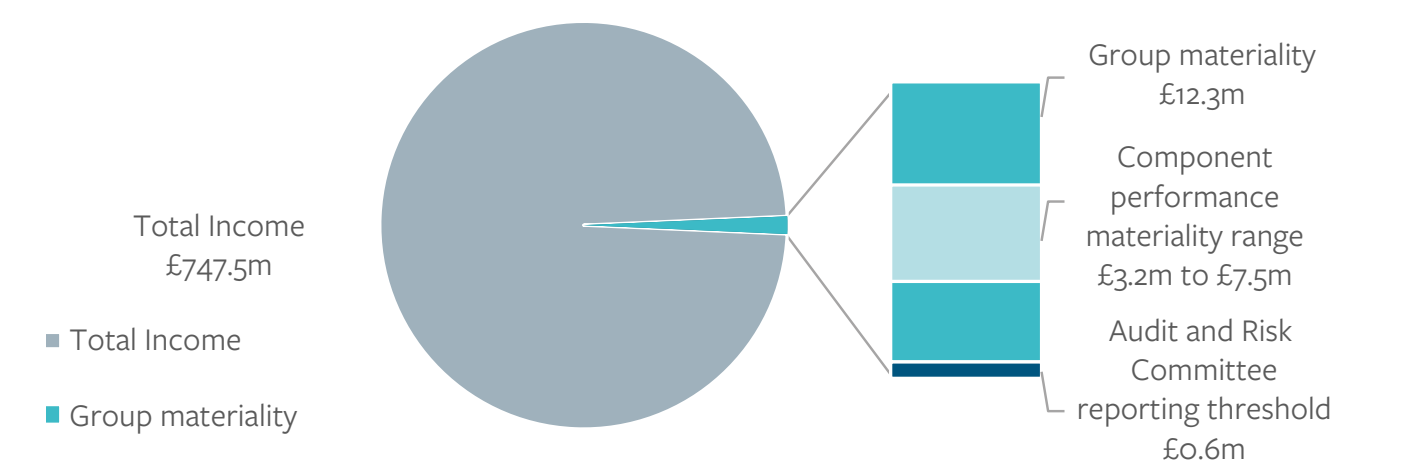
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows::

	Group financial statements	University financial statements
Materiality	£12.3m (2024: £12.2m)	£11.7m (2024: £12.0m)
Basis for determining materiality	1.65% of total income (2024: 1.65% of total income)	For the purposes of our opinion on the University financial statements materiality has been set at 1.65% of total income (2024: 1.65% of total income)
Rationale for the benchmark applied	We continue to use total income as the benchmark for determining materiality as we have concluded that this best reflects the underlying performance of the Group and University and is a key metric for users of the financial statements.	

The amounts disclosed in note 13, expenditure on access and participation activities, have been audited to a lower materiality of £0.5m (2024: £0.5m). This is due to the importance of this information to the regulator, the Office for Students, as a key user of the financial statements. This lower materiality was determined on the basis of 5% (2024: 5%) of the total expenditure of £9.4m disclosed in that note (2024: £9.7m). No other account balances, classes of transactions or disclosures have been audited to a materiality lower than that for the financial statements as a whole.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	University financial statements
Performance materiality	65% (2024: 65%) of Group materiality	65% (2024: 65%) of University materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"><li>Our assessment of the quality of the control environment;</li><li>Management’s willingness to investigate and correct misstatements identified in the audit; and</li><li>The nature, volume and size of misstatements uncorrected in the previous audit.</li></ul>	

## Independent auditor's report to the members of the University of Southampton (continued)

**6.3. Error reporting threshold**

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £0.6m (2024: £0.6m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

**7. An overview of the scope of our audit****7.1. Identification and scoping of components**

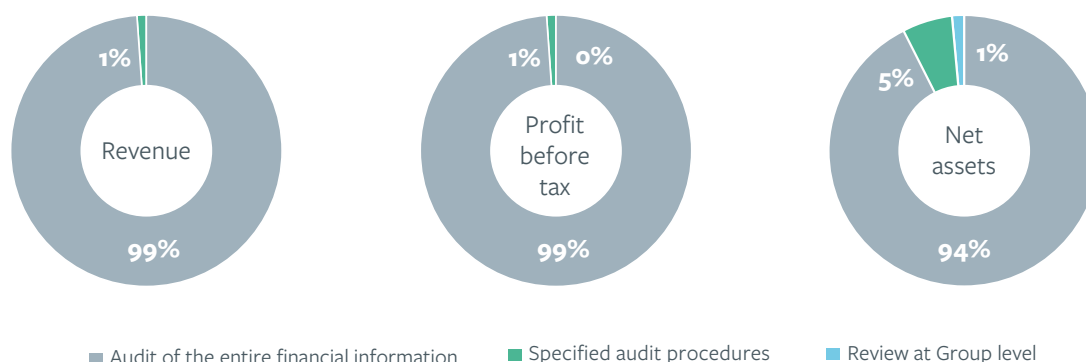
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risk of material misstatement at the Group level. The Group contains 10 components with the only component in scope for audit of the entire financial information being the University and one component (University of Southampton Science Park) where we performed audit procedures on one or more classes of transactions, account balances or disclosures. All audit work for the purposes of the Group audit is performed directly by the Group engagement team.

At the Group level, we tested the consolidation process and performed analytical procedures to assess whether there were any significant risks of material misstatements in the aggregated financial information of the components not selected for further audit procedures.

An audit of the entire financial information was performed on the University covering 99% of the Group's total income (2024: 99%), and 94% of the Group's total net assets (2024: 94%). The performance materiality applied to the University was £7.5m. The performance materiality applied to other components was £3.2m. There have been no significant changes in our scoping compared to prior year.

The scope of our audit is summarised in the table below:

Component	Component Performance Materiality	Scope
<b>University of Southampton</b>	£7.5m (2024: £7.8m)	Audit of the entire financial information.
<b>University of Southampton Science Park</b>	£3.2m (2024: £3.4m)	Specified audit procedures on one or more classes of transactions, account balances or disclosures, being the investment properties and non-current liabilities (borrowings).
<b>Other non-dormant subsidiaries</b>	n/a (2024: n/a)	Review at group level

**7.2. Our consideration of the control environment**

We have identified two key IT systems relevant to the audit: Unit4, which is the entity's general ledger system and Banner, which is the entity's student administration system. We involved our IT specialists to obtain an understanding of the IT environment and general IT controls within the underlying Unit4 and Banner systems.

Our controls approach focussed on obtaining an understanding of the relevant controls relating to accounting for major capital projects, completeness of payables and accrued liabilities, student fee income and financial reporting.

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## Independent auditor's report to the members of the University of Southampton (continued)

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We did not rely on the controls and note the Audit and Risk Committee's discussion of the control environment in their report commencing on page 20.

### 7.3. Our consideration of climate-related risks

In planning our audit we have considered management's sustainability strategy, as outlined on page 10 of the Annual Report, and the potential impact of future plans on the Group's financial statements. As part of our audit, we have held discussions with management to understand and evaluate their process for assessing the impact of climate change on the Group and its financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact and is developing a formal risk assessment.

We have read the disclosures made in relation to climate change in the other information within the Annual Report commencing on page 10 to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

### 8. 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 course of 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 this gives rise to a material misstatement in the financial statements. 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.**

### 9. Responsibilities of the Council

As explained more fully in the statement of primary responsibilities of the Council, 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 determines 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 is responsible for assessing the Group's and the 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 University or to cease operations, or has no realistic alternative but to do so.

### 10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## Independent auditor's report to the members of the University of Southampton (continued)

### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for the Vice-Chancellor's remuneration, bonus levels and performance targets;
- Results of our enquiries of management, internal audit, and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- Any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- The matters discussed among the audit engagement team and relevant internal specialists, including pensions, valuations and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: accounting for major capital projects and completeness of payables and accrued liabilities. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Higher Education Act, Office for Students Regulatory Advice 9: Accounts Direction and the relevant provisions of the code of financial regulations relating to the supplemental schedule.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's conditions of registration with the Office for Students.

### 11.2. Audit response to risks identified

As a result of performing the above, we identified accounting for major capital projects and completeness of payables and accrued liabilities as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to the key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Office for Students; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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**Independent auditor's report to the members of the University of Southampton (continued)**

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**Report on other legal and regulatory requirements**

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**12. Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"**

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and 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 requirements of the OfS's accounts direction have been met.

**13. Matters on which we are required to report by exception**

**13.1. Matters required under the OfS Accounts Direction**

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- The provider's grant and fee income, as disclosed in note 4 to the accounts, has been materially misstated; or
- The provider's expenditure on access and participation activities for the financial year, as disclosed in note 13 to the accounts, has been materially misstated.

**We have nothing to report in respect of these matters.**

**14. Other matters which we are required to address**

**14.1. Auditor tenure**

Following the recommendation of the Audit and Risk Committee, we were re-appointed by the Council in December 2022 to audit the financial statements for the year ending 31 July 2023 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years. Our tenure covers the years ending 31 July 2018 to 31 July 2025.

**14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee**

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

**15. Use of our report**

This report is made solely to the Council in accordance with the Accounts Direction issued by the Office for Students dated 25 October 2019. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 Council, for our audit work, for this report, or for the opinions we have formed.



Claire Siviter FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom  
1<sup>st</sup> December 2025



## Statement of principal accounting policies

**a. General**

The University of Southampton is a chartered corporation established by Royal Charter in 1952, and an exempt charity under the terms of the Charities Act 2011. Its principal place of business is University Road, Southampton, Hampshire, United Kingdom.

**b. Going concern**

The University prepares annual business plans and budgets which are reviewed and approved by the Council. Performance against these plans is monitored through the year. The plans feed into the University's Economic Model, a 10-year forecast which is reviewed and updated annually.

The University prepares an annual going concern assessment to evidence why the University is a going concern. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future.

The University's consolidated net debt, as set out in note 26, reduced from £319.9m as at 31 July 2024 to £242.9m as at 31 July 2025. However, the net debt does not take into account the investment portfolio held as part of the University's treasury management strategy of £508.8m. If this is taken into account, the overall position is adjusted net funds of £265.9m, compared to £271.3m at 31 July 2024. The University has sufficient liquidity for its continuing operations and therefore the going concern basis has been used in the preparation of the financial statements.

**c. Basis of accounting**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the Accounts Direction issued by the Office for Students (OfS) and the applicable accounting standard Financial Reporting Standard 102 (FRS 102). The financial statements comply with the requirements of FRS 102.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The University has taken advantage of the exemption from the requirements of Section 7 Statement of Cash Flows as permitted under FRS 102 not to produce a Statement of Cash Flows for the University only. A Consolidated Statement of Cash Flows has been prepared on page 38.

The University is a public benefit entity and therefore has applied the relevant public benefit requirements of applicable laws and accounting standards.

The financial statements are prepared in sterling which is the functional currency of the University and rounded to the nearest thousand.

**d. Basis of consolidation**

The consolidated financial statements combine the financial statements of the University and its subsidiary undertakings for the financial year to 31 July 2025. Intercompany balances and transactions between the University and its subsidiary undertakings are eliminated in full.

Where the financial statements of subsidiary undertakings are denominated in foreign currency, income and expenditure are converted to sterling for consolidation on the basis of the average exchange rate for the accounting period and the Consolidated Statement of Financial Position is converted using the rate at the Consolidated Statement of Financial Position date. Any resulting exchange rate differences are recognised in the Statement of Comprehensive Income.

The Consolidated Statement of Comprehensive Income includes the Group's share of the comprehensive income of associated undertakings and the Consolidated Statement of Financial Position includes the investment in associated undertakings at the Group's share of their underlying net tangible assets (the 'equity method'). Associated undertakings are those in which the Group has significant, but not dominant, influence over their commercial and financial policy decisions.

The consolidated financial statements do not include the income and expenditure of the University of Southampton Students' Union as it is a separate entity over which the University does not exert control or significant influence over policy decisions.

Operational decision making is based on the activities of the whole institution and this, along with the fact that materially all of the University's income and expenditure relates to its principal activities and originates in the UK, means that there is only one operating segment, and there is no segmental reporting.

**e. Income recognition***Tuition fees*

Fee income is stated gross of any expenditure and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is waived or reduced, income receivable is shown net of the waiver. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

*Grant funding*

Grant funding including funding council block grants, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions specified in the agreement have been met. In the absence of any performance conditions income is recognised in full as soon as it becomes receivable.

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## Statement of principal accounting policies (continued)

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Income received in advance of any performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income as the conditions are met. Where grants are received in arrears, income is recognised as and when relevant performance conditions have been met.

### *Capital grants*

Capital grants received for the purpose of purchasing or constructing specific assets are recognised as income when the University is entitled to the funds subject to any performance related conditions being met. Grants where the University has discretion over the assets being purchased or built are recognised in full as income when the University is entitled to the income.

### *Provision of goods or services*

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied or the terms of the contract have been satisfied. Where services are being rendered but are not complete at the end of the period, income is recognised with reference to the stage of completion/degree of provision of the service, as determined on an appropriate basis for each contract.

### *Investment income*

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

### *Donations and endowments*

Donation income is accounted for under the Performance Model and can be split into the following types of donation:

- Donated income with performance conditions - Income is recognised within the Statement of Comprehensive Income when receivable (legal/contractual commitment) and performance conditions have been met.
- Donations with restrictions - A donation is considered to have a restriction when the gift agreement contains “a requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance-related condition.” Income with restrictions, but no performance conditions, is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and recorded within restricted reserves. As the funding is expended against the restriction it is transferred to unrestricted reserves by way of a reserves transfer.

- Donations without restrictions - Income with neither restrictions nor performance conditions is recognised within the Statement of Comprehensive Income when the University is entitled to the income and recorded within unrestricted reserves.

Endowments are a class of donation where the donor requires the original gift to be invested, with the return to be spent against the donor’s charitable aims. The donor can specify that the capital can be spent (expendable endowment) or maintained in perpetuity (permanent endowment). In addition, the donor can specify how the gift and any associated income should be spent (a restricted endowment) or give the funds for the general benefit of the University (unrestricted endowment).

An endowment gift is recognised in the Statement of Comprehensive Income when the University is entitled to the gift. Investment income and appreciation of endowments is recognised in the year in which it arises and is either restricted or unrestricted income according to the terms of the restriction applied to each individual endowment fund.

### *Agency income*

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

## **f. Accounting for retirement benefits**

The three principal pension schemes for the University’s staff are the Universities Superannuation Scheme (USS), the University of Southampton Pension and Assurance Scheme (PASNAS) and the University of Southampton Retirement Fund (USRF). The University also contributes to the National Health Service Pension Scheme (NHPS), Hampshire County Council (HCC), National Employment Savings Trust (NEST) and schemes relating to subsidiary companies. A small number of staff remain in other schemes.

### *USS*

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of each university due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

## Statement of principal accounting policies (continued)

*Other pension schemes*

PASNAS and HCC are defined benefit schemes, the assets of which are held in trustee-administered funds which are valued every three years by professionally qualified independent actuaries. NHPS is externally funded and the University's share of the underlying assets and liabilities of the scheme cannot be identified, therefore this is accounted for as if it were a defined contribution scheme. USRF and NEST are defined contribution schemes.

*Defined benefit schemes*

Defined benefit schemes are post-employment benefit schemes other than defined contribution schemes. Under defined benefit schemes, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit schemes net of scheme assets.

The net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

*Defined contribution schemes*

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

**g. Employment benefits**

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the period in which the employees render service to the University. Any unused benefits which have accrued at each Statement of Financial Position date are recognised as a liability, with the expense being recognised as staff costs in the Statement of Comprehensive Income.

**h. Leases***Finance leases*

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

Leased assets acquired by way of a finance lease and the associated lease liability are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating leases*

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

**i. Foreign currency**

Transactions denominated in foreign currencies are recorded in the Statement of Comprehensive Income at the actual rate of exchange on conversion to sterling. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into sterling at the foreign exchange rate prevailing at that date.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

**j. Tangible fixed assets**

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Fixtures, fittings and equipment purchased by the University and costing less than £25,000 per individual items or group of related items is written off in the year of acquisition. All other items of fixtures, fittings and equipment is capitalised. The capitalisation thresholds for subsidiary undertakings are set at appropriate levels that do not exceed £25,000.

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**Statement of principal accounting policies (continued)**

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*Depreciation*

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

Freehold buildings:	50 years
Leasehold land and buildings:	50 years
Fixtures, fittings and equipment:	3 - 40 years

Assets under the course of construction are accounted for at cost, based on the value of the architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

*Impairment*

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income.

*Investment properties*

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Within the valuation report a number of different assumptions have been applied. All are detailed in the valuation report and relate to areas concerning break options, letting and legal fees and business rates.

Within investment properties is capitalised lease premiums and associated costs which represent premiums paid by the Science Park in respect of land on long leases (99 years and over). These are included at historic cost and depreciated on a straight-line basis over the term of the lease. Any revaluation is held within Investment Leasehold and Freehold Property.

**k. Heritage assets**

Artefacts held and conserved principally for their contribution to knowledge and culture, obtained since 1 August 2010, costing over £25,000, are capitalised and held at the lower of cost or net realisable value. Where assets are fully or substantially donated, they are capitalised and held at the lower of valuation at the time of acquisition or net realisable value.

Heritage assets are not depreciated as their long economic lives mean that any depreciation would be immaterial but they are regularly reviewed for impairment.

Income received to support the purchase of heritage assets is recognised when the University is entitled to the income.

The University holds a number of heritage assets obtained before 1 August 2010 that are not capitalised as the historical cost or valuation at the time of acquisition cannot be determined in a cost beneficial manner.

**l. Intangible assets**

Intangible assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets purchased by the University and costing less than £25,000 per individual items or group of related items is written off in the year of acquisition. The capitalisation thresholds for subsidiary undertakings are set at appropriate levels that do not exceed £25,000.

*Amortisation*

Amortisation on intangible assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

*Software: 3 - 9 years*

Software in development is accounted for at cost, based on the value of the direct costs incurred to 31 July. They are not amortised until they are ready for use.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

## Statement of principal accounting policies (continued)

*Impairment*

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income.

**m. Gifts in kind**

Gifts in kind are included as fixed assets and depreciated in accordance with the policy set out above. The value of the donation is included in the Statement of Comprehensive Income in the period in which it is received, using a reasonable estimate of the gross value or the amount actually realised.

**n. Investments**

All investments are initially recognised at cost and subsequently measured at fair value at each reporting date, with movements recognised in the Statement of Comprehensive Income. For non-trading investments where fair value cannot be reliably measured, they will be measured at cost less impairment.

Investments in subsidiary undertakings and associates are accounted for at cost less accumulated impairment losses.

Investments in associated undertakings are accounted for using the equity method of accounting which reflects the University's share of the profit or loss, other comprehensive income and equity of the associate. In applying the equity method the University uses interim financial statements of the associate prepared to the 31st July.

All gains and losses on investment assets are recognised in the Statement of Comprehensive Income for that period.

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Statement of Comprehensive Income.

**o. Stock**

Stock comprises of cochlear implants awaiting issue to patients and other items held for resale. Stock is held at the lower of cost and net realisable value.

**p. Cash and cash equivalents**

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

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Deposit investments are deemed to be cash equivalents if they have a maturity of three months or less from the date of acquisition.

Cash and cash equivalents contain sums relating to endowment reserves which the University is restricted as to how they disburse.

**q. Financial instruments**

As allowable under FRS 102 the University has adopted the option to apply the recognition, measurement and disclosure requirements of sections 11 and 12 of FRS 102. Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (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.

*Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publically traded or their fair value is reliably measurable) are measured at fair value through the Statement of Comprehensive Income. Where fair value cannot be measured reliably, investments are measured at cost less impairment. In the University's Statement of Financial Position, investments in subsidiaries are measured at cost less impairment.

*Loans*

Loans which are basic financial instruments (as defined in paragraph 11.9 of FRS 102) are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method and are subject to an annual impairment review.

*Public bonds*

Bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the bonds are measured at amortised cost using the effective interest rate method. Under this method the discount at which the bonds were issued and the transaction costs are accounted for as an additional interest expense over the term of the bonds.



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**Statement of principal accounting policies (continued)**

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*Derivatives*

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are then revalued annually with any gains or losses being reported in the Statement of Comprehensive Income. The fair values are calculated by the bank from proprietary models based upon well recognised financial principles, data sources believed to be reliable and reasonable estimates about relevant future market conditions.

*Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses. 30 day payment terms apply to amounts owed by and to group undertakings, to trade and other debtors and to trade and other creditors.

**r. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

**s. Taxation**

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

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as other commercial organisations. However, the overall taxation liability of the group is minimised through using the Gift Aid scheme.

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

**t. Reserves**

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



**Consolidated and University Statements of Comprehensive Income as at 31 July 2025**

		Consolidated		University	
	Notes	2025	2024	2025	2024
		£000	£000	£000	£000
<b>Income</b>					
Tuition fees and education contracts	2/4	359,728	372,590	356,129	369,747
Funding body grants	3/4	83,394	84,001	83,394	84,001
Research grants and contracts	5	141,808	136,905	141,371	136,485
Other income	6	152,820	144,720	147,140	138,949
Investment income	7	5,873	8,766	5,717	8,680
Donations and endowments	8	3,858	4,553	3,858	4,553
<b>Total income</b>		<b>747,481</b>	<b>751,535</b>	<b>737,609</b>	<b>742,415</b>
<b>Expenditure</b>					
Staff costs excluding movements in the USS deficit funding accrual	9	421,763	399,759	417,675	396,099
Decrease in the USS deficit funding accrual accounted for within staffing costs	9	-	(194,030)	-	(194,030)
Total staff costs	9	421,763	205,729	417,675	202,069
Other operating expenses	10/12	269,329	274,928	267,013	266,576
Depreciation and amortisation	12	38,066	34,907	37,178	34,061
Interest and other finance costs	11	11,949	19,630	11,949	19,630
<b>Total expenditure</b>		<b>741,107</b>	<b>535,194</b>	<b>733,815</b>	<b>522,336</b>
<b>Surplus before other gains/(losses)</b>		<b>6,374</b>	<b>216,341</b>	<b>3,794</b>	<b>220,079</b>
Gain on investments		32,042	38,073	31,719	38,619
Loss on disposal of fixed assets		(2,556)	(6,035)	(2,556)	(6,035)
Share of operating (loss)/surplus in associate		(53)	141	-	-
<b>Surplus before tax</b>		<b>35,807</b>	<b>248,520</b>	<b>32,957</b>	<b>252,663</b>
Taxation	14	(854)	(324)	-	-
<b>Surplus for the year after tax</b>		<b>34,953</b>	<b>248,196</b>	<b>32,957</b>	<b>252,663</b>
Surplus attributable to the University		<b>34,953</b>	<b>248,196</b>	<b>32,957</b>	<b>252,663</b>

The Statement of principal accounting policies and the notes on pages 43 to 83 form part of these financial statements

# Consolidated and University Statements of Comprehensive Income as at 31 July 2025 (continued)

	Notes	Consolidated		University	
		2025	2024	2025	2024
		£000	£000	£000	£000
<b>Surplus for the year after tax</b>		<b>34,953</b>	248,196	<b>32,957</b>	252,663
<b>Other comprehensive loss</b>					
Actuarial loss in respect of pension schemes	30	<b>(2,809)</b>	(3,042)	<b>(2,809)</b>	(3,042)
<b>Total comprehensive income for the year</b>		<b>32,144</b>	245,154	<b>30,148</b>	249,621
<b>Represented by:</b>					
Endowment comprehensive income for the year		<b>316</b>	539	<b>316</b>	539
Restricted comprehensive income for the year		<b>1,771</b>	322	<b>1,771</b>	322
Unrestricted comprehensive income for the year		<b>30,057</b>	244,293	<b>28,061</b>	248,760
		<b>32,144</b>	245,154	<b>30,148</b>	249,621

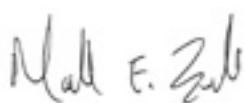
All items of income and expenditure relate to continuing operations.

The Statement of principal accounting policies and the notes on pages 43 to 83 form part of these financial statements

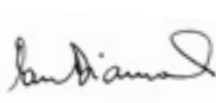
## Consolidated and University Statements of Financial Position as at 31 July 2025

		Consolidated		University	
	Notes	As at 31 July 2025 £000	As at 31 July 2024 £000	As at 31 July 2025 £000	As at 31 July 2024 £000
Non-current assets					
Tangible fixed assets	15	866,940	819,348	809,750	763,458
Heritage assets	15	6,035	6,035	6,035	6,035
Intangible assets	16	10,153	4,127	10,153	4,127
Investments	17	1,576	1,280	48,327	47,442
Share of net assets of associate	18	218	271	-	-
		884,922	831,061	874,265	821,062
Current assets					
Stock		1,885	1,576	1,879	1,570
Trade and other receivables	19	77,392	77,289	74,125	74,138
Investments	20	508,828	591,142	508,828	591,142
Cash and cash equivalents		100,815	24,280	91,037	17,224
		688,920	694,287	675,869	684,074
Creditors: amounts falling due within one year	21	(218,482)	(208,393)	(215,991)	(205,325)
Net current assets		470,438	485,894	459,878	478,749
Total assets less current liabilities		1,355,360	1,316,955	1,334,143	1,299,811
Creditors: amounts falling due after more than one year	22	(349,632)	(345,845)	(346,547)	(343,878)
Provisions					
Pension provisions	23	(27,129)	(25,366)	(27,129)	(25,366)
Other provisions	23	(3,906)	(3,195)	(1,045)	(1,293)
Total net assets		974,693	942,549	959,422	929,274
Represented by:					
Restricted reserves					
Income and expenditure reserve - endowment reserve	24	12,764	12,448	12,764	12,448
Income and expenditure reserve - restricted reserve	25	6,335	4,564	6,335	4,564
Unrestricted reserves					
Income and expenditure reserve - unrestricted		955,594	925,537	940,323	912,262
Total reserves		974,693	942,549	959,422	929,274

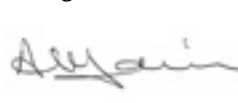
The financial statements were approved by the Council on 25 November 2025, and signed on its behalf by:



**Professor Mark E Smith**  
President and Vice-Chancellor



**Sir Ian Diamond**  
Chair of Council



**Alison Jarvis**  
Executive Director of Finance

The Statement of principal accounting policies and the notes on pages 43 to 83 form part of these financial statements

# Consolidated and University Statements of Changes in Reserves for the year ended 31 July 2025

## Consolidated

	Notes	Income and Expenditure Reserve			Total
		Endowment	Restricted	Unrestricted	
		£000	£000	£000	£000
<b>Balance at 1 August 2023</b>		<b>11,909</b>	<b>4,242</b>	<b>681,244</b>	<b>697,395</b>
Surplus from the Statement of Comprehensive Income		539	322	247,335	248,196
Other comprehensive expenditure	30	-	-	(3,042)	(3,042)
<b>Total Comprehensive Income for the year</b>		<b>539</b>	<b>322</b>	<b>244,293</b>	<b>245,154</b>
<b>Balance at 1 August 2024</b>		<b>12,448</b>	<b>4,564</b>	<b>925,537</b>	<b>942,549</b>
Surplus from the Statement of Comprehensive Income		316	1,771	32,866	34,953
Other comprehensive expenditure	30	-	-	(2,809)	(2,809)
<b>Total Comprehensive Income for the year</b>		<b>316</b>	<b>1,771</b>	<b>30,057</b>	<b>32,144</b>
<b>Balance at 31 July 2025</b>		<b>12,764</b>	<b>6,335</b>	<b>955,594</b>	<b>974,693</b>

## University

<b>Balance at 1 August 2023</b>		<b>11,909</b>	<b>4,242</b>	<b>663,502</b>	<b>679,653</b>
Surplus from the Statement of Comprehensive Income		539	322	251,802	252,663
Other comprehensive expenditure	30	-	-	(3,042)	(3,042)
<b>Total Comprehensive Income for the year</b>		<b>539</b>	<b>322</b>	<b>248,760</b>	<b>249,621</b>
<b>Balance at 1 August 2024</b>		<b>12,448</b>	<b>4,564</b>	<b>912,262</b>	<b>929,274</b>
Surplus from the Statement of Comprehensive Income		316	1,771	30,870	32,957
Other comprehensive expenditure	30	-	-	(2,809)	(2,809)
<b>Total Comprehensive Income for the year</b>		<b>316</b>	<b>1,771</b>	<b>28,061</b>	<b>30,148</b>
<b>Balance at 31 July 2025</b>		<b>12,764</b>	<b>6,335</b>	<b>940,323</b>	<b>959,422</b>

The Statement of principal accounting policies and the notes on pages 43 to 83 form part of these financial statements

## Consolidated Statement of Cash Flows for the year ended 31 July 2025

	Notes	31 July 2025 £000	31 July 2024 £000
<b>Cash flow from operating activities before tax</b>			
Surplus before taxation		35,807	248,520
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation	15, 16	38,066	34,907
Gain on investments		(32,042)	(38,073)
Impairment of tangible and intangible assets	15, 16	1,215	2,519
Increase in stock		(309)	(121)
Increase in trade and other receivables		(1,444)	(4,744)
Increase in creditors		2,274	11,322
Decrease in pension provision	23	(1,046)	(189,886)
Increase in other provisions	23	711	1,918
Exchange rate gain/(loss) on loans	11	628	(218)
(Gain)/loss on revaluation of investment property	15	(134)	3,951
Share of operating deficit/(surplus) in associate	18	53	(141)
<b>Adjustment for investing or financing activities</b>			
Investment income	7	(5,873)	(8,766)
New endowments	8	-	(28)
Capital grant income	3	(5,536)	(5,406)
Interest payable	11	11,487	14,086
Loss on the disposal/write down of fixed assets	15	458	2,870
<b>Net cash inflow from operating activities before taxation</b>		<b>44,315</b>	<b>72,710</b>
Taxation		(854)	(324)
<b>Net cash inflow from operating activities after taxation</b>		<b>43,461</b>	<b>72,386</b>

The Statement of principal accounting policies and the notes on pages 43 to 83 form part of these financial statements

# Consolidated Statement of Cash Flows for the year ended 31 July 2025 (continued)

	Notes	31 July 2025 £000	31 July 2024 £000
<b>Cash flows from investing activities</b>			
Capital grants receipts	3	5,536	5,406
Payments made to acquire tangible fixed assets		(74,223)	(95,454)
Payments on intangible assets	16	(6,955)	(2,398)
Proceeds from disposal of tangible fixed assets		8	12
Proceeds from disposal of fixed asset investments		116	-
Investment in current investments		(60,000)	(25,096)
Disinvestment in current investments		173,944	29,997
Investment income		6,586	8,212
<b>Net cash outflow from investing activities</b>		<b>45,012</b>	<b>(79,321)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(11,445)	(14,044)
New endowments	8	-	28
Repayment of amounts borrowed		-	(57,978)
Capital element of finance lease repayments	22	(493)	(459)
<b>Net cash outflow from financing activities</b>		<b>(11,938)</b>	<b>(72,453)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>76,535</b>	<b>(79,388)</b>
Cash and cash equivalents at beginning of the year		24,280	103,668
Cash and cash equivalents at end of the year		100,815	24,280
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>76,535</b>	<b>(79,388)</b>

Previously, movements in current asset investments were presented on a net basis within the Statement of Cashflows. Following a review of best practice and to enhance transparency, these movements are now presented on a gross basis, separately disclosing purchases and disposals of current asset investments.



## Notes to the Financial Statements for the year ended 31 July 2025

**1. Significant estimates and judgements**

In the process of applying its accounting policies, the University is required to make certain estimates, judgements and assumptions that management believe are reasonable based on the information available. These are reviewed on a regular basis by senior management.

The University's management has sought to adopt those accounting policies most appropriate to the circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows. In determining and applying those accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption could materially affect the reported results or net asset position of the University.

A number of material judgements and significant estimates have been used in the preparation of the financial statements which are detailed below.

**Defined benefit scheme obligations - USS pension provision***Judgements:*

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore will recognise the discounted fair value of any contractual contributions in existence at the date of approving these financial statements.

**Defined benefit scheme pension provision – PASNAS***Estimates:*

The University contributes to a defined benefit pension scheme for which a provision is recorded in the Statement of Financial Position; this is the University of Southampton Pension and Assurance Scheme (PASNAS).

The recognised pension deficit liability is based on the valuation provided by professionally qualified independent actuaries which is based on a number of assumptions. These include the future cash flows of the Schemes, a discount rate of 5.8% (which is based on average AA rated UK corporate bond rates that reflect the duration of our liability), a 2.6% increase in pensionable salaries going forward and proposed price inflation of 3.1% (which is based on the Retail Price Index). Further details on these assumptions can be found in note 30.

The net interest expense is based on the interest rates of AA rated corporate bonds and the deficit position.

Management reviews the assumptions made to derive the provisions recorded within the Statement of Financial Position to ensure that they are reasonable and has performed the following sensitivity analysis:

<b>Sensitivity of the value placed on the liabilities</b>	<b>Increase/(Decrease) to provision (£)</b>
<b>Discount rate</b>	
Discount rate +0.50%	<b>(15,013,000)</b>
Discount rate -0.50%	<b>16,901,000</b>
<b>Inflation</b>	
Inflation +0.50%	<b>11,066,000</b>
Inflation -0.50%	<b>(11,806,000)</b>
<b>Salary increases</b>	
Salary increases +0.50%	<b>2,993,000</b>
Salary increases -0.50%	<b>(2,758,000)</b>
<b>Mortality</b>	
Life expectancy +1 year	<b>6,832,000</b>
Life expectancy -1 year	<b>(7,018,000)</b>

**Climate change**

Management have assessed that there is currently no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements.

## Notes to the Financial Statements for the year ended 31 July 2025

### 2. Tuition fees and education contracts

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Full-time home students	129,336	121,375	129,336	121,375
Full-time international students	197,967	219,854	194,368	217,011
Part-time home students	3,603	3,980	3,603	3,980
Part-time international students	270	248	270	248
Research training support grants	19,120	17,818	19,120	17,818
Special and short course fees	9,432	9,315	9,432	9,315
	<b>359,728</b>	<b>372,590</b>	<b>356,129</b>	<b>369,747</b>

EU-domiciled students who registered with the University prior to Brexit are classed as home students. Post Brexit, EU-domiciled students are classed as international students.

Included in the above is £4,876,000 (2024: £4,778,000) of NHS Teaching Contract income in respect of full and part-time students.

Other income from health authorities is disclosed under note 6.

### 3. Funding body grants

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
<b>Recurrent grants</b>				
Office for Students and Research England	67,887	68,251	67,887	68,251
<b>Specific grants</b>				
Office for Students and Research England	9,971	10,344	9,971	10,344
<b>Capital grants</b>				
Office for Students and Research England	5,536	5,406	5,536	5,406
	<b>83,394</b>	<b>84,001</b>	<b>83,394</b>	<b>84,001</b>

Specific Government grant income of £297,000 (2024: £407,000) has not been included in the Statement of Comprehensive Income as performance conditions had not been met as at 31 July 2025. All Government capital grant income was recognised during the year.

## Notes to the Financial Statements for the year ended 31 July 2025

## 4. Details of grant and fee income

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
<b>Recurrent grants</b>				
Office for Students	19,872	19,886	19,872	19,886
Research England - Quality-related research (QR)	48,081	48,365	48,081	48,365
NHS Teaching Contract	4,876	4,778	4,876	4,778
<b>Specific grants</b>				
Higher Education Academic Subject Centres (NCOP)	311	563	311	563
Higher Education Innovation Fund	6,670	6,399	6,670	6,399
Research QR Policy Support Fund	956	955	956	955
Enhancing Research Culture	700	700	700	700
Participatory Research	150	150	150	150
International Science Partnerships Fund	-	929	-	929
Regional Innovation Fund	-	236	-	236
Connecting Capability Fund	908	-	908	-
Capital grants	5,536	5,406	5,536	5,406
Grant income from other bodies	209	412	209	412
Fee income for taught awards	315,330	330,060	311,731	327,217
Fee income for research awards	30,091	28,437	30,091	28,437
Fee income from non-qualifying courses	9,432	9,315	9,432	9,315
<b>Total grant and fee income</b>	<b>443,122</b>	<b>456,591</b>	<b>439,523</b>	<b>453,748</b>

## Notes to the Financial Statements for the year ended 31 July 2025

### 5. Research grants and contracts

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
<b>Income</b>				
UK Research Councils	<b>65,377</b>	66,031	<b>65,377</b>	66,031
UK based charities	<b>11,964</b>	11,697	<b>11,964</b>	11,697
UK Central/Local Government, health authorities and hospitals	<b>37,901</b>	31,833	<b>37,901</b>	31,833
UK industry, commerce and public corporations	<b>7,490</b>	7,155	<b>7,152</b>	6,793
EU Government bodies	<b>4,769</b>	7,656	<b>4,769</b>	7,656
EU other sources	<b>3,875</b>	2,977	<b>3,875</b>	2,972
Other overseas sources	<b>9,805</b>	8,954	<b>9,724</b>	8,914
Other sources	<b>627</b>	602	<b>609</b>	589
	<b>141,808</b>	136,905	<b>141,371</b>	136,485

Research grant income of £68,800,000 (2024: £66,100,000) has been received but has not been recognised in income as it had not been spent as at 31 July 2025 as required in the performance conditions. Of the total deferred income of £68,800,000, £7,200,000 (2024: £4,700,000) relates to government funded research grants.

### 6. Other income

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Residences, catering and conferences	<b>49,914</b>	48,512	<b>49,914</b>	48,512
Consultancies, trading and services rendered	<b>59,785</b>	54,342	<b>57,256</b>	52,016
Health authorities	<b>14,804</b>	13,492	<b>14,804</b>	13,492
Other income	<b>28,317</b>	28,374	<b>25,166</b>	24,929
	<b>152,820</b>	144,720	<b>147,140</b>	138,949

### 7. Investment income

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Income from endowments	<b>424</b>	401	<b>424</b>	401
Other investment income	<b>5,449</b>	8,365	<b>5,293</b>	8,279
	<b>5,873</b>	8,766	<b>5,717</b>	8,680

## Notes to the Financial Statements for the year ended 31 July 2025

## 8. Donations and endowments

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
New endowments received in the year	-	28	-	28
Donations with restrictions	3,686	4,090	3,686	4,090
Unrestricted donations	172	435	172	435
	<b>3,858</b>	<b>4,553</b>	<b>3,858</b>	<b>4,553</b>

## 9. Staff costs

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
<b>Staff costs:</b>				
Salaries and wages	339,101	318,955	335,488	315,736
Social security costs	38,191	32,847	38,061	32,705
Pension costs excluding movement in USS pension provision	43,575	47,457	43,230	47,158
Severance and early retirement	896	500	896	500
	<b>421,763</b>	<b>399,759</b>	<b>417,675</b>	<b>396,099</b>
Decrease in USS pension provision	-	(194,030)	-	(194,030)
Total cost including USS pension provision	<b>421,763</b>	<b>205,729</b>	<b>417,675</b>	<b>202,069</b>

	Consolidated		University	
	2025	2024	2025	2024
	Number	Number	Number	Number
<b>Average staff numbers expressed as full-time equivalents by major category inclusive of part-time appointments:</b>				
Education, research and enterprise	2,995	2,826	2,929	2,792
Management, specialist and administrative	2,836	2,779	2,789	2,704
Technical and experimental	399	385	398	383
Community and operational	437	444	430	437
	<b>6,667</b>	<b>6,434</b>	<b>6,546</b>	<b>6,316</b>

## Notes to the Financial Statements for the year ended 31 July 2025

## 9. Staff costs (continued)

## Emoluments of the President and Vice-Chancellor Professor Mark E Smith CBE

	2025	2024
	£000	£000
Salary	351	340
Purchase of additional holiday	(8)	(8)
	<b>343</b>	332
Supplement in lieu of pension	27	25
Taxable benefits	7	7
Non-taxable Benefits	8	8
	<b>385</b>	372
USS employer contributions	12	15
USS deficit recovery charge	-	7
	<b>397</b>	394

## Salary

During the year, Professor Mark E Smith was paid salary of £351,102 (2024: £339,579). Professor Smith elected to purchase additional holiday during the year, resulting in deductions from his salary of £7,857 (2024: £7,640). Professor Smith is a member of the Universities Superannuation Scheme (USS) with the USS Voluntary Salary Cap in place, limiting the accrual of pension benefits to part of his salary. He received a supplement in lieu of pension of £26,610 (2024: £25,458) in respect of the non-pensionable part of his salary. The University made the required employer pension contributions of £12,325 (2024: £21,349) during the year.

A justification for the total remuneration package for the President and Vice-Chancellor can be found in the annual report of the Remuneration Committee which can be found here: <https://www.southampton.ac.uk/about/governance/structure/council-senate-committee/remuneration>

## Pay Ratios (including casual workers on a full year equivalent basis)

	2025		2024	
	Basic pay	Total remuneration	Basic pay	Total remuneration
Professor Mark E Smith	9.8	9.8	9.8	10.1
Median salary (for reference)	£35,984	£40,527	£34,562	£39,044

## Pay Ratios (excluding casual workers on a full year equivalent basis)

	2025		2024	
	Basic pay	Total remuneration	Basic pay	Total remuneration
Professor Mark E Smith	8.4	8.3	8.4	8.4
Median salary (for reference)	£41,851	£47,833	£40,521	£47,168



## Notes to the Financial Statements for the year ended 31 July 2025

## 9. Staff costs (continued)

## Taxable benefits

In common with other senior post holders, the University provided Professor Mark Smith with single membership of a healthcare scheme to help ensure his availability for work, at a cost of £1,397 for the period from 1 August 2024 to 31 July 2025 (2024: £1,182).

For the better performance of his official duties, and as required by contract, Professor Mark Smith lived at the Vice-Chancellor's official residence in Southampton whilst serving as President and Vice-Chancellor. The residence is used regularly for University meetings and official functions. These living arrangements incurred a taxable benefit of £5,586 in 2025 (2024: £5,693) and a non-taxable benefit of £7,842 based on market rental prices (2024: £7,842).

## Higher Paid Staff

Remuneration of higher paid staff based on basic salary is detailed below. Where a proportion of the salary is reimbursed by a third party, only the proportion paid by the University and its subsidiaries is included.

	2025		2024	
	Headcount	All staff FTE	Headcount	All staff FTE
£100,000 - £104,999	29	19.7	27	17.3
£105,000 - £109,999	42	33.2	55	45.9
£110,000 - £114,999	60	50.1	39	33.0
£115,000 - £119,999	25	20.0	28	18.7
£120,000 - £124,999	21	16.7	37	21.6
£125,000 - £129,999	13	10.7	47	29.6
£130,000 - £134,999	28	20.8	5	4.4
£135,000 - £139,999	3	2.2	3	1.2
£140,000 - £144,999	54	27.9	3	1.9
£145,000 - £149,999	7	2.9	5	3.8
£150,000 - £154,999	4	3.7	1	0.8
£155,000 - £159,999	1	0.7	2	1.8
£160,000 - £164,999	2	1.8	-	-
£165,000 - £169,999	-	-	-	-
£170,000 - £174,999	1	1.0	2	1.4
£175,000 - £179,999	1	0.4	-	-
£180,000 - £184,999	-	-	-	-
£185,000 - £189,999	1	1.0	-	-
£190,000 - £194,999	-	-	3	3.0
£195,000 - £199,999	2	2.0	1	1.0
£200,000 - £204,999	1	1.0	-	-
none between £205,000 and £334,999	-	-	-	-
£335,000 - £339,999	-	-	1	1.0
none between £340,000 and £349,999	-	-	-	-
£350,000 - £354,999	1	1.0	-	-
Total	296	216.8	259	186.4

## Notes to the Financial Statements for the year ended 31 July 2025

### 9. Staff costs (continued)

	2025	2024	2025	2024
	Number of staff	Number of staff	£000	£000
Aggregate payments for voluntary severance	28	13	896	500
Aggregate payments for redundancy at the end of fixed term contracts and any associated payments	130	109	454	439

Salaries and wages, emoluments of the Vice-Chancellor and higher paid staff numbers are stated before salary sacrifice deductions.

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

	2025	2024
	£000	£000
Key management personnel compensation	3,678	3,847

The key management personnel are represented as the University Executive Board (UEB). The costs comprise the salary and benefits for the 17.0 (2024: 17.8) full time equivalent members of UEB. The positions are:

President and Vice-Chancellor  
 Chief of Staff and Chief Strategy Officer  
 Senior Vice-President Academic and Deputy Vice-Chancellor  
 Vice-President Education and Student Experience  
 Vice-President Research and Enterprise  
 Vice-President Operations  
 Vice-President International and Engagement  
 Vice-President Engagement and International  
 Senior Executive Director of Student Experience and Deputy Vice-President Operations  
 Executive Director of Finance  
 Executive Director of Human Resources  
 Executive Director of Governance, Legal and Strategy Implementation  
 Deans of Faculties

## Notes to the Financial Statements for the year ended 31 July 2025

## 10. Other operating expenses

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Non-capitalised equipment	30,784	31,593	30,508	31,335
(Gain)/Loss on revaluation on investment properties	(134)	4,131	-	-
Impairment of property value	1,190	2,266	1,190	2,266
Impairment of equipment	25	208	25	208
Impairment of intangible assets	-	45	-	45
Consumables and laboratory expenditure	24,037	23,491	24,003	23,450
Office expenses and professional fees	59,334	57,165	57,543	55,483
Travel and subsistence	13,502	12,719	13,384	12,559
Repairs, refurbishment and scheduled maintenance	29,007	31,694	26,903	29,541
Utilities	17,631	19,555	17,643	19,589
Books and periodicals	6,840	6,738	6,839	6,732
Bursaries, fellowships, scholarships and prizes	27,171	25,272	27,120	25,229
External agencies and staff secondments	17,692	18,888	17,557	18,731
Rents, rates and hire of facilities	12,450	14,224	13,064	14,992
Catering supplies	2,434	2,129	2,242	1,934
Conference fees	3,958	3,724	3,995	3,745
Grant to Students' Union	3,281	3,025	3,281	3,025
Other expenses	20,127	18,061	21,716	17,712
	<b>269,329</b>	<b>274,928</b>	<b>267,013</b>	<b>266,576</b>

Lay members and non University staff officers of Council did not receive payment, apart from the reimbursement of expenses, for fulfilling their role as members of the governing body. Total expenses paid to or on behalf of lay members of Council were £19,000 (2024: £33,000), representing travel and other expenses incurred in attending Council and related meetings, and representing the University in the UK and overseas.

Other operating expenses include our external auditor's remuneration:

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Deloitte:				
In respect of the annual external audit	400	382	298	284
In respect of other services	37	28	37	28

Other services includes £37,000 (2024: £28,000) for other agreed upon procedure engagements relating to Reporting to the US Department of Education on loans provided to American students studying at the University, Teacher Training bursaries and the Teacher's Pension Scheme.

Notes to the Financial Statements for the year ended 31 July 2025

10. Other operating expenses (continued)

Other operating expenses include operating lease rentals as follows:

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Land and buildings	2,712	3,746	3,053	3,895
Other	353	383	353	383

11. Interest and other finance costs

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Loan interest	-	2,751	-	2,751
Bond interest	6,792	6,792	6,792	6,792
Finance lease interest	4,695	4,543	4,695	4,543
Exchange rate loss on currency loans	-	19	-	19
Exchange rate (gain)/loss on subsidiary loan	(628)	199	(628)	199
Net charge on pension schemes	1,090	5,326	1,090	5,326
	<b>11,949</b>	<b>19,630</b>	<b>11,949</b>	<b>19,630</b>

## Notes to the Financial Statements for the year ended 31 July 2025

## 12. Analysis of expenditure by activity

<b>Consolidated</b>	Staff costs £000	Depreciation and amortisation £000	Other operating expenses £000	Interest and other finance costs £000	<b>2025 Total £000</b>	2024 Total £000
Academic departments	214,778	4,400	37,315	-	<b>256,493</b>	247,026
Academic services	37,916	1,869	25,426	-	<b>65,211</b>	64,705
Research grants and contracts	64,267	4,203	27,636	-	<b>96,106</b>	88,900
Residences, catering and conferences	8,931	5,350	22,953	-	<b>37,234</b>	40,430
Premises	12,391	18,702	50,637	-	<b>81,730</b>	80,668
Administration and central services	40,082	2,636	17,912	-	<b>60,630</b>	57,696
General educational expenditure	10,944	-	55,978	-	<b>66,922</b>	68,096
Consultancies, trading and services rendered	32,490	906	20,895	-	<b>54,291</b>	57,430
Other activities	(36)	-	10,577	11,949	<b>22,490</b>	19,934
Total expenditure excluding USS pension provision	421,763	38,066	269,329	11,949	<b>741,107</b>	724,885
Decrease in USS Pension Provision	-	-	-	-	<b>-</b>	(189,691)
<b>Total expenditure including USS pension provision</b>	<b>421,763</b>	<b>38,066</b>	<b>269,329</b>	<b>11,949</b>	<b>741,107</b>	535,194

<b>University</b>	Staff costs £000	Depreciation and amortisation £000	Other operating expenses £000	Interest and other finance costs £000	<b>2025 Total £000</b>	2024 Total £000
Academic departments	212,691	4,330	37,132	-	<b>254,153</b>	244,936
Academic services	37,807	1,869	25,089	-	<b>64,765</b>	64,288
Research grants and contracts	64,267	4,173	27,232	-	<b>95,672</b>	88,530
Residences, catering and conferences	8,931	5,350	22,953	-	<b>37,234</b>	40,430
Premises	12,391	18,562	51,537	-	<b>82,490</b>	81,740
Administration and central services	39,335	2,310	17,404	-	<b>59,049</b>	56,130
General educational expenditure	10,742	-	55,562	-	<b>66,304</b>	67,310
Consultancies, trading and services rendered	31,547	584	17,550	-	<b>49,681</b>	48,693
Other activities	(36)	-	12,554	11,949	<b>24,467</b>	19,970
Total expenditure excluding USS pension provision	417,675	37,178	267,013	11,949	<b>733,815</b>	712,027
Decrease in USS Pension Provision	-	-	-	-	<b>-</b>	(189,691)
<b>Total expenditure including USS pension provision</b>	<b>417,675</b>	<b>37,178</b>	<b>267,013</b>	<b>11,949</b>	<b>733,815</b>	522,336

## Notes to the Financial Statements for the year ended 31 July 2025

### 13 . Access and participation expenditure

	2025	2024
<b>Consolidated and University</b>	<b>£000</b>	<b>£000</b>
Access investment	1,550	1,986
Financial support	5,485	5,820
Disability support (excluding expenditure included in the two categories above)	2,131	1,625
Research and evaluation	236	234
	<b>9,402</b>	<b>9,665</b>

These costs are included within note 12 and include salaries of £3,229,000 (2024: £2,933,000).

The published access and participation plan can be found at [www.southampton.ac.uk/about/governance/access-agreement.page](http://www.southampton.ac.uk/about/governance/access-agreement.page)

### 14. Taxation

	<b>Consolidated</b>		<b>University</b>	
	2025	2024	2025	2024
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Analysis of tax charge</b>				
UK corporation tax	1	1	-	-
Deferred tax	853	323	-	-
	<b>854</b>	<b>324</b>	<b>-</b>	<b>-</b>

	<b>Consolidated</b>		<b>University</b>	
	2025	2024	2025	2024
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Recognised in the Statement of Comprehensive Income:				
<b>Current tax</b>				
Current tax expense	1	1	-	-
<b>Current tax expense</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>				
Origination and reversal of timing differences and other movements	474	268	-	-
Adjustments in respect of prior periods	379	55	-	-
<b>Deferred tax charge</b>	<b>853</b>	<b>323</b>	<b>-</b>	<b>-</b>
<b>Total tax charge</b>	<b>854</b>	<b>324</b>	<b>-</b>	<b>-</b>



## Notes to the Financial Statements for the year ended 31 July 2025

## 15. Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Assets in course of construction £000	Consolidated Investment properties £000	Fixtures, fittings and equipment £000	Total tangible fixed assets £000	Heritage assets £000
<b>Cost or valuation</b>							
At 1 August 2024	814,267	187,697	53,077	37,258	194,982	<b>1,287,281</b>	<b>6,035</b>
Additions at cost	3,954	-	73,041	662	8,619	<b>86,276</b>	-
Transfers at cost	14,386	-	(19,497)	719	4,392	-	-
Gain on revaluation	-	-	-	134	-	<b>134</b>	-
Disposals at cost	(692)	(7)	-	-	(4,633)	<b>(5,332)</b>	-
Impairments and write-downs	-	-	(1,215)	-	-	<b>(1,215)</b>	-
<b>At 31 July 2025</b>	<b>831,915</b>	<b>187,690</b>	<b>105,406</b>	<b>38,773</b>	<b>203,360</b>	<b>1,367,144</b>	<b>6,035</b>
<b>Depreciation</b>							
At 1 August 2024	(234,835)	(82,415)	-	-	(150,683)	<b>(467,933)</b>	-
Charge for year	(19,887)	(3,895)	-	-	(13,355)	<b>(37,137)</b>	-
Eliminated on disposal	233	-	-	-	4,633	<b>4,866</b>	-
<b>At 31 July 2025</b>	<b>(254,489)</b>	<b>(86,310)</b>	<b>-</b>	<b>-</b>	<b>(159,405)</b>	<b>(500,204)</b>	<b>-</b>
<b>Net book value</b>							
<b>At 31 July 2025</b>	<b>577,426</b>	<b>101,380</b>	<b>105,406</b>	<b>38,773</b>	<b>43,955</b>	<b>866,940</b>	<b>6,035</b>
At 1 August 2024	579,432	105,282	53,077	37,258	44,299	819,348	6,035

## Notes to the Financial Statements for the year ended 31 July 2025

## 15. Tangible fixed assets (continued)

	Freehold land and buildings £000	Leasehold land and buildings £000	University Assets in course of construction £000	Fixtures, fittings and equipment £000	Total tangible fixed assets £000	Heritage assets £000
<b>Cost or valuation</b>						
At 1 August 2024	814,267	176,199	46,711	189,562	<b>1,226,739</b>	<b>6,035</b>
Additions at cost	3,954	-	71,764	8,504	<b>84,222</b>	-
Transfers at cost	14,386	-	(18,778)	4,392	-	-
Disposals at cost	(692)	(7)	-	(4,633)	<b>(5,332)</b>	-
Impairments and write-downs	-	-	(1,215)	-	<b>(1,215)</b>	-
<b>At 31 July 2025</b>	<b>831,915</b>	<b>176,192</b>	<b>98,482</b>	<b>197,825</b>	<b>1,304,414</b>	<b>6,035</b>
<b>Depreciation</b>						
At 1 August 2024	(234,835)	(81,505)	-	(146,941)	<b>(463,281)</b>	-
Charge for year	(19,887)	(3,683)	-	(12,679)	<b>(36,249)</b>	-
Eliminated on disposal	233	-	-	4,633	<b>4,866</b>	-
<b>At 31 July 2025</b>	<b>(254,489)</b>	<b>(85,188)</b>	<b>-</b>	<b>(154,987)</b>	<b>(494,664)</b>	<b>-</b>
<b>Net book value</b>						
<b>At 31 July 2025</b>	<b>577,426</b>	<b>91,004</b>	<b>98,482</b>	<b>42,838</b>	<b>809,750</b>	<b>6,035</b>
At 1 August 2024	579,432	94,694	46,711	42,621	763,458	6,035

At 31 July 2025, freehold land and buildings included £100,130,000 (2024: £100,130,000) in respect of land, which is not depreciated.

The figures for completed leasehold land and buildings include an asset held under a finance lease which has been capitalised. This is held at a cost of £47,812,000 (2024: £47,812,000), with accumulated depreciation of £10,482,000 (2024: £9,529,000) and a net book value of £37,330,000 (2024: £38,283,000).

Included in the balances for leasehold land and buildings is expenditure of £27,900,000 (2024: £27,900,000) funded by Office for Students and Research England (previously HEFCE and its predecessors) in respect of clinical land and buildings in National Health Service ownership, and £14,600,000 (2024: £14,600,000) for the National Oceanography Centre, Southampton, funded by Office for Students and Research England in respect of buildings constructed by the Natural Environment Research Council.

Impairments and write-downs of £1,215,000 (2024: £2,474,000) have been recognised in the Statement of Comprehensive Income for the year within other operating expenses. Impairments include assets under construction costing £1,215,000 which are no longer going ahead.

## Notes to the Financial Statements for the year ended 31 July 2025

**15. Tangible fixed assets (continued)**

The investment properties and capitalised lease premiums have been valued effective 31 July 2025 by CBRE Limited, Chartered Surveyors. Valuations are conducted annually. The valuer is experienced in valuing property in comparable locations and of a comparable nature, complexity and value as the Science Park. The report has been signed by the principal valuer and prior to submission was counter signed by a senior Director and CBRE RICS registered valuer. It has also been peer reviewed by an external CBRE RICS registered valuer and senior director, in line with the CBRE internal quality assurance processes.

The net historical cost of investment properties (including grants receivable in respect of assistance with construction of an Incubator Unit) at 31 July 2025 amounted to £49,185,000 (2024: £47,804,000), including interest capitalised of £445,000 (2024: £445,000). The investment properties are held for use in operating leases. The net book value of investment properties is split between freehold investment property of £1,955,000 (2024: £1,955,000) and long leasehold investment property of £36,818,000 (2024: £35,303,000).

In addition to the above expenditure on fixed assets a further £177,615,000 has been committed by the University and its subsidiary undertakings as detailed in note 28.

**Heritage Assets**

The University holds and conserves a significant number of rare books and manuscripts within the Special Collections Division of the Hartley Library. This includes over 6 million items in approximately 2,500 collections that have been obtained by the University and its predecessors since the 1860s. The University also maintains a significant number of paintings, drawings, sculptures, silverware and life science specimens. Items and collections obtained before 1 August 2010 have not been capitalised as the cost or valuation at the time of acquisition cannot be economically determined.

In August 2011, the University completed the acquisition of the Broadlands Archives, a significant collection of manuscripts dating from the sixteenth century to the present. Comprising more than 4,500 boxes of documents, the Broadlands Archives include correspondence of the Victorian Foreign Secretary and Prime Minister Lord Palmerston and approximately 250,000 papers and 50,000 photographs of Earl Mountbatten of Burma, including the foundation archives for the states of India and Pakistan. The collection also includes the diaries of the 19th-century social reformer and philanthropist, the 7th Earl of Shaftesbury and material regarding the Temple and Ashley estates in Hampshire.

An open market valuation of the Broadlands Archives was obtained in September 2012 from Bernard Quaritch Ltd, specialists in the valuation and sale of archives and manuscript collections. The valuer considered the separate collections that comprise the Broadlands Archives and took account of restrictions under the terms of associated grants and contracts in reaching an overall valuation of £6 million. The Archives have been capitalised at this value.

Further information regarding the Broadlands Archives and the other collections held within the Hartley Library, including access details, can be found on the Special Collections website at <http://www.southampton.ac.uk/archives>.

In the year ending 31 July 2018, the Honor Frost Archive (1940s to 2010) was donated to the University. The archive provides a comprehensive record of Honor Frost's archaeological work, together with a series of correspondence, photographs and material relating to publications and research. The archive has been attributed a value of £35,000. There were no additions, disposals or revaluations of the heritage assets during the year.

## Notes to the Financial Statements for the year ended 31 July 2025

## 16. Intangible assets

	Consolidated and University		
	Software £000	Software in development £000	Total £000
<b>Cost or valuation</b>			
At 1 August 2024	7,643	2,241	9,884
Additions at cost	135	6,820	6,955
Transfers at cost	2,887	(2,887)	-
<b>At 31 July 2025</b>	<b>10,665</b>	<b>6,174</b>	<b>16,839</b>
<b>Amortisation</b>			
At 1 August 2024	(5,757)	-	(5,757)
Charge for year	(929)	-	(929)
<b>At 31 July 2025</b>	<b>(6,686)</b>	<b>-</b>	<b>(6,686)</b>
<b>Net book value</b>			
<b>At 31 July 2025</b>	<b>3,979</b>	<b>6,174</b>	<b>10,153</b>
At 1 August 2024	1,886	2,241	4,127

Impairments and write-downs of £Nil (2024: £45,000) have been recognised in the Statement of Comprehensive Income for the year within other operating expenses.

## Notes to the Financial Statements for the year ended 31 July 2025

## 17. Non-current investments

	Consolidated		Total
	Subsidiary companies £000	Other fixed asset investments £000	
<b>Cost or valuation</b>			<b>£000</b>
At 1 August 2024	1,100	180	<b>1,280</b>
Market value gain	296	-	<b>296</b>
<b>At 31 July 2025</b>	<b>1,396</b>	<b>180</b>	<b>1,576</b>

	University		Total
	Investments held by subsidiaries £000	Other fixed asset investments £000	
<b>Cost or valuation</b>			<b>£000</b>
At 1 August 2024	47,262	180	<b>47,442</b>
Additions	885	-	<b>885</b>
<b>At 31 July 2025</b>	<b>48,147</b>	<b>180</b>	<b>48,327</b>

Additional information on shareholdings where the University or its subsidiaries exercise control or significant influence or where shares are listed and the University maintains a holding above 10%:

	Percentage holding	Nature of activity
<b>Subsidiaries held by the University:</b>		
ECS Partners Limited (ECSP Limited)	100.00	Consultancy
IT Innovation Limited	100.00	Dormant
IT Innovation Centre Limited	100.00	Dormant
Southampton Asset Management Limited (SAM Limited)	100.00	Investment company
USMC Sdn Bhd (Malaysia)	100.00	Education
University of Southampton Holdings Limited (USH Limited)	100.00	Investment company
The University of Southampton Science Park Limited (SSP Limited)	100.00	Science park management
University of Southampton Retirement Scheme Trustee Ltd	100.00	Dormant
University of Southampton Delhi Campus Private Limited	100.00	Education and management services

Notes to the Financial Statements for the year ended 31 July 2025

17. Non-current investments (continued)

	Percentage holding	Nature of activity
<b>Subsidiaries held by USH Limited:</b>		
Southampton Education Consulting (Beijing) Limited	100.00	Consultancy
Z21 Limited	100.00	Dormant

**Associate held by USH Limited:**

Clantect Limited	33.00	Enterprise
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All of the above subsidiaries have a registered office of Building 37, University of Southampton, University Road, Highfield, Southampton, SO17 1BJ with the exception of USMC Sdn Bhd, The University of Southampton Science Park Limited, University of Southampton Dehli Campus Private Limited, Southampton Education Consulting (Beijing) Limited and Clantect Limited.

USMC Sdn Bhd has a registered office of Suite 9D, Level 9, Menara Annsar, 65 Jalan Trus, 80000, Johor Bahru, Johor, Malaysia.

The University of Southampton Science Park Limited has a registered office of 2 Venture Road, University Of Southampton, Science Park, Southampton, Hampshire, SO16 7NP.

University of Southampton Dehli Campus Private Limited has a registered office of Flat No. 215, 2nd Floor, Plot No.12, Suneja Tower II, New Delhi-110058, India.

Southampton Education Consulting (Beijing) Limited has a registered office of Room 501, 5/Floor, Tower C, Lei Shing Hong Plaza, 8 Wangjing Road, Chaoyang District, Beijing 100102, China.

Clantect Limited has a registered office of Building 13, ISVR, Hartley Avenue, Southampton, England, SO17, 1BJ.

18. Share of net assets of associate

	Consolidated	
	2025	2024
	£000	£000
At 1 August	271	130
Share of operating (loss)/surplus	(53)	141
<b>At 31 July</b>	<b>218</b>	<b>271</b>

University of Southampton Holdings Limited owns 33% of Clantect Ltd. It has a financial year end of 31 October. The consolidated Financial Statements of the University reflect a carrying value of £218,000 (2024: £271,000) equal to 33% of the net assets at 31 July 2025.

## Notes to the Financial Statements for the year ended 31 July 2025

**19. Trade and other receivables**

	<b>Consolidated</b>		<b>University</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>				
Research grants and contracts	<b>29,155</b>	31,476	<b>29,155</b>	31,476
Trade and other receivables	<b>29,517</b>	30,597	<b>27,031</b>	27,990
Amounts due from group undertakings	-	-	<b>434</b>	421
Prepayments to group undertakings	-	-	<b>220</b>	214
Other prepayments	<b>16,964</b>	13,874	<b>15,791</b>	12,945
	<b>75,636</b>	75,947	<b>72,631</b>	73,046
<b>Amounts falling due after more than one year:</b>				
Prepayments	<b>1,756</b>	1,342	<b>1,494</b>	1,092
	<b>77,392</b>	77,289	<b>74,125</b>	74,138

**20. Current investments**

	<b>Consolidated</b>		<b>University</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
	<b>£000</b>	£000	<b>£000</b>	£000
Cash on deposit	<b>5,000</b>	55,000	<b>5,000</b>	55,000
Investment in shares (at fair value)	<b>492,360</b>	524,834	<b>492,360</b>	524,834
Endowments	<b>11,468</b>	11,308	<b>11,468</b>	11,308
	<b>508,828</b>	591,142	<b>508,828</b>	591,142



## Notes to the Financial Statements for the year ended 31 July 2025

## 21. Creditors: amounts falling due within one year

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Obligations under finance leases	533	494	533	494
Research grant income received in advance	68,799	66,120	68,799	66,120
Social security and other taxation	16,817	13,769	16,787	13,741
Amounts owed to group undertakings	-	-	267	163
Trade and other creditors	30,950	19,656	30,138	18,513
Accruals	56,210	54,710	56,185	53,190
Deferred income	45,173	53,644	43,282	53,104
	<b>218,482</b>	<b>208,393</b>	<b>215,991</b>	<b>205,325</b>

## 22. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
Public bond	298,663	298,620	298,663	298,620
Obligations under finance leases	44,509	45,041	44,509	45,041
Accruals and deferred income	6,460	2,184	3,375	217
	<b>349,632</b>	<b>345,845</b>	<b>346,547</b>	<b>343,878</b>

## Loans are repayable as follows:

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
<b>Public bond:</b>				
Over five years	298,663	298,620	298,663	298,620
	<b>298,663</b>	<b>298,620</b>	<b>298,663</b>	<b>298,620</b>

## Notes to the Financial Statements for the year ended 31 July 2025

**22. Creditors: amounts falling due after more than one year (continued)**

	Consolidated		University	
	2025	2024	2025	2024
	£000	£000	£000	£000
<b>Obligations under finance leases:</b>				
Between one and two years	<b>574</b>	532	<b>574</b>	532
Between two and five years	<b>2,002</b>	1,858	<b>2,002</b>	1,858
Over five years	<b>41,933</b>	42,651	<b>41,933</b>	42,651
Due after more than one year	<b>44,509</b>	45,041	<b>44,509</b>	45,041
Due within one year (note 21)	<b>533</b>	494	<b>533</b>	494
	<b>45,042</b>	45,535	<b>45,042</b>	45,535

In April 2017 the University issued an unsecured fixed rate public bond for £300 million over a 40 year term with a coupon rate of 2.25%.

The bond was issued at 99.76% of the principal amount. It is listed on the London Stock Exchange. There are no capital repayments to be made over the term, with full repayment due in 2057. Interest is payable every six months. The bond transaction costs of £980,000 and the bond discount of £708,000 are being amortised over the life of the bond and charged to interest and other finance costs in the Statement of Comprehensive Income.

On 11 April 2025, the University entered into an agreement for a £200m revolving credit facility which was unutilised as at 31 July 2025. The facility expires on 11 April 2032 subject to two 1-year extensions at the end of years 5 and 6. The facility is unsecured with an interest rate that tracks the Standard Overnight Index Average (SONIA) rate.

## Notes to the Financial Statements for the year ended 31 July 2025

### 23. Provisions

	<b>Consolidated</b>				<b>Total provisions</b>
	Defined benefit obligations (note 30)	Goods sales tax provision	Maintenance fund	Deferred tax	
	£000	£000	£000	£000	£000
At 1 August 2024	25,366	1,293	911	991	<b>28,561</b>
Unwinding of the discount rate	1,090	-	-	-	<b>1,090</b>
Annual net service cost	(2,136)	-	-	-	<b>(2,136)</b>
Actuarial loss	2,809	-	-	-	<b>2,809</b>
Utilised in year	-	(662)	175	174	<b>(313)</b>
Additions in year	-	853	(68)	678	<b>1,463</b>
Unused amounts reversed	-	(439)	-	-	<b>(439)</b>
<b>At 31 July 2025</b>	<b>27,129</b>	<b>1,045</b>	<b>1,018</b>	<b>1,843</b>	<b>31,035</b>

	<b>University</b>		<b>Total provisions</b>
	Defined benefit obligations (note 30)	Goods sales tax provision	
	£000	£000	£000
At 1 August 2024	25,366	1,293	<b>26,659</b>
Unwinding of the discount rate	1,090	-	<b>1,090</b>
Annual net service cost	(2,136)	-	<b>(2,136)</b>
Actuarial loss	2,809	-	<b>2,809</b>
Utilised in year	-	(662)	<b>(662)</b>
Additions in the year	-	853	<b>853</b>
Unused amounts reversed	-	(439)	<b>(439)</b>
<b>At 31 July 2025</b>	<b>27,129</b>	<b>1,045</b>	<b>28,174</b>

#### Defined benefit obligations

This relates to defined benefit pension scheme obligations for PASNAS and HCC, to which the University pays contributions on behalf of some of its staff. This provision records the deficit that exists on the PASNAS schemes as at 31 July 2025. The increase in the provision of £1,763,000 is the aggregate of the PASNAS and HCC pension scheme obligations. See note 30 for further details.

#### Goods sales tax provision

This provision relates to liabilities for goods sales tax for supplies made in China. The amount is based on the University's calculations and was still under negotiation with the Chinese tax authorities at the Statement of Financial Position date.

## Notes to the Financial Statements for the year ended 31 July 2025

**23. Provisions (continued)****Maintenance fund**

The maintenance fund (into which payments are made from landlord and tenants) provides funding for future maintenance of buildings, roadways and other common areas at the University of Southampton Science Park, and includes payments from tenants who have since left the Science Park. The fund is held by the University of Southampton Science Park Limited. Provisions are only made when there is a legally binding commitment arising from a past event. The provision receives additional contributions and is utilised on an ongoing basis as larger repairs are required to the investment properties.

**Deferred tax**

The provision for deferred tax relates to tax liabilities arising from the revaluation of the University of Southampton Science Park, the revaluation of a financial instrument, and the revaluation of investments held by subsidiary companies at fair value. The requisite provision for deferred tax will be recognised when an investment property is sold.

**24. Endowment reserves**

	<b>Consolidated and University</b>				
	Restricted Permanent	Unrestricted Permanent	Restricted Expendable	<b>2025 Total</b>	2024 Total
At 1 August					
Capital	7,194	2,297	1,831	<b>11,322</b>	10,904
Accumulated income	956	-	170	<b>1,126</b>	1,005
	<b>8,150</b>	<b>2,297</b>	<b>2,001</b>	<b>12,448</b>	11,909
New endowments	-	-	-	-	28
Investment income	267	88	69	<b>424</b>	401
Expenditure	(146)	(88)	(34)	<b>(268)</b>	(302)
Net investment income	121	-	35	<b>156</b>	99
Increase in market value of investments	102	32	26	<b>160</b>	412
<b>At 31 July</b>	<b>8,373</b>	<b>2,329</b>	<b>2,062</b>	<b>12,764</b>	12,448
<b>Represented by:</b>					
Capital	7,305	2,329	1,841	<b>11,475</b>	11,322
Accumulated income	1,068	-	221	<b>1,289</b>	1,126
	<b>8,373</b>	<b>2,329</b>	<b>2,062</b>	<b>12,764</b>	12,448

## Notes to the Financial Statements for the year ended 31 July 2025

### 24. Endowment reserves (continued)

	Consolidated and University				
	Restricted Permanent	Unrestricted Permanent	Restricted Expendable	2025 Total	2024 Total
Analysis by type of purpose:					
Chairs/Lectureships	3,346	-	-	3,346	3,286
Scholarships and bursaries	2,008	-	586	2,594	2,535
Research support	-	-	1,186	1,186	1,132
Prize funds	517	-	119	636	614
Welfare/Hardship	670	-	35	705	679
General	1,832	2,329	136	4,297	4,202
	8,373	2,329	2,062	12,764	12,448
Analysis by asset:					
Current and non-current asset investments				11,468	11,308
Cash and cash equivalents				1,296	1,140
				12,764	12,448

### 25. Restricted reserves

Reserves with restrictions are as follows:

	Consolidated and University		2025 Total	2024 Total
	Unspent capital grants £000	Donations / other restricted funds £000		
			<b>£000</b>	£000
<b>Balances at 1 August</b>	-	4,564	<b>4,564</b>	4,242
New grants	5,536	-	<b>5,536</b>	5,406
New donations/other restricted funds	-	11,188	<b>11,188</b>	10,310
Capital grants utilised	(5,536)	-	<b>(5,536)</b>	(5,406)
Expenditure	-	(9,417)	<b>(9,417)</b>	(9,988)
Total restricted comprehensive income for the year	-	<b>1,771</b>	<b>1,771</b>	322
<b>Balances at 31 July</b>	-	<b>6,335</b>	<b>6,335</b>	4,564

## Notes to the Financial Statements for the year ended 31 July 2025

**25. Restricted reserves (continued)**

Reserves with restrictions are as follows:

	<b>2025 Total £000</b>	2024 Total £000
Research activities	<b>5,109</b>	3,430
Student support	<b>84</b>	123
Scholarships and bursaries	<b>126</b>	170
Outreach	<b>6</b>	5
Other	<b>1,010</b>	836
<b>Balances at 31 July</b>	<b>6,335</b>	4,564

**26. Reconciliation of net debt**

	<b>Consolidated</b>		<b>University</b>	
	<b>At 31 July 2025 £000</b>	At 31 July 2024 £000	<b>At 31 July 2025 £000</b>	At 31 July 2024 £000
<b>Net debt 1 August</b>	<b>(319,875)</b>	(299,100)	<b>(326,931)</b>	(306,614)
Increase/(decrease) in cash and cash equivalents	<b>76,535</b>	(79,388)	<b>73,813</b>	(78,930)
Reduction in loans and finance lease amounts owed	<b>493</b>	58,674	<b>493</b>	58,674
Exchange rate loss on currency loans	-	(19)	-	(19)
Amortisation of discount and fees on public bond	<b>(43)</b>	(42)	<b>(43)</b>	(42)
Net debt 31 July	<b>(242,890)</b>	(319,875)	<b>(252,668)</b>	(326,931)
<b>Decrease/(Increase) in net debt</b>	<b>76,985</b>	(20,775)	<b>74,263</b>	(20,317)

## Notes to the Financial Statements for the year ended 31 July 2025

### 26. Reconciliation of net debts (continued)

Analysis of net debt:	Consolidated		University	
	At 31 July 2025 £'000	At 31 July 2024 £'000	At 31 July 2025 £'000	At 31 July 2024 £'000
Cash and cash equivalents	100,815	24,280	91,037	17,224
	100,815	24,280	91,037	17,224
<b>Borrowings: amounts falling due within one year</b>				
Obligations under finance leases	(533)	(494)	(533)	(494)
	(533)	(494)	(533)	(494)
<b>Borrowings: amounts falling due after more than one year</b>				
Obligations under finance lease	(44,509)	(45,041)	(44,509)	(45,041)
Public bond	(298,663)	(298,620)	(298,663)	(298,620)
	(343,172)	(343,661)	(343,172)	(343,661)
<b>Net debt</b>	<b>(242,890)</b>	<b>(319,875)</b>	<b>(252,668)</b>	<b>(326,931)</b>

### 27. Related party transactions

Due to the nature of the University's operations and the composition of the University Council, being drawn from commerce, industry and the public sector, it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations, Standing Orders on contracts and normal procurement procedures.

In accordance with the exemptions contained within FRS 102 Financial Reporting Standard Section 33 (Related Party Disclosures) no disclosure has been made for transactions between the University and wholly owned group undertakings. Transactions between the University and spin-out companies in which minority shareholdings are held are not generally disclosed as the University does not control or exercise any significant influence over the financial and operating policies of the companies.

A register of interests is maintained for members of the University Council and associated committees. Members may not be present at any discussion in which they have a direct or indirect financial interest.

Written declarations have been obtained from all members of Council, senior officers of the University and directors of fully owned subsidiary companies, either listing transactions during the year ended 31 July 2025 between the University and third parties in which they or close family members held a position of influence, or stating that there were no relevant transactions during the period.



## Notes to the Financial Statements for the year ended 31 July 2025

**27. Related party transactions (continued)**

Related Party	Income		Expenditure		Balance due to the University		Balance due by the University	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Alan Turing Institute <sup>1</sup>	123	282	-	-	3	39	-	-
Southampton University Students' Union <sup>2</sup>	-	-	3,281	3,026	-	-	-	-
Online Southampton Limited <sup>3</sup>	-	-	2,000	-	-	-	-	-

<sup>1</sup> In July 2018 the University became a partner of the Alan Turing Institute, the national centre for data science. The University has agreed to make grant income to the Institute and receive grant income from the Institute as detailed above.

<sup>2</sup> Emma Brown and Lawrence Coomber were members of Council (Class 5 membership) as representatives of the Southampton University Students' Union. Emma Brown (Lawrence Coomber until June 2024) is President of the Students' Union which is a separate entity over which the University does not exercise control or significant influence over policy decisions. The Students' Union receives a grant from the University as detailed above, which is calculated annually according to a methodology agreed between the University and the Students' Union. All other transactions between the two parties are conducted on a commercial basis.

<sup>3</sup> Online Southampton Limited is a recognised affiliate college of the University of Southampton in partnership with CEG Digital Ltd to promote and deliver a selection of its online programmes. It is considered that the University has significant influence over Online Southampton Limited as an affiliate college. Transactions with Online Southampton Limited and outstanding balances have been disclosed above.

**28. Capital and other commitments**

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

	Consolidated		University	
	2025 £000	2024 £000	2025 £000	2024 £000
Commitments contracted for	177,615	42,500	176,480	41,822
	177,615	42,500	176,480	41,822

**29. Lease obligations****Total rentals payable under operating leases:**

At 31 July 2025 the University was committed to making the following payments under non-cancellable operating leases:

	Consolidated		2025 Total £000	2024 Total £000
	Land and buildings £000	Plant and machinery £000		
<b>Future minimum lease payments due:</b>				
Not later than one year	2,612	354	2,966	2,987
Between one and five years	7,687	-	7,687	7,874
Over five years	13,124	-	13,124	14,476
	23,423	354	23,777	25,337

## Notes to the Financial Statements for the year ended 31 July 2025

### 29. Lease obligations (continued)

	University		2025 Total £000	2024 Total £000
	Land and buildings £000	Plant and machinery £000		
<b>Future minimum lease payments due:</b>				
Not later than one year	2,840	354	<b>3,194</b>	3,130
Between one and five years	9,219	-	<b>9,219</b>	8,590
Over five years	24,921	-	<b>24,921</b>	26,794
	<b>36,980</b>	<b>354</b>	<b>37,334</b>	38,514

Lease obligations have been calculated to show maximum obligations if the lease was broken at the next tenant break option date.

### Total rentals receivable under operating leases:

At 31 July 2025 the principal future minimum lease payments receivable under non-cancellable leases are as follows:

	Consolidated		University	
	2025 £000	2024 £000	2025 £000	2024 £000
Less than one year	<b>3,846</b>	3,261	<b>861</b>	547
Between one and five years	<b>7,225</b>	7,607	<b>1,160</b>	1,291
More than five years	<b>13,295</b>	17,970	<b>13,794</b>	14,029
	<b>24,366</b>	28,838	<b>15,815</b>	15,867

### 30. Pension Schemes

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Southampton Pension and Assurance Scheme (PASNAS) and the University of Southampton Retirement Fund (USRF). PASNAS is a defined-benefit scheme. USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. USRF is a defined contribution scheme. PASNAS closed to new members from 1 January 2019. The USRF commenced from 1 January 2019 for new employees.

The University also contributes to the National Health Service Pension Scheme (NHPS), the Teachers' Pension Scheme (TPS), the Medical Research Council Pension Scheme (MRCPS), Hampshire County Council (HCC), National Employment Savings Trust (NEST) and schemes relating to subsidiary companies.

Employer pension contributions for USS and PASNAS within this note are shown on the basis of the scheme contribution rate before any additional contributions under a salary sacrifice scheme.

## Notes to the Financial Statements for the year ended 31 July 2025

**30. Pension Schemes (continued)**

The total pension scheme costs incurred for the consolidated group are summarised as follows:

	<b>Employer contributions</b>	<b>2025 Pension accounting adjustment</b>	<b>Total cost</b>	Employer contributions	2024 Pension accounting adjustment	Total cost
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£000	£000	£000
USS	<b>34,944</b>	-	<b>34,944</b>	38,509	-	38,509
PASNAS	<b>3,605</b>	<b>(2,155)</b>	<b>1,450</b>	3,866	(1,206)	2,660
USRF	<b>4,381</b>	-	<b>4,381</b>	3,885	-	3,885
NHPS	<b>2,247</b>	-	<b>2,247</b>	1,862	-	1,862
Other pension schemes	<b>534</b>	<b>19</b>	<b>553</b>	517	24	541
Total pension cost (note 9)	<b>45,711</b>	<b>(2,136)</b>	<b>43,575</b>	48,639	(1,182)	47,457

The below pension schemes exclude employer contributions which are made on behalf of a third party at no cost to the University as follows:

	<b>2025</b>	2024
	<b>£000</b>	£000
USS	<b>38</b>	54
PASNAS	<b>37</b>	38
USRF	<b>13</b>	13
	<b>88</b>	105

The pension accounting adjustment for PASNAS is the net current service cost as part of the movement in the actuarial valuation as at 31st July. The pension accounting adjustment on Other pension schemes is the balance after independent valuation of the HCC pension scheme.

Within PASNAS is an additional employer's contribution to contribute to the PASNAS deficit of £44,667 per month.

Table of Employer Contribution Rates:

	<b>31 July 2025</b>	31 July 2024
	<b>Rate %</b>	Rate %
USS	<b>14.50</b>	21.60 up to December 2023 14.50 from January 2024
PASNAS*	<b>16.85</b>	16.85
USRF	<b>10.00</b>	10.00
TPS	<b>28.68</b>	23.68 up to March 2024 28.68 from April 2024
NHPS	<b>14.38</b>	14.38
MRCPS	<b>16.90</b>	16.90
HCC	<b>0.00</b>	0.00
NEST	<b>3.00</b>	3.00

## Notes to the Financial Statements for the year ended 31 July 2025

**30. Pension Schemes (continued)**

Employer contributions in 2025/26 are expected to be:

	<b>Rate %</b>	<b>£000</b>
USS	14.50	35,983
PASNAS*	16.85	3,499
USRF	10.00	4,643
TPS	28.68	10
NHPS	14.38	2,418
MRCPS	16.90	33
NEST	3.00	108
<b>Total</b>		<b>46,694</b>

\*Within PASNAS is an additional employer's contribution to contribute to the PASNAS deficit of £44,667 per month.

The University has fully adopted the disclosure rules of FRS 102 Section 28 'Employee Benefits'. The notes that follow show the detailed valuations required by the standard. However, pension fund liabilities can be valued in a number of other ways, and the University will continue to support the schemes based on the principles of on-going operations, as advised by the scheme trustees and actuaries.

The actuaries' recommendations for contributions to USS, PASNAS and HCC are based on triennial valuations of the schemes' liabilities. In the intervening years, the actuaries review the progress of the schemes. The latest valuations of the schemes' assets and liabilities for which results are available are:

	<b>USS</b>	<b>PASNAS</b>	<b>HCC</b>
Date of valuation	31 March 2023	31 July 2021	31 March 2022
	£m	£m	£m
Market valuation of assets	73,100	283	9,629
Past service liabilities	(65,700)	(338)	(8,991)
<b>Surplus/(deficit) of assets</b>	<b>7,400</b>	<b>(55)</b>	<b>638</b>

The USS and HCC valuations reflect the total assets and liabilities of the schemes, not just the element attributable to the University. The current valuation for PASNAS as at 31 July 2024 is underway but will not be complete by 31 October 2025 and an extension has been requested.

## Notes to the Financial Statements for the year ended 31 July 2025

**30. Pension Schemes (continued)****USS**

During the year ended 31 July 2024, the 2023 actuarial valuation of the USS scheme was completed. The 2023 valuation was the seventh valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. This valuation was carried out using the projected unit method. At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles which can be accessed on the USS website at [www.uss.co.uk/about-us/valuation-and-funding/2023-valuation](http://www.uss.co.uk/about-us/valuation-and-funding/2023-valuation).

Price inflation – Consumer Price Index (CPI)	3.0% pa (based on a long term average expected level of CPI, broadly consistent with long term market expectations)
RPI / CPI gap	1.0% pa to 2030, reducing to 0.1% pa from 2030.
Price inflation – Retail Price Index (RPI)	In line with the CPI assumption plus the RPI / CPI gap (i.e. 4.0% pa to 2030, reducing to 3.1% from 2030)
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.50% p.a. Post retirement: 0.90% p.a.
Pension increases (all subject to a floor of 0%)	Increases linked to CPI Benefits with no cap: CPI assumption + 3bps Benefits subject to a “soft cap” of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum increase of 10%): CPI assumption - 3bps

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

Mortality base table	101% of S2PMA “light” for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa, 10% w2020 and w2021 parameters, and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

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

The total charged to the Consolidated Statement of Comprehensive Income and Expenditure for the employer's contributions was £34,944,000 (2024: £38,500,000) which includes £2,993,000 (2024: £2,764,000) of contributions outstanding at the Statement of Financial Position date of 31 July 2025, payable in August 2025

As at 31 March 2023, USS had 214,374 active members and the University had 4,871 active members participating in the scheme at 31 July 2025.

Notes to the Financial Statements for the year ended 31 July 2025

30. Pension Schemes (continued)

USRF

The University of Southampton Retirement Fund (USRF) was opened on 1 January 2019 to new members after PASNAS was closed to new members from that date. The scheme is operated by Royal London Mutual Insurance Society Limited as a defined contribution scheme. The costs charged to the income and expenditure account represent the contributions payable to the scheme for the year.

The number of members of the scheme employed by the University as at 31 July 2025 was 1,319.

The total employer contributions for the year were £4,381,000 (2024: £3,885,000) which includes £385,000 (2024: £335,000) of contributions outstanding at the Statement of Financial Position date of 31 July 2025, payable in August 2025.

NHPS/TPS/MRCPS

The NHPS, TPS and MRCPS schemes are externally funded. Each institutions’ share of the underlying assets and liabilities of these schemes cannot be identified and therefore contributions to these schemes are accounted for as if they were defined contribution schemes. As a result the costs charged to the income and expenditure account represent the contributions payable to the schemes for the year.

The number of members of these schemes employed by the University as at 31 July 2025 was:

- NHPS - 152 members
- TPS - 1 member
- MRCPS - 5 members

The total pension costs for the University and contributions outstanding at the Statement of Financial Position date were:

	Pension cost		Outstanding at 31 July	
	2025	2024	2025	2024
	£000	£000	£000	£000
NHPS	2,247	1,862	201	165
TPS	10	10	1	1
MRCPS	38	39	3	4

NEST

From April 2013, the University introduced the NEST scheme to comply with the Pensions Act 2008. This gives all University workers access to a qualifying pension scheme.

The total pension cost for the year was £136,000 (2024: £158,000) which includes £9,000 (2024: £16,000) of contributions outstanding at the Statement of Financial Position date of 31 July 2025, payable in August 2025.

The number of members of this scheme as at 31 July 2025 was 3,149.

PASNAS

The University operates a final salary defined benefit scheme for non-academic staff (PASNAS). The scheme is funded by contributions made in accordance with the recommendations of the scheme’s actuaries. Following a consultation process, in May 2018 Council ratified a decision to close the scheme to new members as at 31 December 2018. All new eligible staff have been enrolled into a new defined contribution arrangement from 1 January 2019 (USRF).

The number of members of the scheme employed by the University as at 31 July 2025 was 761.

The total employer contributions for the year were £3,605,000 (2024: £3,866,000) which includes £292,000 (2024: £310,000) of contributions outstanding at the Statement of Financial Position date of 31 July 2025, payable in August 2025.

## Notes to the Financial Statements for the year ended 31 July 2025

**30. Pension Schemes (continued)**

The last formal triennial actuarial valuation of the scheme was performed as at 31 July 2021 and indicated that the scheme's assets represented 83% of the technical provisions corresponding to a deficit of £56,492,000. An estimate has been made for Guaranteed Minimum Pension (GMP) Equalisation and for the McCloud\* judgement in the current valuation. The current valuation as at 31 July 2024 is underway but will not be complete by 31 October 2025 and an extension has been requested.

\*McCloud judgement relates to the transitional protection offered to some members of public sector final salary schemes when the schemes were reformed. The transitional protection allowed those members who were within 10 years of normal pension age to remain in their final salary scheme instead of being moved to the new career average arrangement with its higher pension age. As some members would be better off in the new scheme rather than the old the McCloud judgement requires that there is no reduction in benefits accrued or are receiving if already retired.

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

	<b>2025</b>	2024
Increase in salaries	<b>2.60% pa</b>	2.90% pa
Increase in pensions – pre 1 Oct 2010 (CPI)	<b>2.60% pa</b>	2.90% pa
Increase in pensions – post 1 Oct 2010 (CPI max 3.0%)	<b>2.00% pa</b>	2.20% pa
Increase in pensions – post 1 Oct 2010 (CPI max 2.5%)	<b>1.80% pa</b>	1.90% pa
Discount rate	<b>5.80% pa</b>	5.00% pa
Inflation (RPI)	<b>3.10% pa</b>	3.20% pa
Inflation (CPI)	<b>2.60% pa</b>	2.90% pa

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

	Retiring today	Retiring in 20 years
Male	22.7	21.0
Female	27.1	25.4



## Notes to the Financial Statements for the year ended 31 July 2025

**30. Pension Schemes (continued)**

The asset allocation of the scheme's assets calculated at fair value is:

	2025	2024
	£000	£000
Gilts	52,911	62,611
Multi asset credit	27,491	30,226
Equities	51,842	58,293
Target return funds & cash	35,937	30,227
Property	34,843	34,544
<b>Total</b>	<b>203,024</b>	<b>215,901</b>

**Analysis of the amount shown in the Statement of Financial Position**

	2025	2024
	£000	£000
Scheme assets	203,024	215,901
Scheme liabilities	(230,153)	(241,267)
Deficit in the scheme – net pension liability recorded within pension provisions (note 23)	(27,129)	(25,366)

**Analysis of the amount charged to staff costs within operating surplus**

	2025	2024
	£000	£000
Current service cost	1,487	3,636
Past service cost	-	-
Total operating credit	1,487	3,636

**Analysis of the amount charged to interest payable within operating surplus**

	2025	2024
	£000	£000
Expected return on scheme assets	(10,631)	(10,707)
Interest income	11,785	11,754
Net finance income	1,154	1,047

**Analysis of other comprehensive income**

	2025	2024
	£000	£000
(Losses)/gains on assets	(16,849)	2,272
Experience losses on liabilities	(18,882)	(3,898)
(Losses)/gains from changes to demographic assumptions	(2,820)	432
Gains/(losses) from changes to financial assumptions	35,787	(1,812)
Losses to other comprehensive income	(2,764)	(3,006)

## Notes to the Financial Statements for the year ended 31 July 2025

**30. Pension Schemes (continued)**

<b>Analysis of movement in deficit during the year</b>	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Deficit in scheme at beginning of the year	<b>(25,366)</b>	(22,519)
Movement in the year:		
Current service cost	<b>(1,487)</b>	(2,698)
Contributions	<b>3,642</b>	3,904
Net finance cost	<b>(1,154)</b>	(1,047)
Loss recognised in other comprehensive income	<b>(2,764)</b>	(3,006)
Deficit in scheme at end of year	<b>(27,129)</b>	(25,366)

<b>Analysis of movement in fair value of fund assets</b>	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Assets at beginning of year	<b>215,901</b>	208,821
Employer contributions	<b>3,642</b>	3,904
Employee contributions	<b>1,987</b>	2,112
Benefits paid (net of expenses)	<b>(11,452)</b>	(10,875)
Administration costs	<b>(836)</b>	(1,040)
Interest on assets	<b>10,631</b>	10,707
(Loss)/gain on scheme assets	<b>(16,849)</b>	2,272
Assets at end of year	<b>203,024</b>	215,901

<b>Analysis of movement in present value of liabilities</b>	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Liabilities at beginning of year	<b>(241,267)</b>	(231,340)
Current service cost	<b>(1,487)</b>	(2,698)
Interest on scheme liabilities	<b>(11,785)</b>	(11,754)
Employee contributions	<b>(1,987)</b>	(2,112)
Benefits paid	<b>12,288</b>	11,915
Actuarial experience loss on liabilities	<b>(18,882)</b>	(3,898)
Changes in demographic assumptions	<b>(2,820)</b>	432
Changes in assumptions underlying the present value of the scheme liabilities	<b>35,787</b>	(1,812)
Liabilities at end of year	<b>(230,153)</b>	(241,267)

## Notes to the Financial Statements for the year ended 31 July 2025

### 30. Pension Schemes (continued)

	2025	2024	2023
<b>History of experience gains and losses</b>			
Experience (losses)/gains on assets in excess of interest (£000)	<b>(16,849)</b>	2,272	(79,711)
Percentage of scheme assets (loss)/gain	<b>-8.30%</b>	1.05%	-38.17%
Experience losses on liabilities (£000)	<b>(18,882)</b>	(3,898)	(12,019)
Percentage of scheme liabilities	<b>8.20%</b>	1.62%	5.20%

### HCC

HCC has been able to apportion a percentage of its funds assets and liabilities relating to the University and therefore the scheme has been treated as a defined benefit scheme in the accounts.

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

	2025	2024
Increase in salaries	<b>3.80% pa</b>	3.75% pa
Increase in pensions	<b>2.80% pa</b>	2.75% pa
Discount rate	<b>5.75% pa</b>	4.95% pa
CPI inflation	<b>2.80% pa</b>	2.75% pa

The current mortality assumptions include sufficient allowance for future improvements in mortality rates and are further adjusted to reflect the actual mortality experience of the Fund. The assumed life expectations in years on retirement at age 65 are:

	Retiring today	Retiring in 20 years
Male	22.3 years	22.7 years
Female	24.8 years	25.7 years

The number of active members of this scheme employed by the University as at 31 July 2025 was 2.

The asset allocation of the scheme's assets calculated at fair value is:

	2025	2024
	£000	£000
Equities	<b>2,454</b>	2,423
Bonds	<b>1,545</b>	1,630
Property	<b>409</b>	309
Cash	<b>137</b>	44
<b>Total</b>	<b>4,545</b>	4,406

## Notes to the Financial Statements for the year ended 31 July 2025

**30. Pension Schemes (continued)**

	2025	2024
	£000	£000
<b>Analysis of the amount shown in the Statement of Financial Position</b>		
Scheme assets	4,545	4,406
Scheme liabilities	(2,835)	(3,101)
Adjustment in respect of FRS 102 section 28.22	(1,710)	(1,305)
Deficit in the scheme – net pension liability recorded within pension provisions (note 23)	-	-
	2025	2024
	£000	£000
<b>Analysis of the amount charged to staff costs within operating surplus</b>		
Current service cost	(19)	(24)
Past service cost	-	-
Total operating charge	(19)	(24)
	2025	2024
	£000	£000
<b>Analysis of the amount charged to interest payable within operating surplus</b>		
Expected return on scheme assets	214	214
Interest cost	(150)	(154)
Net finance cost	64	60
	2025	2024
	£000	£000
<b>Analysis of other comprehensive income</b>		
Gains on assets	73	99
Experience gains/(losses) on liabilities	287	(22)
Adjustment in respect of FRS 102 section 28.22	(315)	(41)
Gains to other comprehensive income	45	36

## Notes to the Financial Statements for the year ended 31 July 2025

## 30. Pension Schemes (continued)

	2025	2024
	£000	£000
<b>Analysis of movement in deficit during the year</b>		
Deficit in scheme at beginning of the year	-	-
Movement in the year:		
Current service cost	(19)	(24)
Employer contributions	-	-
Net finance credit	64	60
Loss recognised in other comprehensive income	(45)	(36)
Deficit in scheme at end of year	-	-
	2025	2024
	£000	£000
<b>Analysis of movement in fair value of fund assets</b>		
Assets at beginning of year	4,406	4,315
Employer contributions	-	-
Employee contributions	9	9
Benefits paid (net of expenses)	(157)	(231)
Interest on assets	214	214
Gain on scheme assets	73	99
Assets at end of year	4,545	4,406
	2025	2024
	£000	£000
<b>Analysis of movement in present value of liabilities</b>		
Liabilities at beginning of year	(3,101)	(3,123)
Current service cost	(19)	(24)
Interest on scheme liabilities	(150)	(154)
Employee contributions	(9)	(9)
Benefits paid	157	231
Actuarial experience loss on liabilities	287	(22)
Liabilities at end of year	(2,835)	(3,101)

Based on the present values of the fund assets and fund liabilities at the Statement of Financial Position date, the scheme had a surplus of £1,710,000 at 31 July 2025. In line with the guidance provided by section 28.22 of FRS 102, this surplus has not been recognised.

## Notes to the Financial Statements for the year ended 31 July 2025

**31. Financial instruments**

The University's Treasury function monitors and manages the financial assets and liabilities relating to our operations and the financial risks that arise from these instruments. The identified risks - credit risk, liquidity risk and interest rate risk - are actively managed to limit the potential impact of any adverse events on our financial sustainability.

The carrying value of the consolidated and University financial assets and liabilities are summarised by category below:

		Consolidated		University	
		2025	2024	2025	2024
	Note	£000	£000	£000	£000
<b>Financial assets:</b>					
<i>Measured at fair value through the Statement of Comprehensive Income</i>					
Investment in ordinary shares	17	<b>1,396</b>	1,100	-	-
Investments in unit trusts	20/24	<b>11,468</b>	11,308	<b>11,468</b>	11,308
Other investments	20	<b>492,360</b>	513,526	<b>492,360</b>	513,526
<i>Equity instruments measured at cost less impairment</i>					
Non-current asset investments	17	<b>180</b>	180	<b>180</b>	180
<i>Measured at undiscounted amount receivable</i>					
Trade and other receivables	19	<b>29,517</b>	30,597	<b>27,685</b>	28,625
		<b>534,921</b>	556,711	<b>531,693</b>	553,639
		Consolidated		University	
		2025	2024	2025	2024
	Note	£000	£000	£000	£000
<b>Financial liabilities:</b>					
<i>Measured at amortised cost</i>					
Loans payable	21/22	<b>343,705</b>	344,155	<b>343,705</b>	344,155
<i>Measured at undiscounted amount payable</i>					
Trade and other creditors	21	<b>30,950</b>	19,656	<b>30,405</b>	18,676
		<b>374,655</b>	363,811	<b>374,110</b>	362,831

## Notes to the Financial Statements for the year ended 31 July 2025

### 31. Financial instruments (continued)

The consolidated and University's income, expenses, gains and losses in respect of financial instruments are summarised below:

		Consolidated		University	
		2025	2024	2025	2024
	Note	£000	£000	£000	£000
Interest income and (expense)					
Total income for financial assets at amortised cost	7	5,873	8,766	5,717	8,680
Total interest expense for financial liabilities at amortised cost	11	(11,487)	(14,086)	(11,487)	(14,086)
		(5,614)	(5,320)	(5,770)	(5,406)
Fair value gains and (losses)					
On financial assets measured at fair value through the Statement of Comprehensive Income		32,042	38,073	31,719	38,619
		32,042	38,073	31,719	38,619

### 32. Department for Education bursaries

	At 1 August 2024 £000	Consolidated and University			At 31 July 2025 £000
		Income received £000	Disbursements £000	Returned to Department for Education £000	
Student training bursaries	17	1,283	(1,225)	(107)	<b>(32)</b>
	<b>17</b>	<b>1,283</b>	<b>(1,225)</b>	<b>(107)</b>	<b>(32)</b>

The receipts and disbursements above are excluded from the Statement of Comprehensive Income as the funds are administered by the University on an agency basis on behalf of the Department for Education.



### 33. Contingent Liabilities

#### Student Litigation

A growing number of UK universities are facing legal action from students seeking compensation for alleged breach of contract due to the shift to online learning and restricted campus access during 2019–2022. The Student Group Claim (SGC) is coordinating legal action against over 100 institutions, with over 155,000 students registered.

University College London (UCL) is currently defending a high-profile case, with a trial scheduled for 2026. The outcome may set a legal precedent.

The University will monitor the outcome of the proceedings and review the requirement for further disclosure and/or provision in future years.

#### Virgin Media vs NTL Pension Trustees case

On 16 June 2023, the High Court issued a potentially landmark judgment in the case of Virgin Media Ltd v NTL Pension Trustees II Ltd. The ruling confirmed that where changes to benefits in contracted-out defined benefit pension schemes were made without a valid Section 37 certificate from the Scheme Actuary, such changes may be deemed legally void.

In response, the UK Government announced on 5 June 2025 its intention to introduce legislation enabling affected schemes to retrospectively obtain actuarial confirmation that historic amendments met the required standards. While the final wording of the legislation is still pending, draft amendments to the Pension Schemes Bill were published in September 2025. These are expected to provide a statutory remedy for schemes impacted by the judgment, potentially mitigating the need to recognise additional pension liabilities.

As at the date of approval of these financial statements, there remains uncertainty regarding the final form and timing of the legislation. The Bill is currently under parliamentary review and may be subject to further amendment before receiving Royal Assent, anticipated in early 2026.

Given this uncertainty, it is not currently possible to reliably estimate the financial impact of the judgment or the proposed legislative remedy. Accordingly, no adjustments have been made in these financial statements to reflect the potential effect of the draft legislation.

The University will continue to monitor legislative developments and assess the implications for its pension schemes once the position becomes clearer.

## Supplementary Information to the Financial Statements

### US Department of Education Financial Responsibility Supplemental Schedule

As instructed by the Federal Student Aid - An Office of the U.S. Department of Education, the University's audited financial statements must include a supplementary schedule.

As required under 34 CFR §668.172 and Section 2 of Appendix A or B to Subpart L of Part 668, a proprietary, private non-profit, or foreign school must include a Financial Responsibility Supplemental Schedule (Supplemental Schedule) as part of any audited financial statements submissions to the Department on or after July 1, 2020.

The supplementary schedule is required to use nomenclature from United States Generally Accepted Accounting Practice (US GAAP). However, the recognition and measurement basis throughout this note is consistent with FRS102 and the Higher Education SORP. We have included the UK GAAP naming conventions (as included in the financial statements and notes) in the second column of the below table.

Primary Reserve Ratio			2025	2024
			£000	£000
Page	Line item/related disclosures	Expendable Net Assets		
39	Consolidated Statement of Financial Position - Income and expenditure reserve - unrestricted	Net assets without donor restrictions	<b>955,594</b>	925,537
39	Consolidated Statement of Financial Position - Income and expenditure reserve - endowment reserve and restricted reserve	Net assets with donor restrictions	<b>19,099</b>	17,012
66	Note 24 of the Financial Statements - Endowment reserves - Restricted Permanent	Net assets with donor restrictions: restricted in perpetuity	<b>(8,373)</b>	(8,150)
-	Not Applicable	Annuities with donor restrictions	-	-
66	Note 24 of the Financial Statements - Endowment reserves - Restricted Expendable	Term endowments with donor restrictions	<b>(2,062)</b>	(2,001)
-	Not Applicable	Life income funds with donor restrictions	-	-
58	Note 16 of the Financial Statements - Intangible assets - Software and Software in development	Intangible assets - Other intangible assets	<b>(10,153)</b>	(4,127)
-	Not Applicable	Intangible assets - Goodwill	-	-
55	Note 15 of the Financial Statements - Fixed assets (excluding Leasehold, land and buildings)	Property, Plant and equipment, net (includes Construction in progress)	<b>(771,595)</b>	(720,101)
55	Note 15 of the Financial Statements - Fixed assets - Leasehold, land and buildings	Lease right-of-use of asset pre-implementation	<b>(76,519)</b>	(80,421)
39	Consolidated Statement of Financial Position - Pension provisions	Post-employment and pension liabilities	<b>27,129</b>	25,366
62,63	Notes 21 and 22 of the Financial Statements - Creditors: Bank loans, Public bond	Long-term debt - for long term purposes pre-implementation	<b>298,663</b>	298,620
-	Not Applicable	Long-term debt - for long term purposes post-implementation	-	-
62,63	Notes 21 and 22 of the Financial Statements - Creditors: Obligations under finance leases	"Lease right-of-use of asset liability pre-implementation"	<b>45,042</b>	45,535
-	Not Applicable	Unsecured related party receivable	-	-
			<b>476,825</b>	497,270

## Supplementary Information to the Financial Statements

## US Department of Education Financial Responsibility Supplemental Schedule (continued)

			2025	2024
			£000	£000
Page	Line item/related disclosures	Total Expenses and Losses:		
37	Consolidated Statement of Comprehensive Income - Staff costs excluding movements in the USS deficit funding accrual	Total expenses without donor restrictions	421,763	399,759
37	Consolidated Statement of Comprehensive Income - Depreciation and amortisation, other operating expenses and Interest and other finance costs	Total expenses without donor restrictions	319,344	329,465
37	Consolidated Statement of Comprehensive Income - Loss on investments	Investments, net of annual spending, loss	-	-
38	Consolidated Statement of Comprehensive Income - Actuarial loss in respect of pension schemes	Other components of net periodic pension costs	2,809	3,042
37	Consolidated Statement of Comprehensive Income - Loss on disposal of fixed assets	Sale of fixed assets, losses	2,556	6,035
37	Consolidated Statement of Comprehensive Income - Share of operating deficit in associate	Other non-operating losses	53	-
37	Consolidated Statement of Comprehensive Income - Loss on disposal of current asset investments	Other non-operating losses	-	-
-	Not Applicable	Pension-related changes other than net periodic costs	-	-
			<b>746,525</b>	<b>738,301</b>

## Equity Ratio

			2025	2024
			£000	£000
Page	Line item/related disclosures	Modified Net Assets		
39	Consolidated Statement of Financial Position - Income and expenditure reserve - unrestricted	Net assets without donor restrictions	955,594	925,537
39	Consolidated Statement of Financial Position - Income and expenditure reserve - endowment reserve and restricted reserve	Net assets with donor restrictions	19,099	17,012
58	Note 16 of the Financial Statements - Intangible assets - Software and Software in development	Intangible assets - Other intangible assets	(10,153)	(4,127)
-	Not Applicable	Intangible assets - Goodwill	-	-
-	Not Applicable	Unsecured related party receivable	-	-
			<b>964,540</b>	<b>938,422</b>

## Supplementary Information to the Financial Statements

## US Department of Education Financial Responsibility Supplemental Schedule (continued)

			2025	2024
Page	Line item/related disclosures	Modified Assets	£000	£000
39	Consolidated Statement of Financial Position - Non-current assets, Current assets	Total Assets	1,573,842	1,525,348
55	Note 15 of the Financial Statements - Fixed assets - Leasehold, land and buildings	Lease right-of-use of asset pre-implementation	(76,519)	(80,421)
58	Note 16 of the Financial Statements - Intangible assets - Software and Software in development	Intangible assets - Other intangible assets	(10,153)	(4,127)
-	Not Applicable	Intangible assets - Goodwill	-	-
-	Not Applicable	Unsecured related party receivable	-	-
			1,487,170	1,440,800

## Net Income Ratio

			2025	2024
Page	Line item/related disclosures	Change in Net Assets Without Donor Restrictions	£000	£000
38	Consolidated Statement of Comprehensive Income - Unrestricted comprehensive income for the year and non-controlling interest	Change in Net Assets Without Donor Restrictions	30,057	244,293
			30,057	244,293

			2025	2024
Page	Line item/related disclosures	Total Revenue without Donor Restrictions and Gains without Donor Restrictions	£000	£000
37	Consolidated Statement of Comprehensive Income - Total income	Total Operating Revenue and Other Additions	747,481	751,535
37	Consolidated Statement of Comprehensive Income - Gain on investments	Investments, net of annual spending, gain	32,042	38,073
38	Consolidated Statement of Comprehensive Income - Actuarial gain in respect of pension schemes	Other components of net periodic pension costs	-	-
37	Consolidated Statement of Comprehensive Income - Share of operating surplus in associate	Other non-operating gains	-	141
37	Consolidated Statement of Comprehensive Income - Gain on disposal of current asset investments	Other non-operating gains	-	-
37	Consolidated Statement of Comprehensive Income - Gain on disposal of fixed assets	Sale of fixed assets, gains	-	-
	<b>Less restricted (income)/expenditure</b>	<b>Less restricted (income)/expenditure</b>		
38	Consolidated Statement of Comprehensive Income - Endowment comprehensive (income)/expenditure for the year and restricted comprehensive (income)/expenditure for the year	Change in Net Assets With Donor Restrictions	(2,087)	(861)
			777,436	788,888



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