



CRANFIELD UNIVERSITY  
ROYAL CHARTER NUMBER 000151  
FINANCIAL STATEMENTS  
for the year ended 31st July, 2024

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**CRANFIELD UNIVERSITY**  
**HIGHLIGHTS REPORT**  
**FOR THE YEAR ENDED 31ST JULY, 2024**

**Summary and key highlights**

Our vision to be valued globally for tackling the real-world issues of today to create a sustainable future continues to be the major focus for the work of Cranfield University — not blue-sky ideas, but practical, viable solutions. The importance of the principles of sustainability and resilience exists in everything from teaching and learning to research, partnerships and the development of our campus.

This vision has been demonstrated in particular areas of activity and the University's ever-growing breadth of partnerships with industry: in the huge potential of hydrogen technologies, in delivering zero-emission aviation, protecting the global resources of water and soils, and building resilience into food supplies.

**Key highlights in 2023/2024 include:**

- Cranfield is number one in the UK and sixth in the world for its activities supporting the critical United Nations Sustainable Development Goal (SDG) 17 – Partnerships for the Goals, which focuses on cross-sector and cross-country partnerships in pursuit of the SDGs. The 2024 Times Higher Education Impact Rankings placed Cranfield in the top 10% of universities in the world for its overall sustainability efforts.
- The University is in the global top 50 for United Nations Sustainable Development Goal (SDG) 8 – Decent Work and Economic Growth, reflecting the quality of Cranfield's working and employment practices.
- Cranfield is one of the leading universities for working with businesses, and for Intellectual Property (IP) and commercialisation. In the latest Knowledge Exchange Framework (KEF) published by Research England, Cranfield was in the top 20% of 139 universities for working with business, and IP and commercialisation.
- The central role of Cranfield's research and development in hydrogen was reinforced with the University's largest ever funding investment: £69 million to create the Cranfield Hydrogen Integration Incubator (CH2i). £23 million from Research England's Research Partnership Investment Fund (UKRPIF) and £46 million from industry partners and academic institutions.
- Cranfield became the only UK university member of the European Commission's European Alliance for Zero-Emission Aviation. The Alliance has brought together key players including aircraft manufacturers, airlines, airports, energy companies, fuel providers, certification agencies, passenger groups and regulators to prepare the market for the entry of zero emission hydrogen-powered and electric aircraft.
- The Jet Zero Council, a partnership between industry, academia and government to drive the delivery of new technologies and innovative ways to cut aviation emissions, and chaired by the Secretary of State for Transport, met at the University to discuss next steps towards sustainable aviation and the role of hydrogen.
- Two new Centres for Doctoral Training (CDT) focused on advancing water security and net zero aviation were set up with a £25 million funding award from the Engineering and Physical Sciences Research Council (EPSRC). Cranfield is also a partner in another new CDT on advancing hydrogen technologies led by Loughborough University.

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- Cranfield took the lead in setting up the Global Hydrogen Production Technologies Center (HyPT), a £14.1 million five-year project alongside partners at Arizona State University, the University of Adelaide and the University of Toronto. The Center is working to accelerate progress towards low-cost, large-scale, Net Zero hydrogen production.
- Cranfield's world-leading research into hydrogen and applications for hydrogen technology was recognised at the 2024 Hydrogen Awards with two Gold awards.
- The Magan Centre for Applied Mycology (named in the memory of Professor Naresh Magan, one of Cranfield's most influential scientists) was set up with £7.2 million injection of funding from Research England. The Centre is looking into the positive uses of fungi in industry, the environment and for health.
- In the QS World University Rankings by Subject 2024, Cranfield was ranked among the world's top universities for nine subjects: in the global top 30 for Engineering – Mechanical, Aeronautical; the top 150 for 'Business and Management'; and the top 200 for 'Environmental Sciences' and 'Materials Science'.
- Cranfield School of Management was named one of the top international business schools in the Bloomberg Businessweek Best B-Schools list 2023-24. The full-time MBA was ranked 12th in Europe and 4th in the UK. Cranfield's MBA (known as the Transformation MBA) was ranked first for Entrepreneurship and for Learning.
- Five students from Cranfield University's MSc in Management and Entrepreneurship course were in the final shortlist for the prestigious Hult Prize, the world's largest student social entrepreneurship competition.
- While Rishi Sunak MP was Prime Minister he visited Cranfield to look at industry research collaborations in the Aerospace Integration Research Centre, also meeting students and staff involved in robotics and aerospace engineering.
- Chief Executive and Vice-Chancellor, Professor Dame Karen Holford CBE FREng, was made a Dame Commander of the Order of the British Empire (DBE) for services to engineering.
- Joe Nellis, Professor of Global Economy at the School of Management, was awarded Commander of the Order of the British Empire (CBE) in King Charles III's New Year Honours List, in recognition of his contributions to higher education, economics, business, and charity.
- Dr Geoffrey Neale, Lecturer in Multifunctional Composite Structures, was one of just twelve UK academics to be awarded a Research Fellowship from the Royal Academy of Engineering. Fellowships support outstanding early-career researchers to become future research leaders in engineering.

Additional highlights in key areas are set out on the following pages.

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**Environmental and sustainability achievements**

Cranfield University has continued its mission to become the UK's university for delivering sustainability: making the development and practical implementation of sustainable technologies the backbone to everything it does.

Examples of activities and progress in 2023/24 include:

- Cranfield being named number one in the UK and sixth in the world for its activities supporting the critical United Nations Sustainable Development Goal (SDG) 17 – Partnerships for the Goals, which focuses on cross-sector and cross-country partnerships in pursuit of the SDGs. The 2024 Times Higher Education Impact Rankings placed Cranfield in the top 10% of universities in the world for its overall sustainability efforts.
- The QS World University Rankings for Sustainability in 2024 placed Cranfield University in the top 15% of universities globally (1400 institutions), and in the top 20% in Europe. In terms of the environmental impact of its research, Cranfield is in the top 5% globally.
- Cranfield climbed 26 places in the University League for environmental and ethical performance collated by the student network People & Planet, to 40th out of 151 institutions.
- A major project by the UK company ENSO, nominated by Cranfield, was announced as a finalist for the 2023 Earthshot Prize by Prince William. The company's work to develop tyres for electric vehicles that are more sustainable and reduce pollution, was chosen as one of 15 finalists from 1,100 nominations.
- Cranfield University Estates Team was shortlisted in the 2023 Times Higher Awards Outstanding Estates Team category, in recognition of its work on redeveloping the estate, future-proofing its energy supply and helping protect against long-term energy price increases.
- Innovative technologies for taking on climate change challenges were supported through the Green Future Investments Ltd (GFIL) Technology Accelerator Fund. These included the development of eco-friendly biosurfactants as a natural alternative to petroleum-based products; a new waste conversion technology that unlocks the hidden potential of organic wastes; ultra safe batteries to enable electric flight; a solar to hydrogen test facility; plant-derived and biodegradable sparkling-effect materials; and a new biostimulant to improve yield and resilience in cereals.
- Cranfield School of Management's work supporting SMEs to combat climate change won the Outstanding Support for Small Business Category in the Small Business Charter Excellence Awards 2024.
- The School of Management was joint first place in the Financial Times Master's in Management Ranking 2023 for its carbon footprint – and 8th place globally.
- Their Royal Highnesses The Crown Princess and Prince Daniel of Sweden visited Cranfield to see the latest developments in sustainable transport solutions as part of their official visit to the UK.

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**Employer of choice**

- The University has risen to be ranked in the global top 50 for United Nations Sustainable Development Goal (SDG) 8 – Decent Work and Economic Growth, reflecting the quality of Cranfield's working and employment practices.
- Flexible and hybrid working arrangements have continued to be supported and respected, making sure wellbeing and a commitment to equality, diversity and inclusion is at the heart of Cranfield as a workplace.
- Staff on campus have been given access to an on-campus last-mile robotic delivery service, trialled in the spring of 2024, and used for mail deliveries, food deliveries and for sending goods and library books around campus. The peer-to-peer system means that the robots can be hired and controlled by individuals, giving more flexibility to the service.
- Cranfield's staff groups are progressing action plans and initiatives to support the Equity, Diversity and Inclusion (EDI) strategy. Cranfield now has networks for gender, disability, LGBTQ+, parents and carers, EmBrace and a race/ethnic diversity network.
- For the fifth consecutive year, we have reduced our gender pay gap. In 2022-23, our mean pay gap reduced from 21% to 18.7% and our median from 18.4% to 16.9%.
- Cranfield has reported its ethnicity pay gap for the second time. In this period, the mean pay gap increased from 15.8% in 2022 to 16.4% in 2023, and our median increased from 6.3% to 11.2%. This reflects higher levels of recruitment of ethnically diverse staff into positions in lower pay bands in the reporting period, and that ethnic staff continue to be underrepresented at more senior levels.

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**Partner of choice**

Cranfield is focused on the effective delivery of real-world collaborations with industry leaders, to maximise economic and social value from new technologies. For example:

- Cranfield University is part of a coalition of seventeen universities from the Midlands who have launched a new £3 million international campaign to attract inward investment into R&D, innovation and science – leveraging global connections to drive economic growth across the region. The Midlands Innovation and Midlands Engine Partnership campaign is developed with regional partners including the West Midlands Growth Company, Midlands Enterprise Universities and the East Midlands Freeport.
- In 2023 the University was ranked as one of the leading universities for working with businesses, and for Intellectual Property (IP) and commercialisation, in the latest Knowledge Exchange Framework (KEF) published by Research England. Of 139 universities, Cranfield was found to be: in the top 20% in terms of working with business and IP and commercialisation.
- Cranfield became the only UK university member of the European Commission's European Alliance for Zero-Emission Aviation. The Alliance has brought together key players including aircraft manufacturers, airlines, airports, energy companies, fuel providers, certification agencies, passenger groups and regulators to prepare the market for the entry of zero emission hydrogen-powered and electric aircraft.
- The Civil Aviation Authority selected Cranfield Airport as a host partner for its Temporary Reserved Area (TRA) Regulatory Sandbox, trialing the operation of unmanned and manned aircraft in shared airspace.
- The successful impact of Cranfield's partnership around talent development with the leading UK construction and property group, Kier, was recognised with a Gold award at the European Foundation for Management Development (EFMD) awards.
- A team led by easyJet working with Cranfield and a pool of cross-industry partners completed the first successful trial of airside hydrogen refueling at Bristol Airport.
- The UK's Data & Analytics Facility for National Infrastructure (DAFNI) chose the University to assess the resilience of the UK aviation system, via the development of a computational model of the UK airport network and simulations of airport closures and mass diversions.
- A Memorandum of Understanding for 'cooperation in the field of civil aviation' was signed between Cranfield, Prince Sultan University and GACA's Civil Aviation Academy in Saudi Arabia.
- Vodafone Logistics partnered with Cranfield's Centre for Logistics, Procurement and Supply Chain Management to establish its 'Grow with Logistics Academy' and access to continuous professional development led by renowned subject experts.
- An industry partnership led by Calyo, DRIVEN BY SOUND, was set up to improve safety in self-driving vehicles — drawing on the University's knowledge and expertise to develop a functional safety sensing platform based on 3D ultrasound, capable of operating effectively in even the most challenging environmental conditions.

## CRANFIELD UNIVERSITY

### HIGHLIGHTS REPORT

#### FOR THE YEAR ENDED 31ST JULY, 2024

- Cranfield became the only UK university involved in FlyECO, a €4 million pan-European project to improve sustainable aviation solutions through the integration of Solid Oxide Fuel Cells (SOFC) and hydrogen-powered electrified aircraft engines.
- The European Technology Development Clusters (E-TDCs) established by Avio Aero, added the University to its partnership of prestigious universities, research centres and SMEs, working on technology development projects aligned to aviation industry needs.
- The University also joined a life sciences partnership supporting the development and commercialisation of innovative healthcare technologies. The Healthcare Technologies Capability Connector' (HTCC) is led by the University of Hertfordshire and supported by Cranfield and Imperial College London.

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**Applied research powerhouse**

- Cranfield joined organisations in the UK research and innovation sector as a founding signatory to a new agreement on research and innovation practices. The Concordat for the Environmental Sustainability of Research and Innovation Practice represents a shared ambition for the UK to continue delivering cutting-edge research, but in a more environmentally responsible and sustainable way.
- UK-MaRes Hub, a £21.3m national research hub with the aim of decarbonising the UK's maritime sector, was established alongside 11 other universities.
- Ofwat – the Water Services Regulation Authority – awarded a share of £40 million funding to three research projects involving Cranfield as part of its Water Breakthrough Challenge. This included work with Thames Water to deliver sewage sludge recycling at the first UK-based demonstration plant; and with Severn Trent Water to treatment options to remove and destroy PFAS (Per/poly-fluoroalkyl substances (PFAS) known as 'forever chemicals') during drinking water treatment.
- The University became a partner in the Future Biodetection Technologies Hub led by the University of Hertfordshire, also collaborating with Leeds and Manchester universities. The five-year research initiative is exploring the technologies that help societies understand and protect themselves from bioaerosols — airborne particles of a biological origin including bacteria, viruses, fungi, pollen and toxins.
- The Environmental Biotechnology Innovation Centre (EBIC) is a five year, £13 million project being led by Cranfield University, working with a network of other UK universities to accelerate testing of synthetic biology tools in controlled environments outside labs, using micro-organisms to monitor environmental quality and remove pollutants from water supplies.
- Cranfield University was named as a key member of the South and East Network for Social Sciences (SENS), one of 15 newly-created Doctoral Training Partnerships (DTP). SENS offers flexible training and research in practice opportunities, funded by the Economic and Social Research Council, around sustainability and the climate emergency, digital social sciences, justice, institutions and social change.
- The University gave its support to the Land Use for Net Zero (LUNZ) Hub, led by the University of Leicester with £6.5 million funding from UK Research and Innovation. The collaboration among 34 academic and industry organisations is focused on researching land use, the role of land use in carbon capture and delivering the changes needed to achieve net zero targets by 2050.
- In the QS World University Rankings by Subject 2024, Cranfield was ranked among the world's top universities for nine subjects: in the global top 30 for Engineering – Mechanical, Aeronautical; the top 150 for 'Business and Management'; and the top 200 for 'Environmental Sciences' and 'Materials Science'. The University is ranked amongst the world's best in 12 key subject areas: Computer science and Information systems; Engineering – Chemical; Engineering – Electrical and Electronic; Engineering – Mechanical, Aeronautical and Manufacturing; Engineering – Petroleum; Agriculture and Forestry; Environmental Science; Materials Science; Physics and Astronomy; Business and Management; Economics and Econometrics; Statistics and Operational Research.



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**Distinctive Cranfield learners**

- Five students from Cranfield University's MSc in Management and Entrepreneurship course were in the final shortlist for the prestigious Hult Prize, the world's largest student social entrepreneurship competition. The INNOVIOUS team (Chenali Bisen, Ksheetij Patel, Dhiyaneshwaran Radhakrishnan, Suci Nurwidia, and Surender Kumarwon) made it through to the final shortlist against 20,000 teams from 120 countries with its proposals for biodegradable packaging for the fashion industry. The team went on to present its ideas at Impact-G20X, a startup showcase event in New Delhi, a partner event to the G20 Summit.
- More than 140 students entered the Cranfield Colworth Innovation Challenge, pitching sustainability solutions to industry executives and academics. Cross-disciplinary teams came together to address the challenges set by innovation-focused multinationals Unilever, dsm-firmenich and Symrise, together with Pioneer Group, owners of Colworth Science Park, receiving expert support and mentoring from the companies alongside Cranfield's Bettany Centre for Entrepreneurship, and the Centre for Design Engineering. Designs under development included a multifunctional drone for effective precision farming and a liquid waste treatment strategy.
- Cranfield School of Management was named one of the top international business schools in the Bloomberg Businessweek Best B-Schools list 2023-24. The full-time MBA was ranked 12th in Europe and 4th in the UK. Cranfield's MBA (known as the Transformation MBA) was ranked first for Entrepreneurship and for Learning, and 7th in Europe for Networking. The School was also named in the UK's top ten business schools in the *Financial Times* European Business Schools 2023 rankings (8th in the UK and 37th in Europe). In the FT's Executive MBA rankings, Cranfield's EMBA was the first-placed UK EMBA in terms of its carbon footprint, and rose 21 places globally to 76th in the world (top ten in the UK).
- A new specialist Crime Scene House facility — serving as a controlled setting for practising and enhancing investigation, evidence collection, and forensic analysis skills among researchers, police forces and industry professionals — was opened on campus, as part of the Cranfield Forensic Institute.
- The Tyler James Alexander Scholarship, named in honour of one of the founding fathers of the McLaren Formula 1 team, was announced. The Scholarship will provide a fully funded place to an aspiring engineer from any background onto the world-leading Advanced Motorsport Engineering MSc.
- The annual recipient of the aviation scholarship for women, funded by International Aviation Women's Association (IAWA), was Jemimah Maina (a degree-holder from the University of Nairobi, Kenya). She began an MSc in Airport Planning and Management at Cranfield, including research into enhancing passenger experience.
- Emerson's National Instruments (NI) Test and Measurement technology was made available to students at the Defence Academy of the United Kingdom delivered by Cranfield University — supporting the education and training on testing modern radar systems.

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**Recognition of expertise**

Cranfield is a community of some of the best STEM and business and management talent from around the world. Examples of formal recognition of people's achievements over the year include:

- Professor Dame Helen Atkinson DBE FREng was chosen as one of icons of engineering for a special Tube Map to mark National Engineering Day. The Transport for London and Royal Academy of Engineering initiative was used to celebrate the importance of engineers to society.
- Dr Abhijeet Ghadge, Associate Professor (Reader) of Supply Chain Management at Cranfield School of Management, was selected to join the UK government's new Critical Imports Council. Dr Ghadge, an expert in supply chain resilience, is the only academic member of the council, which advises on ways to best identify, assess and mitigate disruption to the supply of critical imports to the UK such as medicine and high-tech components.
- Dr Laura Lacey, Senior Lecturer in Military Aviation Safety and Airworthiness, was highly commended in the 2024 Women in Engineering Awards, in recognition of her leading role in driving the development of military aviation safety teaching and research.
- Professor Angel Medina Vaya, Director of Environment and Agrifood at Cranfield University, became a member of the International Commission on Food Mycology, an expert group focused on food mycology.
- Professor Michael Bourlakis was appointed as International Vice President for the Chartered Institute of Logistics and Transport (CILT) in the UK and has become a Trustee member and Chairman of the Education Standards Committee for CILT International.
- Soil scientist Dr Daniel Evans was a recipient of the 2024 Arne Richter Award for Outstanding Early Career Scientists. The award from the European Geosciences Union (EGU) recognised his work in soil formation and parent materials at the soil-bedrock interface.

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### HIGHLIGHTS REPORT

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#### Key appointments and academic awards

- Aviation manufacturing specialist Amer Liaqat from Airbus joined the University as a Visiting Professor in Aerospace Manufacturing and Automation, and Dr Keith Wishart, Executive Partner in IBM as Visiting Professor of Digital Engineering and Sustainability. The appointments were supported by The Royal Academy of Engineering's Visiting Professor Scheme.
- Cranfield's world-leading research into hydrogen and applications for hydrogen technology was recognised at the 2024 Hydrogen Awards. Dr Jerry Luo, Senior Lecturer in Energy Storage and Harvesting at Cranfield University, and his colleagues Fergus Crawley and Khalifa Aliyu Ibrahim were given a Gold Award for their work on streamlining the hydrogen production process, making it more cost-effective and environmentally friendly. Another Gold Award was won by Dr Indrat Aria, Dr Sue Impey and Dr Yading Wang for their research into green hydrogen production from seawater.
- Cranfield awarded honorary degrees to distinguished leaders in the worlds of engineering, defence and security, business, technology, and the environment: Dawn Bonfield MBE FREng, Professor of Practice, Engineering and Sustainable Development, King's College London and President, Commonwealth Engineers' Council; Roger Bowden, Chairman and Founder of Niftylift Ltd; Jonathon Counsell, Group Head of Sustainability at International Airlines Group (IAG); Kerissa Khan FRAeS, President (2023 - 2024) of Royal Aeronautical Society, Future Air Mobility Thought-Leader and Future Flight Challenge Innovation Lead; Helen Nellis CVO, CStJ, MA Barrister, HM Lord-Lieutenant of Bedfordshire (Retired); Angus Thirlwell, Co-Founder and Chief Executive Officer (CEO) at Hotel Chocolat; George Williamson, Chief Executive Officer (CEO) of His Majesty's Government Communications Centre (HMGCC).

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**Research developments**

Research at Cranfield is helping to create practical real-world solutions to many of the world's biggest challenges, particularly around the environment and sustainability. Highlights include:

- The University will fully adopt the best practice recommendations from a report into university spin-out companies, aimed at encouraging innovation and the growth of academic research into commercial prospects.
- The Enabling Aircraft Electrification (EnabEI) project headed by Dr Guy Gratton — which led to the first ever flight by a British-designed and built, all-electric conventional aeroplane — was shortlisted in the Times Higher Education Awards 2023 (Research Project of the Year: STEM).
- Research between Regional & City Airports, global travel company TUI and Cranfield has investigated ways of reducing the environmental impact of aircraft turnarounds at airports.
- Work on lab-scale test models of 'wave-devouring propulsion' in Cranfield's Ocean Systems Test Laboratory — taking inspiration from the powerful design of whale fins — demonstrated the potential to reduce fuel use by 20%; this, in turn, would mean up to 15% reduction in carbon emissions from fossil fuels per ship.
- Cranfield expertise was used to build the case used in the *Three Degrees of Change* report, a collaboration involving leading global logistics firm DP World and a team of international researchers. The project has highlighted how raising the temperature of frozen foods by three degrees (from the standard -18°C to -15°C) would result in an annual reduction in carbon emissions equivalent to taking 3.8 million cars off the road.
- Research into a new liquid hydrogen gas turbine fuel system for large commercial aircraft began, driven by a collaboration between Moog Aircraft working with Cranfield, the University of Bath, Druck, Curtiss-Wright Corporation's Sensors Division and Carter Manufacturing.
- The technical capability of Cranfield Airport will be upgraded with the first on-site radar facility in 30 years, maintaining efficient operations and supporting world-class aviation research. The 38 metre mono-tube radar tower is expected to become operational in 2026.
- Cranfield researchers helped to develop a laser-powered 3D metal printer taken to the International Space Station — a step towards allowing ISS astronauts to replace components on-board, printing 3D metal parts using Additive Manufacturing.
- A new project began to make use of Synthetic Aperture Radar alongside uncrewed aerial vehicles for accurate soil monitoring, improving flood and drought risk management, aiding farmers in making informed irrigation decisions and planning for extreme weather events.
- Dr Robert Grabowski, Reader in Catchment Science, was awarded £2 million funding by the Leverhulme Trust under its doctoral scholarship programme to study the interactions between humans and freshwater ecosystems. The grant is a collaborative effort between Cranfield and Roehampton University to develop a holistic view of the interaction of human agency and freshwater ecosystems.

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- A new way of removing and recovering phosphorus from wastewater developed by Cranfield with US biotech compact Microvi, attracted almost half a million pounds in funding from Ofwat, as part of the regulatory body's Water Discovery Challenge.
- Researchers helped to demonstrate the viability of using ammonia as a hydrogen carrier, overcoming major challenges around storage and transportation of hydrogen. The project with Stopford and Heidelberg Materials UK showing how ammonia could be 'cracked' to create hydrogen fuel for use in cement kilns, was funded by Innovate UK through the UK Research and Innovation (UKRI) Future Economy Net Zero Programme.
- Cranfield plays a key role in the UK's CHEDDAR project, a Communications Hub for Empowering Distributed Cloud Computing Applications and Research — developing near-instant interconnections possible between people and digital computing devices at all scales, the overall aim being to deliver the secure and reliable communications infrastructures essential to systems relying on sensors, large-scale data-sharing and AI.
- A partnership with LIPTON Teas and Infusions, the world's largest tea group, led to new field trials testing climate change mitigation and resilience practices to benefit the global tea industry.
- Cranfield worked with Skyports Drone Services on a project funded by the UK Space Agency to explore how space technologies could be used to establish 5G-enabled drone deliveries for remote island communities such as Orkney, Scotland.

**CRANFIELD UNIVERSITY**  
**STRATEGIC REPORT**  
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Cranfield University is a research intensive, postgraduate university. The activities of the University include teaching, research, design and development work in the themes of Aerospace, Defence and Security, Energy and Sustainability, Environment and Agrifood, Management, Manufacturing and Materials, Transport Systems and Water. Operations are primarily carried out on campus at Cranfield in Bedfordshire and the Defence Academy of the United Kingdom at Shrivenham in Oxfordshire. The University is an exempt charity subject to the Charities Act 2011.

The financial statements comprise the consolidated results of the University and its subsidiaries. Subsidiary companies undertake activities which, for legal and commercial reasons, are more appropriately channelled through a limited company and include the development of activities emanating from Cranfield University.

Cranfield's vision is to be valued globally for tackling the real-world issues of today to deliver a sustainable future.

Cranfield's mission is to work in partnership with business, academia, governments and other organisations to develop and deliver applied research and innovative education in science, technology, engineering, and management.

Cranfield's distinctive expertise is in our deep understanding of technology and management and how these work together to benefit the world. The education portfolio is renowned for its relevance to business and industry. Cranfield is the largest UK provider of master's-level graduates in engineering and the flagship MBA, extensive world-class customised executive education and professional development programmes.

Cranfield's work informs government policy and leads the way in producing cutting edge new technologies and products in partnership with industry. The research and consultancy carried out for industry, government and business provides students with a real-world learning environment, allowing them to develop as professionals and then transfer their knowledge to the global economy. This has always been the 'Cranfield way' but it has never been more important than in today's world.

Cranfield's corporate plan is guided by our vision, mission, values, UN Sustainable Development Goals and sector-facing themes, our corporate plan defines our ambitions for the next five years. The current corporate plan was launched at the beginning of the 2022/2023 academic year. Strategic priorities guiding the development of the plan – 'Ambition 2027' – include: being the organisation that people want to work for (employer of choice); putting Cranfield at the heart of a collaborative network (partner of choice); transformational research (creating the UK's applied research powerhouse); helping our learners to stand out from the crowd (distinctive Cranfield learners).

# CRANFIELD UNIVERSITY

## STRATEGIC REPORT

FOR THE YEAR ENDED 31ST JULY, 2024

(continued...)

### Key Performance Indicators (KPIs):-

The University benchmarks its performance against key indicators that measure whether it is on track to deliver the Corporate Plan which is identified as Ambition 2027.

Goal	Measure (indicator)	2021/22 base	2023/24 target	2023/24 Actual
Financial Growth	Operating Surplus - achieve an annual operating surplus of 7.5% of income by 2027	-1.89%	1.87%	-1.68%
Partnership & Collaboration	Median of our annual invoiced income of our top 50 partners - achieve 25% increase in our base position before inflation by 2027	£400k	£475k	£500k
Sustainability	Times Higher Impact Rankings - achieve a 25% improvement in our base position by 2027	n/a	82.30%	84.50%
Reputation	Achieve a 25% median improvement across our four main QS subject rankings by 2027	Mean Average 134 <sup>th</sup>	120 <sup>th</sup>	142
People	Pulse staff survey - by 2027, 90% of staff say they are 'proud to work at Cranfield', from a baseline of 82%	82%	84.8%	79.0%
Student Outcomes	Achieve a 25% improvement in OfS student outcomes proposed measure of career progression by 2027	85.10%	89.90%	89.80%
Research & Innovation	Annual Excellence Scholarship Review programme - 45% of our publications to be world-leading (4*) by 2027	20%	30%	17.40%

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(continued...)

**Results for the year and position at year end**

Operating income for the year (excluding donations and endowments) decreased by 2.0% as summarised below:-

	<b>2024</b>	<b>2023</b>
	£'000	£'000
Funding Council grants	28,594	23,699
Tuition fees and education contracts	92,443	94,843
Research grants and contracts	49,106	43,325
Other income	40,644	53,221
Investment income	190	212
	<hr/> 210,977 <hr/>	<hr/> 215,300 <hr/>

The total comprehensive gain for the year was £29,519,000 (2023 – £39,659,000) as reported on page 62. Of this comprehensive gain £44,084,000 related to a decrease in the University share of the scheme deficits in the defined benefit pension schemes. It has been a difficult trading year and it is disappointing to report that the University's Corporate Plan surplus, which measures the underlying operating position has been assessed by management to be a deficit of £3,799,000 (2023 – surplus £2,682,000). This return to an operating deficit is mainly as a result of decreases in international students numbers offset by reductions in other operating expenses and staff costs (when inflation has been taken into account). The reported management deficit was £8,215,000 lower than budgeted for the year.

The table on page 17 shows the reconciliation between the comprehensive gain and the underlying operating position. The adjustments relate to the removal of non-operating items that fall outside of management control. Included in the underlying position is the removal of one off donations in the year and the re-introduction of deferred capital grants which spreads the one off donations over the life of the assets that they have constructed as was required under the previous Statement of Recommended Accounting Practice.



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(continued...)

Results for the year and position at year end (continued)

**OPERATING (DEFICIT)/SURPLUS RECONCILIATION**

	2024		2023	
	£'000	£'000	£'000	£'000
Group comprehensive surplus		29,519		39,659
<b>Non Operating Adjustments</b>				
<i>Pensions</i>				
<i>LGPS</i>				
Add actuarial loss	0		(42,259)	
Add net interest charge on pension scheme	0		1,320	
Add additional deficit repayment	1,294		1,641	
		1,294		(39,298)
<i>USS</i>				
Add actuarial loss	(44,084)		(2,242)	
Add net interest charge on pension scheme	0		0	
Less other pension adjustments	0		(1,762)	
		(44,084)		(4,004)
<i>Other</i>				
Less donations	(2,000)		(3,176)	
Less permanent endowments	0		0	
Add deferred capital grants	11,244		9,786	
Add staff restructuring	79		74	
Less Foreign exchange (gain)/loss	57		344	
Add corporation tax	92		(703)	
Less revaluation reserve movement	0		0	
		9,472		6,325
<b>Operating (deficit)/surplus</b>		<b>(3,799)</b>		<b>2,682</b>
Cranfield Group Holdings Group deficit/(surplus)		0		0
<b>Corporate plan (deficit)/surplus</b>		<b>(3,799)</b>		<b>2,682</b>

Capital expenditure in the year amounted to £23,412,000 (2023 - £28,825,000). This continues to reflect Cranfield's success in winning and delivering a number of key infrastructure projects, including a Public Sector Decarbonisation Scheme for cladding two hangars and a Research Partnership Investment Fund award for developing hydrogen systems.

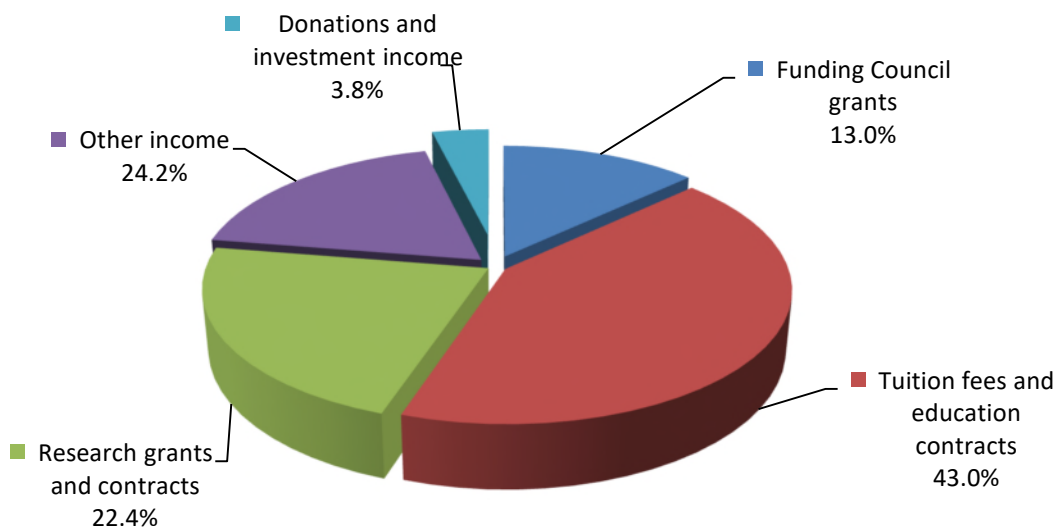
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**Results for the year and position at year end***(continued...)*

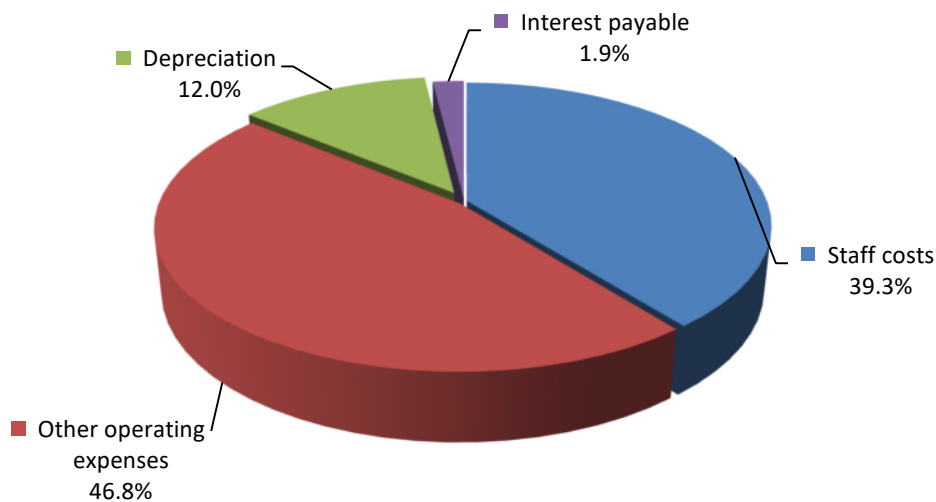
Net cash outflows from operating activities were £9,995,000. Net debt has increased in the year by £28,261,000. We have taken out and drawn down on a new revolving credit facility of £37,453,000 in the year which leads to the statement of consolidated cash flow showing an increase in cash of £8,640,000.

Consolidated total reserves increased by £29,519,000 (2023 – £39,659,000) as explained in the statement of changes in reserves on page 63.

## INCOME 2024



## EXPENDITURE 2024



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**Pensions**

The University implemented the provisions of FRS 102 in 2015 and therefore continues to take onto the consolidated balance sheet the actuarial valuation of the pension liability in respect of its share of the Bedfordshire County Council Pension Fund. It also has to recognise on balance sheet the obligation for its share of the University Superannuation Scheme (USS) deficit recovery plan. At the 31<sup>st</sup> July 2024 neither pension scheme was in deficit and so no pension liability is included in the financial statements.

The total USS pension deficit across the sector has been calculated by the USS Actuaries. The University share of the deficit has been estimated through the use of the British Universities Finance Directors Group (BUFDG) calculator as at 31 July, 2024 there is a net pension asset which has not been recognised (2023 deficit - £44,084,000) applicable to the University. Details are provided in Note 22.

The share of underlying assets and liabilities of the Local Government Pension Scheme (LGPS) is able to be identified as at 31st July, 2024 the scheme actuaries have identified that there is a net pension surplus of £8,502,000 (2023 £1,115,000) applicable to the University. The surplus has not been recognised in accordance with the Universities accounting policy. Details are provided in Note 22.

**Trading activities of subsidiaries**

The subsidiary companies are financially independent from the University and undertake certain teaching, research, residential and Airport activities for the University. A full list of subsidiaries is provided in note 12.

**Liquidity and borrowing**

The University has seen net debt increase from £152.1 million to £180.4 million having taken out a revolving credit facility of up to £40 million with HSBC in March 2024. This facility was a replacement for the existing bank overdraft and to give flexibility during the delivery of the capital programme which is mostly third party funded, but in arrears of work being completed.

With a draw down of £37.5 million of the revolving credit facility at year end, the University has seen the total of its cash and cash equivalents increase during the year from £4.9 million at 31 July 2023 to £8.6 million at 31 July 2024.

University borrowings increased by £36.8 million with the Government CBILS loans in two of the subsidiaries now having been repaid. Unsecured borrowings at 31 July 2024 were £188.6 million compared to £151.6 million at 31 July 2023. The bonds, revolving credit facility and loan have the same covenants attached to them and these covenants continue to be met.

The University will ensure that an appropriate minimum cash level is maintained for working capital purposes.

**Payment of creditors**

It is the University's policy to obtain the optimum terms for all business and, thus, there is no single policy as to the terms used. The University looks to use small and local suppliers where appropriate and looks to pay them within two weeks of invoice wherever possible. In agreements negotiated with other suppliers, the University endeavours to include and abide by specific payment terms in accordance with best commercial practice.

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**Principal risks and uncertainties**

The University maintains a dynamic Major Risks Register with proactive controls and has a range of embedded measures and spread of risk ownership among the Senior Management Team focusing the overarching risk of not delivering the Corporate Plan, alongside 13 particular strategic risks. Currently the most important strategic risks as identified by the Major Risks Register are as follows :-

*Overarching*

- the underpinning corporate strategies and key performance indicators (as reported on page 13) included within the Corporate Plan – Ambition 2027 are not achieved;

*Strategic*

- changing nature of education including government led changes to undergraduate, postgraduate, apprenticeships and “international matters”.
- adverse impact of external environment, increasingly including geopolitical matters, on income growth, cost base and financing including short term inflation pressures, particularly on staff and energy costs;
- current business model and organisational size impacts adversely on the University’s ability to capitalise on major growth opportunities, providing excellent student experience and future investment;
- structural reduction in the international student masters market and Cranfield’s share of it, leads to a fundamental issue that requires significant changes to our business model.

The University mitigates these major risks by a range of interventions including the following which seek to mitigate the four risks noted above:-

- close monitoring of progress in all seven key performance indicator areas together with a clear Executive level of understanding of risk appetite for each area.
- close monitoring of all key areas of expenditure including interventions to reduce costs. The University continues to seek short term high margin income streams through specific project initiatives;
- progress delivery of strategic opportunities such as MK:U and the Marshall Air Park projects. Identify emerging high growth areas / partnerships and invest where appropriate;
- strong interaction with Universities UK, the Office for Students and Research England. Robust and timely market intelligence.

During the year Cranfield has been continuing to develop a clearer risk and resilience framework drawing on expert advice and emerging best practice to further strengthen its position. The Executive has spent time during 2023/24 exploring and understanding the University’s risk appetite and detail work on clarification of impact categorization and scoring in relation to the Corporate Plan.

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**Public Benefit report**

The University is an exempt charity under the terms of the Charities Act 2011. The objects of the University are to:

- advance, disseminate and apply learning, knowledge and understanding with particular emphasis on the disciplines of the Sciences, Technology, Engineering and Management; and
- promote and encourage the transformation and application of that wisdom, knowledge and learning for the benefit of industry, the public services, and individuals and for the public benefit.

In reviewing the University's activities, Council has had due regard to the Charity Commission's guidance on the reporting of public benefit as amended in 2014.

Cranfield makes a significant contribution to many of the specific examples of charitable activities highlighted in section 3 of the 2011 Act. These include:

**the advancement of education;**

- Two new Centres for Doctoral Training (CDT) focused on advancing water security and net zero aviation were set up with a £25 million funding award from the Engineering and Physical Sciences Research Council (EPSRC). Cranfield is also a partner in another new CDT on advancing hydrogen technologies led by Loughborough University.
- In the QS World University Rankings by Subject 2024, Cranfield was ranked among the world's top universities for nine subjects: in the global top 30 for Engineering – Mechanical, Aeronautical; the top 150 for 'Business and Management'; and the top 200 for 'Environmental Sciences' and 'Materials Science'. The University is ranked amongst the world's best in 12 key subject areas: Computer science and Information systems; Engineering – Chemical; Engineering – Electrical and Electronic; Engineering – Mechanical, Aeronautical and Manufacturing; Engineering – Petroleum; Agriculture and Forestry; Environmental Science; Materials Science; Physics and Astronomy; Business and Management; Economics and Econometrics; Statistics and Operational Research.
- Cranfield University was named as a key member of the South and East Network for Social Sciences (SENS), one of 15 newly-created Doctoral Training Partnerships (DTP) offering flexible training and research in practice opportunities funded by the Economic and Social Research Council around sustainability and the climate emergency, digital social sciences, justice, institutions and social change.
- A new specialist Crime Scene House facility — serving as a controlled setting for practicing and enhancing investigation, evidence collection, and forensic analysis skills among researchers, police forces and industry professionals — was opened on campus, as part of the Cranfield Forensic Institute.
- The Tyler James Alexander Scholarship, named in honour of one of the founding fathers of the McLaren Formula 1 team, was announced. The Scholarship has provided a fully funded place to an aspiring engineer from any background onto the world-leading Advanced Motorsport Engineering MSc.
- The annual recipient of the aviation scholarship for women, funded by International Aviation Women's Association (IAWA), was Jemimah Maina (a degree-holder from the University of Nairobi, Kenya). She began an MSc in Airport Planning and Management at Cranfield, including research into enhancing passenger experience.

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- Emerson's National Instruments (NI) Test and Measurement technology was made available to students at the Defence Academy of the United Kingdom delivered by Cranfield University — supporting the education and training on testing modern radar systems.
- An Academic Progression Agreement was signed between Cranfield University and India's Manipal Academy of Higher Education (MAHE), building on an existing partnership around dual degree programmes, joint short courses, joint research, internship programmes and faculty mobility programmes.
- More than 140 students entered the Cranfield Colworth Innovation Challenge, pitching sustainability solutions to industry executives and academics. Cross-disciplinary teams came together to address the challenges set by innovation-focused multinationals Unilever, dsm-firmenich and Symrise, together with Pioneer Group, owners of Colworth Science Park, receiving expert support and mentoring from the companies alongside Cranfield's Bettany Centre for Entrepreneurship, and the Centre for Design Engineering. Designs under development included a multifunctional drone for effective precision farming and a liquid waste treatment strategy.
- Cranfield University joined institutions nationwide in pledging adherence to the Agent Quality Framework, ensuring satisfactory standards for the journey of international prospective students.
- Cranfield University was praised with a positive report from Ofsted, which rated its apprenticeship offering 'good' in all areas in a first full inspection visit. The report commended the University for the quality of its teaching, impactful industry connections, excellent facilities, and support for apprentices.

**the prevention or relief of poverty;**

- Cranfield is part of the Africa Centre of Excellence for Sustainable Cooling and Cold Chain Systems (ACES), a collaboration with the Government of Rwanda (REMA), University of Rwanda, UNEP U4E, CSC, the UK government, the University of Birmingham and other UK universities. ACES develops and accelerates sustainable cold chain solutions in the agricultural and health sectors in Africa, improving livelihoods, health, food security and the economic prospects of rural communities.
- SAFAD, a charity run by students of Cranfield University, has sent over 340 Cranfield graduate and post-graduate volunteers to almost 40 countries since it was established in 1969. The volunteers work with local organisations to help develop sustainable livelihoods and relieve poverty.

**the advancement of health or the saving of lives;**

- The University became a partner in the Future Biodetection Technologies Hub led by the University of Hertfordshire, also collaborating with Leeds and Manchester universities. The five-year research initiative is exploring the technologies that help societies understand and protect themselves from bioaerosols — airborne particles of a biological origin including bacteria, viruses, fungi, pollen and toxins.
- The Magan Centre for Applied Mycology (named in the memory of Professor Naresh Magan, one of Cranfield's most influential scientists) was set up with £7.2 million injection of funding from Research England. The Centre is looking into the positive uses of fungi in industry, the environment and for health.
- The Environmental Biotechnology Innovation Centre (EBIC) is a five year, £13 million project being led by Cranfield University, working with a network of other UK universities to accelerate testing of synthetic biology tools in controlled environments outside labs, using micro-organisms to monitor environmental quality and remove pollutants from water supplies.

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- Ofwat – the Water Services Regulation Authority – awarded a share of £40million funding to three research projects involving Cranfield as part of its Water Breakthrough Challenge, a competition seeking projects with the potential to deliver transformational change for customers, society and the environment. This included work with Thames Water to deliver sewage sludge recycling at the first UK-based demonstration plant; and with Severn Trent Water to treatment options to remove and destroy PFAS (Per/poly-fluoroalkyl substances (PFAS) known as ‘forever chemicals’) during drinking water treatment.
- Cranfield worked with Skyports Drone Services on a project funded by the UK Space Agency to explore how space technologies could be used to establish 5G-enabled drone deliveries for remote island communities such as Orkney, Scotland.
- Cranfield University is working with software simulation company Simul8 and the Bedfordshire Hospitals NHS Foundation Trust on a project aimed at helping to make healthcare processes more efficient.

**the advancement of citizenship or community development;**

- Businesses in Central Bedfordshire can access a range of free programmes to help them grow and decarbonise their operations as part of a joint scheme with Central Bedfordshire Council.
- We consider the social, community and environmental consequences of all our activities. The University organises, sponsors and supports a variety of public engagement events in which staff are actively encouraged to participate.
- Many of our staff are engaged in a wide range of public engagement and outreach activities on an individual basis.
- Our worldwide community is a powerful professional network with students and learners from over 170 countries. We have over 30 international alumni communities across the world, including China, India, Switzerland and Brazil.

**the advancement of the arts, culture, heritage or science;**

- Cranfield researchers are working with the National Museum of the Royal Navy to help HMS Victory address a 90-year-old problem with woodworm. The work — which involves breeding a special colony of deathwatch beetles to observe their behaviour and identify new solutions — is taking place as part of The Big Repair - the ten-year, £45m restoration project designed to repair and preserve HMS Victory, the world’s oldest naval ship still in commission.
- Scientists at Cranfield University were part of an international team of ecologists and archaeologists researching how shipwrecks impact the surrounding underwater ecosystems.
- Forensic Scientists at Cranfield helped locate a missing Second World War pilot after eight decades, after painstaking field work in Sicily, leading to a full military honours burial for US Army Air Forces (USAAF) 2nd Lt Gilbert Haldeen Myers.
- A technological ‘sniffer dog’ device invented by a Cranfield expert featured in a new exhibition which brought together art with chemistry. The CRIM-TRACK technology is designed to detect illicit chemicals through a sequence of coloured dots, and was part of an exhibition at the APT Gallery in London.

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**the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity;**

- The Vice-Chancellor and Chief Executive along with other senior members of the University, visited India in February 2023 to make connections with other universities and encourage Indian students to consider the UK for postgraduate study.
- Cranfield Executive Development partnered with the Women Leaders UK Awards, building on the Women's Leadership Programme which inspires women in senior positions to reach the highest levels in their careers.

**the advancement of environmental protection or improvement;**

- Cranfield was named number one in the UK and sixth in the world for its activities supporting the critical United Nations Sustainable Development Goal (SDG) 17 – Partnerships for the Goals, which focuses on cross-sector and cross-country partnerships in pursuit of the SDGs. The 2024 Times Higher Education Impact Rankings placed Cranfield in the top 10% of universities in the world for its overall sustainability efforts.
- The QS World University Rankings for Sustainability in 2024 placed the University in the top 15% of universities globally (1400 institutions), and in the top 20% in Europe. In terms of the environmental impact of its research, Cranfield is in the top 5% globally.
- Cranfield joined organisations in the UK research and innovation sector as a founding signatory to a new agreement on research and innovation practices. The Concordat for the Environmental Sustainability of Research and Innovation Practice represents a shared ambition for the UK to continue delivering cutting-edge research, but in a more environmentally responsible and sustainable way.
- A major research project by the UK company ENSO, nominated by Cranfield, was announced as a finalist for the 2023 Earthshot Prize by Prince William. The company's work to develop tyres for electric vehicles that are more sustainable and reduce pollution, was chosen as one of 15 finalists from 1,100 nominations.
- Cranfield University Estates Team was shortlisted in the 2023 Times Higher Awards as Outstanding Estates Team, in recognition of its work on redeveloping the estate, future-proofing its energy supply and helping protect against long-term energy price increases.
- The central role of Cranfield's research and development in hydrogen was acknowledged via the University's largest ever funding investment: £69 million to create the Cranfield Hydrogen Integration Incubator (CH2i). £23 million from Research England's Research Partnership Investment Fund (UKRPIF) and £46 million from industry partners and academic institutions.
- Innovative technologies for taking on climate change challenges were supported through the Green Future Investments Ltd (GFIL) Technology Accelerator Fund. These included the development of eco-friendly biosurfactants as a natural alternative to petroleum-based surfactants in cosmetics and cleaning products; a new waste conversion technology that unlocks the hidden potential of organic wastes, by adapting a process known as hydrothermal oxidation to deconstruct materials into useful components; ultra safe batteries to enable electric flight; a solar to hydrogen test facility; plant-derived and biodegradable sparkling-effect materials; and a new biostimulant to improve yield and resilience in cereals.



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- The Jet Zero Council, a partnership between industry, academia and government to drive the delivery of new technologies and innovative ways to cut aviation emissions, met at the University to discuss next steps towards sustainable aviation and the particular role of hydrogen. The meeting included the Secretary of State for Transport, Parliamentary Under Secretary of State (Decarbonisation and Technology) Department for Transport, and the Parliamentary Under Secretary of State for Affordability and Skills, Department for Energy, Security and Net Zero, alongside government advisers, regulators and industry leaders.
- Cranfield School of Management's work supporting SMEs to combat climate change won the Outstanding Support for Small Business Category in the Small Business Charter Excellence Awards 2024.

**the promotion of the efficiency of the armed forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services;**

- Cranfield University is a key academic signatory to the Defence Aviation Net Zero Strategy, helping to meet the commitment to decarbonise Defence's aviation capability, whilst also mitigating potential risks to operational effectiveness that are likely to arise because of climate change.
- Cranfield and the National Crime Agency (NCA), which leads the UK's fight to cut serious and organised crime, have a Memorandum of Understanding to share expertise and collaborate on projects of mutual interest.
- Emerson's National Instruments (NI) Test and Measurement technology was made available to students at the Defence Academy of the United Kingdom delivered by Cranfield University — supporting the education and training on testing modern radar systems.

Cranfield's mission is to work in partnership with business, academia, governments and other organisations to develop and deliver applied research and innovative education in science, technology, engineering and management.

Ambition 2027, our new Corporate Plan, was launched in 2022. Guided by our vision, mission, values, the UN Sustainable Development Goals and our sector-facing themes, the plan defines Cranfield University's ambitions for the next five years.

There are four areas of focus: to be an employer of choice; to be a partner of choice; to create the UK's applied research powerhouse; and to create distinctive Cranfield learners.

Our activities are undertaken in support of the University's aims, as referenced in our Charter, and the strategic direction, as outlined in our Corporate Plan, Ambition 2027.

Cranfield awards around 3,000 degrees each year, giving our graduates a learning experience which provides them with the opportunity to join some of our distinguished alumni as leaders in their fields. Around 4,500 people come to Cranfield each year to benefit from our executive and professional development programmes.

Our alumni include Warren East, CEO of Rolls-Royce; John McFarlane, Chairman of Westpac and former Executive Chairman of Barclays; Omobola Johnson, Senior Partner at TLCom Capital LLP and former Minister for Communication Technology, Nigeria; Air Marshal Dame Susan Gray DBE CBE FREng, Engineer and Senior Royal Air Force Officer; Chris Hopson, Chief Strategy Officer, NHS England; Zak Hydari, Chief Executive of Rasmala Group, one of the largest managers of sharia-compliant funds in the world; Dr Clifford

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Braimah, Managing Director, Ghana Water Company, Dean of the School of Engineering, Tamale Technical University; Dr Sarah Quereshi, CEO at Aero Engine Craft, developing contrail-free aero-engines; Charan Sekhon MBE, Senior Environment Officer and EDI Project Coordinator, Environment Agency and Founder and Chairman, Social Education Voluntary Association (SEVA) Trust UK; Dr Winnie Byanyima, Executive Director, UNAIDS, former Executive Director, Oxfam International and former Director of Gender and Development, United Nations Development Programme; Aishah Ahmad, Deputy Governor, Central Bank of Nigeria; Neil Heslop, CEO, Charities Aid Foundation.

Throughout 2023/24, we have continued to develop new facilities and bolster our infrastructure to further enhance the delivery of our mission:

- In what is the University's largest ever single funding investment: £69 million is being used to develop a suite of testing labs and facilities on campus, the Cranfield Hydrogen Integration Incubator (CH2i). £23 million has come from Research England's Research Partnership Investment Fund (UKRPIF) and £46 million from industry partners and academic institutions.
- The Civil Aviation Authority selected Cranfield Airport as a host partner for its Temporary Reserved Area (TRA) Regulatory Sandbox, trialling the operation of unmanned and manned aircraft in shared airspace.
- The technical capability of Cranfield Airport will be upgraded with the first on-site radar facility in 30 years, maintaining efficient operations and supporting world-class aviation research. The 38 metre mono-tube radar tower is expected to become operational in 2026.
- A former RAF hangar from 1936 used for aircraft maintenance and research has been retrofitted with a district heating system, air source heat pumps, improved insulation and LED lighting and hooked up to energy supplies from the on-site Solar PV farm (making use of Public Sector Decarbonisation Scheme funding). This has led to an 85% energy saving and 94% reduction in carbon emissions.

This year Milton Keynes City Council (MKCC) and Cranfield University mutually agreed to bring to an end their formal partnership relating to MK:U, with the project completing a successful two-year pilot and continuing to offer a new model of higher education and an innovation hub in Milton Keynes. MK:U is on track to have over 400 students in 2024, and has 800 local business owners, educators and innovators collaborating in its business innovation hub.

This year MK:U won £100,000 of government funding from the Office for Students to develop a new degree apprenticeship in Supply Chain Management and it secured a further £388,000 to build its degree apprenticeship programmes.

None of what we achieve as a University would be possible without the dedication and commitment of our staff to realising the ambitions of our institution:

- Dr Geoffrey Neale, Lecturer in Multifunctional Composite Structures, was one of just twelve UK academics to be awarded a Research Fellowship from the Royal Academy of Engineering. Fellowships support outstanding early-career researchers to become future research leaders in engineering. He has also been selected for the Foundation Future Leaders programme for 2024 (which each year selects just ten mid-career professionals from universities, industry and the civil service).

## CRANFIELD UNIVERSITY

### STRATEGIC REPORT

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- Soil scientist Dr Daniel Evans was a recipient of the 2024 Arne Richter Award for Outstanding Early Career Scientists. The award from the European Geosciences Union (EGU) recognised his work in soil formation and parent materials at the soil-bedrock interface.
- Dr Abhijeet Ghadge, Associate Professor (Reader) of Supply Chain Management at Cranfield School of Management, was selected to join the UK government's new Critical Imports Council. Dr Ghadge, an expert in supply chain resilience, is the only academic member of the council, which advises on ways to best identify, assess and mitigate disruption to the supply of critical imports to the UK such as medicine and high-tech components.
- Dr Laura Lacey, Senior Lecturer in Military Aviation Safety and Airworthiness, was highly commended in the 2024 Women in Engineering Awards, in recognition of her leading role in driving the development of military aviation safety teaching and research.
- Professor Angel Medina Vaya, Director of Environment and Agrifood at Cranfield University, became a member of the International Commission on Food Mycology, an expert group focused on food mycology.
- Professor Michael Bourlakis was appointed as International Vice President for the Chartered Institute of Logistics and Transport (CILT) in the UK and has become a Trustee member and Chairman of the Education Standards Committee for CILT International.
- Cranfield's world-leading research into hydrogen and applications for hydrogen technology was recognised at the 2024 Hydrogen Awards. Dr Jerry Luo, Senior Lecturer in Energy Storage and Harvesting at Cranfield University, and his colleagues Fergus Crawley and Khalifa Aliyu Ibrahim were given a Gold Award for their work on streamlining the hydrogen production process, making it more cost-effective and environmentally friendly. Another Gold Award was won by Dr Indrat Aria, Dr Sue Impey and Dr Yading Wang for their research into green hydrogen production from seawater.

As an institution, we aim to spread knowledge and learning not just to our learners and research partners but to the wider public:

- Year 5 and 6 pupils from Milton Keynes and Bedford were invited to Cranfield University for a special engineering-focused event. This event was the culmination of a year-long outreach project by Cranfield University, funded by the Royal Academy of Engineering's Ingenious awards. Staff from Cranfield had visited schools across Milton Keynes over the 12 months and introduced children to materials engineering to inspire the engineers of the future.

#### Employee engagement

Engagement with our staff community remains a priority for the University and aligns to our People Strategy and our ambition to be an 'Employer of Choice'. As an Employer of Choice, we want to have an inclusive culture where everyone can flourish and contribute towards our success and for colleagues to feel part of a diverse, skilled and ambitious community who are empowered and engaged within a collaborative, supportive and safe working environment, one which prioritises the wellbeing of our staff.

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This year we have focussed on progressing delivery of our Ambition 2027 People Strategy and supporting the University Transformational Change programme.

Some of the key actions over the past year include:

- Continuing with the provision of an Occupational Health Service and Employee Assistance programme, managed via a third-party provider (People Asset Management (PAM)). This includes access to our PAM Assist Wellbeing App, which supports all aspects of wellbeing and features online CBT, mindfulness for mental health, a virtual gym, sleep and nutrition advice for physical health.
- Running a calendar of events in relation to general health and wellbeing, aligning where possible to national campaigns. These ranged from physical activities such as free badminton sessions and 'step' challenges to wellbeing workshops including financial wellbeing, sleep, mental health and resilience. Albeit with fewer health education workshops this year due to financial restraints.
- Continuing to support our programme of training for Mental Health First Aiders with a triennial refresher session in February for 12 MHFA's.
- Inviting feedback from our staff community through our regular pulse survey, which had a strong wellbeing and workload focus this year.
- Contributing to psychological safety by introducing a review of wellbeing and workload to the annual performance and development review process.
- Responding to staff feedback by providing resources to assist staff to manage their workload including a dedicated intranet site, developing workshops, guidance and on-demand learning.
- Supporting staff with change including regular communication, the opportunity to ask questions and make suggestions, engagement events, focus groups, developing and running workshops and providing access to on-demand learning.
- Providing staff with the opportunity to attend a pre-retirement course (via Affinity) which aside from support with finances, helps staff plan for the lifestyle change ahead.
- Delivering sessions to highlight staff benefits including but not limited to financial savings and the Green car scheme.
- Establishing a Self Assessment Team (SAT) for AdvanceHE's Race Equality Charter, with a new Executive lead. This SAT meets monthly and has run focus groups and a survey to help us understand the experience of all staff at Cranfield, including black, Asian and minoritised ethnic staff.
- Embedding our staff networks who continue to meet regularly, host events and have an active community on MS teams for sharing knowledge, insights and experiences.
- Encouraging staff to share if they have a disability, condition or impairment resulting in improved rates which at 9% now compare favourably with the sector benchmark.
- Introducing a new Reasonable Adjustments framework and guidance written by a working group comprising members of people and culture, communications, H&S, Finance and disability network. This includes a new intranet page to signpost people and managers to further sources of support and information.
- Developing a new menopause policy, publishing guidance and establishing a menopause staff support group, along with new mechanisms to enable people to record absence due to symptoms associated with the menopause or perimenopause.
- Developing and publishing a new Trans Inclusion policy.
- Embedding and evaluating our EDI and Wellbeing Executive Committee and its membership consisting of representatives from across the University.
- Meeting regularly with the recognised Trade Unions to promote engagement and discuss proposed decisions on various topics, increasing this to fortnightly meetings to support the Change Programme.
- Continuing with our Vice Chancellor Live events with question-and-answer sessions for staff during which the Vice Chancellor and members of the senior management team provide topical updates on University activities and respond to live staff questions.
- Holding regular staff meetings in the individual faculties and professional service units, as well as team days and social events.

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- Issuing regular communications, including the staff e-bulletin and 'news and highlights' on our Intranet pages.

### **Employment of disabled persons**

Applications by disabled persons for employment and for admission to courses of study or research are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing staff and students becoming disabled every effort is made to ensure that their employment or study with the University continues and that appropriate training and support is arranged. It is the policy of the University that the training, career development and promotion and opportunities to undertake study and research should, as far as possible, be identical for all staff and students.

### **Health and Safety**

The University is committed to providing a safe and healthy environment by taking effective means to manage our risks and protect people from being harmed. There is a process of continuous improvement through a programme connected to the University having ISO 45001 Health and Safety Management accreditation across the University in all areas of work and study. The University first achieved full accreditation under OHSAS 18001 in July 2016 and was re-accredited for ISO 45001 in 2021. The University has taken the opportunity to undertake a number of initiatives with respect to the mental health of staff and students.

### **Modern Slavery and Human Trafficking**

The University is committed to improving practices to combat slavery and human trafficking and supports the UK Government's approach to implementing the UN Guiding Principles on Business and Human Rights.

In implementing this approach the University supports the Base Code of the Ethical Trading Initiative. This Base Code is an internationally recognised code of labour practice requiring that:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed

### **Trade Union Facility Time**

#### ***Background***

Our Trade Union Facility Time data, shown below, has been prepared in accordance with our duty under Section 13 of the Trade Union Act 2016. The data has been collated and extracted from our HR & Payroll database and covers the 12 month "relevant period", which is the 12 months from 1 April to 31 March every year, with the current period being from 1 April 2023 to 31 March 2024.

At Cranfield there are three Unions who are recognised for consultation and negotiation purposes, these being UCU, Unite and Unison.

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**Table 1 - Relevant union officials**

Total number of our employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
<b>11</b>	<b>9.53</b>

**Table 2 - Percentage of time spent on facility time**

Number of employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	<b>3</b>
1-50%	<b>8</b>
51%-99%	<b>0</b>
100%	<b>0</b>

**Table 3 - Percentage of pay bill spent on facility time**

Figures determining the percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Provide the total cost of facility time	<b>£14,749</b>
Provide the total pay bill	<b>£106,404,361</b>
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	<b>0.01%</b>

**Table 4 - Paid trade union activities**

As a percentage of total paid facility time hours, the number of hours spent by employees who were relevant union officials during the relevant period on paid trade union activities?

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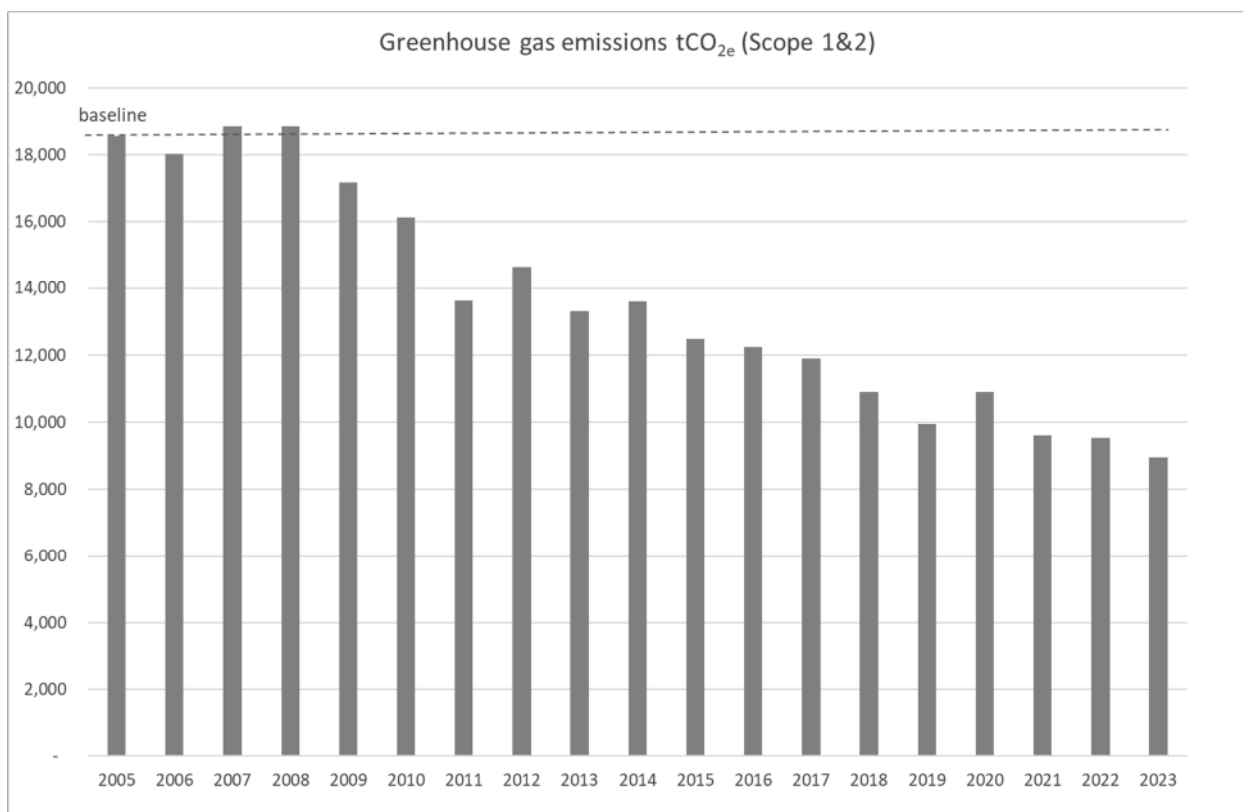
(continued...)

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

9.21%

### Streamlined Energy and Carbon Reporting (SECR) and Carbon Management Plan

The University has a target to reduce its Carbon emissions to Net Zero by 2030/31 academic year. Since the implementation of carbon management planning in 2009 Scope 1 and 2 emissions have reduced steadily to less than half the original 2005 baseline. The carbon footprint has been restated for previous years in accordance with Government Greenhouse Gas reporting guidelines which take account of changes in our estate and national conversion factors.



The decrease reflects the significant investment the University has put into energy saving initiatives such as a large Combined Heat and Power unit in 2011, a new Biomass boiler in 2014, improvements to the district heating system, a solar farm in 2018 and continuous annual energy efficient refurbishments to the real estate. Recent Public Sector Decarbonisation (PSDS2, 3A and 3B) funding has enabled the installation in 2022 of an extension to the solar farm, a large-scale Air Source Heat Pump for the district heating, new Building Management System for the district heating along with other improvements, LED lighting installations and a 1 MWh battery to help balance the University's private wire network, the two large aircraft hangars being fully insulated, with quick closing doors interlocked to a new heating system with improved control and a further

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(continued...)

installation of solar increasing on site capacity to over 2.3 MW. Work is underway for another Public Sector Decarbonisation project which will take the district heating onto the residential part of the campus and see the installation of large thermal store. Finally funding has been secured through PSDS3C for a large Ground Source Heat project to be installed next year.

The emissions reported above are for scope 1 and 2 greenhouse gas emissions (excluding scope 3 electricity transmission and distribution emissions) including electricity, heating, process fuels and on-site vehicle fuels for the whole University estate but excluding activity at Shrivenham Campus which is managed by the MOD. Reporting years are from August to July. Other transport emissions and emissions associated with waste and water are not included at present although there are plans to include these within the footprint for future reports. Further information on the Carbon Management Plan can be found on the University website.

For SECR reporting purposes additional scope 3 emissions from business travel involving cars and motorbikes has been included. A breakdown of the emissions is detailed below. Note the SECR total is slightly different from the carbon management plan total shown above, because business mileage has not been included in the latter.

SECR data for 2023/2024

Fuel Type	Energy Purchased kWh		tCO <sub>2e</sub>				
	2023/24	2022/23	Sc 1	Sc 2	Sc 3	2023/24	2022/23
Gas	36,802,100	34,815,330	6,731	0	0	6,731	6,417
Electricity	10,010,900	13,345,446	0	2,073	183	2,256	3,003
Biomass	958,740	1,636,900	11	0	0	11	18
Gas Oil	151,485	406,128	39	0	0	39	106
Aviation Turbine	518,414	462,583	129	0	0	129	115
Diesel	243,401	282,550	58	0	0	58	68
Aviation Spi	96,040	150,099	23	0	0	23	36
Petrol	14,209	14,205	3	0	0	3	3
Burning Oil	15,333	31,003	4	0	0	4	8
LPG	1,501	0	0	0	0	0	0
<b>Sub-Total</b>	<b>48,812,122</b>	<b>51,144,244</b>	<b>6,998</b>	<b>2,073</b>	<b>183</b>	<b>9,254</b>	<b>9,772</b>
Business Tr (rental/empl oyee owned vehicles where fuel is purchased)	448,045	405,771	0	0	120	120	109
<b>Total Gross tCO<sub>2e</sub></b>			<b>6,998</b>	<b>2,073</b>	<b>304</b>	<b>9,374</b>	<b>9,880</b>

The Intensity Ratio in 2023/24 for all emissions reported in table is 4.27 tCO<sub>2e</sub>/£100,000 turnover. In 2022/23 it was 4.49 tCO<sub>2e</sub>/£100,000 on the same basis.



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Notes:

1. The methodology used follows the UK Government Environmental Reporting Guidelines. The University has an energy management system certified to ISO50001. Data from invoices is used unless this relies on estimates otherwise the University has extensive automatic meter reading and manual reading processes. Where no data is available, estimates have been used in a few very minor instances amounting to less than 0.3% of the total. These estimates are based on existing data. The reporting period is August 2021 to July 2022. Government greenhouse gas emission factors for 2022 have been used.
2. The University generates more than half of its electricity from an on-site gas fuelled CHP with an output of 1.4 MW and also a 1.45 MW solar farm and a 0.9 MW solar farm along with other smaller roof mounted PV systems. The output of the CHP in 2023/2024 was 7,616,771 kWh consuming 21,001,228 kWh of gas, and the output of the solar installations was 1,522,414 kWh. Note this means the overall consumption of electricity was 19,450,187 kWh.
3. More detailed information on the progress of the University towards reducing its greenhouse gas emissions and other aspects of environmental performance can be found in the annual environmental report on the website [www.cranfield.ac.uk](http://www.cranfield.ac.uk).

### **Environmental issues**

The University is committed to sustainable development by integrating environmental issues into all aspects of its work and management processes. Environmental responsibilities are met through the management of the University's campuses and premises, through its dealings with client groups and trading partners, through the design and delivery of its academic, research and professional services and through its interaction with the local community. There is an Environmental Management System certified to ISO14001 to oversee this and an Energy Management System certified to ISO 50001.

The University has several environmental targets related to the issues it faces, details of which can be found on the web site and in the Annual Environmental Report. We have made good progress towards the University's target to Net Zero Carbon with a significant reduction in recent years in emissions and a large investment in clean technology through the Public Sector Decarbonisation Scheme. The University has reported on its contribution to the Sustainable Development Goals through the THE Impact Awards.

### **Outlook for 2024/2025**

Cranfield will continue to develop its thematic offerings in Aerospace, Defence and Security, Energy and Power, Environment and Agrifood, Management, Manufacturing and Materials, Transport Systems and Water, supported by the University's professional service units.

The University is forecasting to return to an operating surplus despite further reductions in international student numbers. This is supported by two years of record research order books, and forecast growth in professional development income, a full year reduction in future pension payments to the USS pension scheme following its March 2023 tri-annual valuation and staff cost savings of £7.5 million which will be achieved by a combination of no inflationary pay rise from August 2024, a pause in staff recruitment and some targeted voluntary redundancy schemes.

As part of the Council's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a severe but plausible scenario has been reviewed by the Joint Finance and Audit and Risk Committee. The assumptions modelled are based on reductions in student registrations, no increase in Government funding and delays in the delivery of research programmes. For each income stream the University has sensitised the revenue, profit and cash flow impact of reduced trading activity. The scenarios are most sensitive to the assumptions made for student numbers. The University has assumed a decreases in student numbers for international students for the purpose of the scenario modelling. A key judgement

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applied is the willingness of international students to travel to the UK given present geo-political uncertainties. Our severe but plausible scenario deficit would likely lead to an operating deficit of £6 million based on these assumptions and would not lead to a breach of the borrowing covenants. The University Council would not see this level of deficit as appropriate for the University and significant structural changes to the business would be required to ensure this outturn did not materialise. As at 31 July 2024, the consolidated statement of financial position reflects a net asset position of £134.5 million with fixed assets included at historic cost which are included at £158 million for buildings the University owns which compares to their insured value of £500 million.

New educational initiatives continuing in 2024/25 include the further development of MK:U that is now based in Central Milton Keynes and provides undergraduate courses in business and STEM subjects aligned to both Milton Keynes and Cranfield. Funding has been provided by the Office of Students to enable the development of four new apprenticeship courses. A detailed portfolio review is also being undertaken against post graduate courses across the University with a number of courses having now been removed from the portfolio.

With regard to capital expenditure, Cranfield has continued to be successful in winning high profile investment bids for the development of new hydrogen facilities and ground source heat pumps and should see further energy saving facilities come on line during 2024/25 with the extension of the district heating system to parts of the residential campus.

### **Conclusion**

During the year 2023/24 the University saw a significant decline in international students alongside a record research order book and further growth in professional development. Significant inflationary pressures added to the financial challenges faced in the year and a scheme for staff cost reductions has been put in place. This has continued to be a difficult financial trading period and addressing this remains the key focus for the Executive, but despite these challenges the University has continued to grow its community spirit as staff and students work together to deliver Ambition 27.

The University has had further success with its infrastructure funding bids to support its Estates strategy and the Corporate Plan with funding awarded for new Hydrogen facilities and ground source heat pumps. The University is confident that, through its thematic approach to research, education and executive development, it will continue to consolidate its position as a critical hub for research and education in a range of key technologies and skills relevant to enhancing the future security and prosperity of the UK

Ian Hart ACA  
Chair of Finance Committee

28<sup>th</sup> November, 2024

## **CRANFIELD UNIVERSITY**

### **CORPORATE GOVERNANCE**

The University is committed to following best practice in all aspects of corporate governance and is in full compliance with the CUC Higher Education Code of Governance as updated in 2020. The following statement is given to enable readers of the financial statements to obtain a better understanding of the legal structure of the University and the governance procedures applied by the University's Council.

In March 2013, Her Majesty The Queen in Council approved revisions to the University's Charter and Statutes. The primary impact of these revisions on governance was to make the University Council the unambiguous governing body for the University, in line with the governance guidelines of the Higher Education Funding Council for England. Following the approval of the Charter and Statutes, Council approved a revised set of Ordinances and Senate approved new Regulations; together, the Charter, Statutes, Ordinances and regulations make up the University Laws.

Council's functions, as articulated in the Charter, are to: be ultimately responsible for the affairs of the University; determine the strategic direction of the University; ensure the effective management and control of the University's affairs, property and finances; determine the structure, staffing and overall composition of the University; appoint the Pro-Chancellor; and appoint and dismiss the Vice-Chancellor.

The principal academic and administrative officer of the University is the Chief Executive and Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Office for Students terms and conditions of funding, the Vice-Chancellor is the accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

The matters specially reserved to the Council for decision are defined by the University Laws and by custom in line with the Financial Memorandum with the Office for Students terms and conditions of funding.

The Council has a majority of members from outside the University, (described as independent members), from whom the Chair must be drawn. Also included in its membership are staff of the University and a member nominated by the student body. The composition of the Council and the procedures for appointment of members, their tenure and removal from office, are determined by the Statutes of the University.

The Council meets at least four times a year and has four standing Committees, Finance, Nominations, Remuneration and Audit and Risk. Each of these Committees is formally constituted with terms of reference and comprises mainly independent members of the Council.

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- **Finance Committee** - meets at least four times a year and, inter alia, recommends to the Council the University's annual revenue and capital budgets and monitors performance quarterly in relation to the approved budgets. The Committee also reviews the University's annual financial statements for reporting to the Council.

Attendance of members during the year is outlined below:

	No. Of Meetings Entitled to Attend	No. of Meetings Attended
Mrs Lesley Chen Davison	4	3
Mr Colin Day	4	4
Mr Ian Hart	4	4
Professor Karen Holford	4	4
Dr Simon Rowlands	4	4
Mr Philip Zeidler	4	3

- **Nominations Committee** - considers nominations for vacancies in the independent membership of Council under the relevant Statute and makes recommendations to the Council for such appointments.
- **Remuneration Committee**

***Terms of Reference for the Remuneration Committee***

The Remuneration Committee at Cranfield, established by Council, has delegated authority to determine the Executive Reward Strategy, setting and reviewing the salaries and other emoluments, terms and conditions and where appropriate, severance payments of the Executive, to include the following members of staff:

- a. The Chief Executive and Vice-Chancellor;
- b. Members of the University Executive;
- c. Such other members of staff as decided by Council.

The Remuneration Committee also has oversight of the remuneration of all staff earning £100,000 or more.

While the primary focus of the Remuneration Committee is on the internal relativities and needs of Cranfield University, comparable information on salaries and other emoluments both within the University sector and as appropriate, the wider market, are considered.

***Remuneration Committee Membership***

The membership of the Remuneration Committee as of 31 July 2024 comprise the following members of Council:

- Chair of the Remuneration Committee - Miss Caroline Carter, former partner of Ashurst LLP (stepping down from Council, effective from 31 July 2024).
- Chair of the Finance Committee – Mr Ian Hart, UK Investment Banking at UBS.
- Dr Jaz Saggu, Chair, Watmos Ltd; INED for Saffron Building Society, BHSF Group Ltd, A2 Dominion.

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- Mr Simon Rowlands, retired Co-Founder of Cinven, Founder of Africa Platform Capital, Board member of British International Investments and Spire Healthcare.
- Professor Joanna Price – Professor Emeritus, Royal Agricultural University, Board Member Dyson Institute of Engineering and Technology (DIET), Chair of Board of University College of Osteopathy, Council member of BBSRC, Trustee of Bristol Zoological Society and the Royal Agricultural Society of England .

Miss Caroline Carter completed her term of office and left both Council and Remuneration Committee at the end of July 2024. Miss Carter will be replaced by Professor Joanne Price, as the Chair of Remuneration Committee.

Advisory services for the Committee are provided by the Director of People and Culture and their nominated representative. The Director of People and Culture is a member of the University Executive and as such, is not in attendance for the discussion of her remuneration or objectives.

The Pro-Chancellor, Mr Iain Ferguson is in attendance at the Remuneration Committee meeting but is not a member.

The Chief Executive and Vice-Chancellor is in attendance at the Remuneration Committee for consideration of remuneration for her direct reports but is not a member. She is not present for the discussion of her remuneration.

The Remuneration Committee meets three times a year and any three members present will constitute a quorum.

Attendance of members between August 2023 and July 2024 is detailed below:

	No. of Meetings (Aug 23 - July 24 <sup>1</sup> )	No. of Meetings Entitled to Attend	No. of Meetings Attended
Miss Caroline Carter	3	2	2
Mr Ian Hart	3	3	1
Dr Jaz Saggu	3	3	3
Mr Simon Rowlands	3	3	3
Professor Joanne Price (commenced April 2024)	3	2	2

***Key activities undertaken by the Remuneration Committee between 1 August 2023 and 31 July 2024<sup>1</sup>***

In line with the Remuneration Committee's Terms of Reference and our cyclical standing agenda, three meetings were held during the year, with any interim updates to the Committee via paper circulation as appropriate. For this reporting year, the meeting normally held in July, was held on 1 August, due to other commitments.

The Remuneration Committee agreed previously that there may be occasions where in exceptional circumstances an 'out of cycle' salary review needs to occur and that such reviews could be managed through paper circulation to the Committee membership. It is noted no exceptional cases were circulated to the Committee during this reporting year.

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<sup>1</sup> Please note, due to timings the normal July meeting was held on 1 August 2024.

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**October 2023**

The October meeting typically concentrates on the review of performance of the University and individual members of the Executive during the year and the resulting agreement of any pay increases and bonus payments.

At the October meeting, the Remuneration Committee reviewed progress against the corporate and individual objectives considering both qualitative and quantitative measures for the Executive and agreed performance against the corporate scorecard at 70%. In addition, the financial moderator, which was introduced during 2022 to drive positive behaviours and key priorities, specifically financial performance and cash flow, was provisionally set by the Chief Executive and Vice-Chancellor for the Remuneration Committee to consider appropriate adjustments.

It was noted by the Committee that exceptional performance should be acknowledged, in line with the wider University pay principles. The Committee reviewed the above outcomes, utilising the moderator on an individual basis, taking into consideration related performance and behaviours. Based on performance at a corporate and individual level, bonus payments for eleven members of the Executive were agreed (out of thirteen members), to include the Chief Executive and Vice-Chancellor.

The Committee also review salaries as part of this process and two salary increases, effective from 1 October 2023, were agreed for outstanding continuous performance and to address market rate issues.

The Committee discussed whether a cost-of-living adjustment should be applied to the Executive (the payment of any cost-of-living increase for the Executive is decided on a discretionary basis by the Committee, every October). It was agreed for this year, that in line with the University cost-of-living increase, a percentage increase of 5% should be applied to salary, effective from 1 October 2023.

To assist the above decision-making, the Committee received the following background documents:

- Summary salary report including the Chief Executive and Vice-Chancellor and other members of Executive, detailing basic salary and other emoluments.
- Performance and development review documentation for members of the Executive, detailing individual and corporate scorecards and a qualitative performance assessment against wider behavioural characteristics.
- Performance and development review documentation for the Chief Executive and Vice-Chancellor undertaken by the Pro-Chancellor and Chair of Council.
- A detailed report providing a general overview on pay, both within the sector and wider, together with independent salary data/benchmarks relevant to the roles within the Remuneration Committee remit. Cranfield typically benchmarks against Russell Group institutions and leading Business Schools. The information was compiled using the Committee of University Chairs report on Vice-Chancellors pay and the Universities and Colleges Association Senior Staff Remuneration Survey.
- Summary report on basic salary and other emoluments for the Senior Management Team and staff earning over £100,000.

**April 2024**

The April Remuneration Committee meeting allows for strategy and policy decisions together with an overview of progress towards the plan for next year, alongside any other business.

At the meeting, the Committee discussed whether there was a need for updated external benchmarking of Executive pay, however it was agreed that the benchmarking already undertaken using existing sources, coupled with the mechanisms in place for the award of Executive pay, provided the necessary rigor.

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The Committee also reviewed the P&DR form for the Executive and considered whether to adopt a more automated system in line with the rest of the University. It was agreed that the existing form provided the necessary focus on the University-wide objectives, along with the discipline of the KPIs. Equally the moderator provided the mechanism for managing/rewarding behaviours etc. The Committee therefore agreed that the current Executive form was still fit for purpose, however consideration is to be given as to how behavioural issues can be made more overt as part of this process.

The University presented the recently published pay gap reports for both gender and ethnicity, alongside relevant benchmark data from the higher education sector. Both reports were duly noted by the Committee and various scenarios were discussed, as to how the University might make further impacts on our pay gaps to include the need for specific initiatives for each distinct area.

The University also provided for context, an overview of the current challenges facing the HE sector, alongside the Cranfield perspective focusing on pay and reward, to include pay negotiations with Cranfield's recognised Trade Unions, the annual review process and the pay framework changes.

#### ***August 2024***

The August Remuneration Committee meeting typically focuses on objective setting for the forthcoming year.

At the meeting the Committee reviewed the strategic objectives for the Chief Executive and Vice-Chancellor for forthcoming financial year. Given these are the overriding University objectives, these targets provided the foundation for setting objectives for all members of the Executive Team.

Following an in-depth discussion regarding the financial position, the Committee agreed that some of the targets needed further scrutiny, with a focus on the quantitative targets. The Committee strongly recommended that the University appropriately reflected its priorities and the rebalancing work required between growth and profitability and the emphasis on cash generation capabilities, with a more collective responsibility for the financial KPI's.

Outside of the formal meeting, work has subsequently been undertaken by the Remuneration Committee members and the Chief Executive and Vice-Chancellor to further consider the financial KPIs for 2024/25, to include:

- Annual Operating Surplus
- Trading Cash Flow
- Net Debt reduction.

These KPIs will be applied to all members of the Executive Team as part of their targets for the forthcoming year, which will be monitored accordingly.

The Remuneration Committee's Terms of Reference were also discussed, with a view to potentially widening the remit of the Committee.

At the meeting, the University highlighted the request from our recognised Trade Unions, to not pay any bonuses to members of the Executive this year, given the University's financial position. This request was made as part of the annual pay negotiations for this year. The request was noted by the Committee and will be discussed at the October meeting.

#### **Approach to Remuneration**

A copy of the University's Remuneration Framework, under which the Committee operates, is available below. It has been designed to ensure that the University remains competitive in the market place, aligns to our core values and can deliver the University's strategy, priorities and targets, while providing an environment where everyone can achieve their potential, thrive and contribute at their best.

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Cranfield University operates outside of the higher education sector National Pay Framework (JNCHES); however, the University maintains an overview of the national pay bargaining process. Roles at the University are evaluated using the Hay Grading methodology for determining job size.

#### ***Reward Strategy***

The University's reward strategy considers a range of information from Cranfield, the HE sector and wider market practice, and aligns to our core values and behaviours. It is kept under review and may be adjusted, depending on the University's strategy and circumstances, the market, the requirements of key stakeholders and the Regulator (Office for Students (OfS)).

#### ***Definition of reward***

Reward is a combination of different elements. Cranfield's reward offer includes:

- A package of pay and benefits which is competitive in the market and reflects everyone's role and contribution.
- The opportunity to carry out interesting work which makes an impact – on students, the institution, industry and society.
- Access to development and support for all our people.
- Access to career opportunities.
- An inclusive culture and community where we respect everyone and we value diversity and support wellbeing.
- The opportunity to work alongside colleagues and with an organisation that recognises and celebrates ambition and success.

#### ***Purpose***

The purpose of the reward strategy is to:

- Enable the recruitment and retention of people with the talent, skills and commitment the University needs.
- Support the delivery of the University's strategy, priorities and targets, and demonstrate and underpin our core values.
- Provide an environment where everyone can achieve their full potential and contribute at their best.

#### ***Principles***

We will:

- Reward our people for the work they do and how well they do it.
- Ensure rewards are competitive in the sector and where relevant in the wider market.
- Ensure reward arrangements reflect the nature of the work and the market for the skills concerned.
- Ensure rewards are fair and equitable.
- Provide the opportunity for everyone to develop and progress in their career.
- Promote a culture which values diversity, supports wellbeing and embodies our core values.
- Ensure we celebrate and recognise success.
- Communicate the full value of pay and benefits as part of our total reward offer.



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***Taking principles into practice***

The table below summarises how we will put our principles into practice.

Principle	What we will do
Reward people for the work they do and how well they do it	Maintain our pay and benefits structures to match the level and type of role and provide the mechanisms for performance to be recognised and rewarded.
Ensure rewards are competitive	Undertake regular monitoring on external market practice – in the higher education sector and beyond – and consider internal indicators, such as recruitment, retention and staff opinion.
Ensure rewards reflect the nature of the work and the market for the skills concerned	Have distinct policies for different groups of roles but founded on the same principles (see below). Allow for pay differences where they are well justified by market evidence.
Ensure rewards are fair and equitable	Create and maintain policies and governance structures, which promote fairness and conduct and where appropriate, undertake reviews of their impact (e.g. biennial equal pay review, annual gender and ethnicity pay reporting and workforce audits).
Provide the opportunity to develop and progress	Offer programmes of training and development and provide the opportunity to discuss job and career development with line managers and HR.
Promote an inclusive culture which values diversity and equity, supports wellbeing and embodies our core values	Embed our shared values within the university, to support the University's transition to becoming a modern inclusive employer and enhancing our Employee Value Proposition. Delivering on our key targets in our Equity, Diversity and Inclusion Strategy and Plan, Athena Swan Action Plan and other related initiatives and providing an environment, which looks after everyone's wellbeing.
Celebrate and recognise success	Promote and keep under review all forms of recognition, ranging from 'thank you' to a formal salary adjustment, bonus or use of the recognition scheme, to ensure appropriateness to the role and its setting.
Communicate the full value of pay and benefits	When we have the supporting systems in place, provide an annual statement of the value of the pay and benefits package, in the context of the total reward offer.

***Policies***

In keeping with our third principle, the approach to pay and rewards will reflect the character of each job family. There are differences in: whether salaries are a spot rate or sit within a range; the markets used for benchmarking pay and reward practices; and how performance is recognised and rewarded (although all staff are subject to a performance and development review on an annual basis).

All policies take account of:

- The distinctive character of Cranfield, as a postgraduate institution, which has close links to, and partnerships with industry.
- Governance requirements, including those set out by the Office for Students and the Committee of University Chairs.
- The need to secure value for money.

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**a) University Executive**

Rewards for members of the University Executive are determined and reviewed by the Remuneration Committee, who have full delegated authority for the salaries and other emoluments, terms and conditions and, where appropriate, severance payments of:

- the Chief Executive and Vice-Chancellor;
- full members of the University Executive;
- and such other senior members of staff as decided by Council.

Our Executive reward reflects the need for competitive spot salaries and includes an incentive scheme, which is appropriate for jobs at this level and provides a strong link to performance. The package includes USS pension provision or a payment in lieu (PILP) for those who have reached their Annual, Lump Sum or Death Benefit Allowance, plus an optional USS Life Assurance.

The University Executive does not benefit from any automatic “cost of living increase” received by all other University employees, usually in August. On an annual basis the Remuneration Committee considers whether it is appropriate to adjust salaries in line with the agreed “cost of living” increase received by other staff, based on the performance of the University. Any movement on salary being effective from 1 October in any year and not backdated to August.

**b) Senior managers**

Rewards for senior managers are determined by the Chief Executive and Vice-Chancellor or members of the Executive Team. The Remuneration Committee has oversight of the remuneration of all members of the Senior Management Team and any other staff earning £100,000 per annum, or above.

The policy for this group provides for spot salaries to reflect the role, the market and the value of the individual to the University. Amounts are benchmarked mainly against other universities, with a check on other markets where appropriate. Performance can be rewarded with a non-consolidated annual bonus, linked to the achievement of agreed performance indicators aligned to the delivery of the Corporate Plan and a qualitative assessment of individual contribution and wider contribution to the Executive Team.

Senior managers are also eligible to receive the annual negotiated pay settlement with the recognised Trade Unions (normally taking effect from 1 August).

The package includes USS pension provision or a payment in lieu (PILP) for those who have reached their Annual, Lump Sum or Death Benefit Allowance, plus an optional USS Life Assurance.

**c) Professors**

Rewards for Professors are determined by the Chief Executive and Vice-Chancellor and members of the Executive Team through the annual review and the Professorial Pay Review processes, within a policy agreed and assured by the Remuneration Committee.

Professors are recruited and retained in a distinctive national and international market, in which identifying, benchmarking and rewarding different levels of professorial contribution has become common. Cranfield’s policy provides for four levels of professor, each with a standard pay range. Performance is recognised by remuneration within the level and exceptionally by change of level. Variations in market rate are handled through evidence-based market supplements.

The Cranfield University Professorial Range Review (PRR), established in 2015 and undertaken on a triennial basis, provides a transparent framework for competitive performance-related remuneration of the professoriate. The Professorial Pay Review provides consistency of approach across the University and is informed and benchmarked against relevant peer groups within the higher education sector and beyond.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE

(continued ...)

On an annual basis, the overall performance of Professors is assessed against generic academic standards tailored to individual targets established through annual Performance and Development Reviews together with the annual assessment of the individual's contribution to the School by the relevant Pro-Vice-Chancellor. There is also the opportunity for advancement via exceptional management-led recommendations for outstanding performance.

The Professoriate are also eligible to receive the annual negotiated pay settlement with the Trade Unions (normally taking effect from 1 August).

The package includes USS pension provision or a payment in lieu (PILP) for those who have reached their Annual, Lump Sum or Death Benefit Allowance, plus an optional USS Life Assurance.

#### **d) Staff within Salary Level 1 to 7**

Rewards for staff within salary levels 2 to 7 are determined through both an annual negotiated pay settlement with the Trade Unions (normally taking effect from 1 August) and a centrally co-ordinated annual review management process (normally taking effect from October of every year). The salary structure has strong parallels with the nationally negotiated Pay Framework Agreement for university staff but recognises the distinctive nature of Cranfield.

Each salary level has related pay ranges, which are determined and reviewed taking account of practice in the sector. The salary levels have a core of increments, through which staff move, subject to satisfactory performance, on an annual basis. Once an individual reaches the top of the incremental range, consistent exceptional performance over time can be recognised through use of a high-performance zone (salary levels 2 to 7).

Exceptional performance or one-off achievements can be recognised through a non-consolidated Recognition Award Scheme.

The package includes pension provision linked to the level and type of role, or where appropriate a payment in lieu (PILP) for those who have reached their Annual, Lump Sum or Death Benefit Allowance, plus an optional USS Life Assurance.

The University is an accredited Living Wage Employer and all directly engaged staff in Level 1 and other associated workers are paid at the relevant Real Living Wage rate, which is reviewed annually.

In 2022/23, the University undertook a review with external reward consultants to ensure our pay framework remains relevant, allows for flexibility and is both competitive and innovative in a volatile market. The external pay consultants met with a number of key stakeholders, including our Chief Operating Officer, Director of Finance, Director of People and Culture and our recognised Trade Unions, before making their recommendations. As a result, we have made changes to our pay framework for Level 2 to 7 over a phased two-year period, with phase one being implemented in October 2023 and phase two in October 2024. All staff impacted by the changes, have been individually communicated with.

#### ***Equity, Diversity and Inclusion considerations***

The University, following endorsement at Council, recently published a new five-year Equity, Diversity and Inclusion Strategy and action plan, which highlights how the university is going beyond these obligations to:

- Eliminate unlawful discrimination/harassment and victimisation.
- Promote equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristics and those who do not.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE

(continued ...)

In September 2023, we established an executive committee for EDI and Wellbeing to further strengthen leadership and governance in these areas, acting as a strategic, forward planning and advisory forum. The Committee formulate, review and recommend EDI strategic policy developments to Executive, Senate and Council, to ensure their full integration into the University's overall strategic plans and their implementation.

The University publishes annually our gender pay report and alongside this, for the second time, we published voluntarily, our ethnicity pay gap report. The Remuneration Committee received a copy of both reports, alongside a more detailed analysis at the April meeting.

At various points throughout the reporting cycle, the Remuneration Committee review the approach adopted by the University in ensuring equal pay across their areas of remit, to include the Executive, the Senior Management Team and those earning over £100k. It was agreed there were no instances where there were gender-related differences in reward for roles of the same type. Equality Impact Assessments are undertaken at key stages of pay reviews to ensure that there is no apparent bias or disadvantage for any particular groups of staff.

All the Executive Team have equity, diversity and inclusion related objectives and KPIs within their P&DR (aligning with our Corporate Plan) and the outputs are considered alongside the achievement of the other objectives during the Annual Review process.

#### ***Rationale for the total Remuneration of the Chief Executive and Vice-Chancellor***

Details of the remuneration for the Chief Executive and Vice Chancellor are summarised in note 6 of the Financial Statement.

The Chief Executive and Vice Chancellor is the lead academic and administrative officer of the University with overall responsibility for the successful realisation of Cranfield's mission. They are responsible for the strategic leadership of the University, providing strategic vision and direction, both academic and organisational; evolving the business model of Cranfield, so it remains financially sustainable and fit for purpose in a rapidly changing environment, further developing the University's unique relationship with industry and expanding the University's different streams of income, to enable it to deliver its aims and objectives.

Professor Dame Karen Holford joined the University on 1 August 2021, becoming the first woman to lead the University, following the retirement of the late Professor Sir Peter Gregson. Professor Dame Holford's engineering career spans industry and academia; beginning at Rolls-Royce (Aero), before pursuing an academic career where, during 31 years at Cardiff University, she engaged in research with industrial impact and research-led learning and teaching together with a significant administrative and leadership profile. She served as Deputy Vice Chancellor from 2017 – 2021, led the College of Physical Sciences and Engineering as the founding Pro Vice-Chancellor 2012 to 2017 and prior to this she was Head of the School of Engineering.

In June 2024, Professor Karen Holford CBE FREng was made a Dame Commander of the Order of the British Empire (DBE) for services to engineering. In the 2018 Queen's New Years Honours, she was awarded a CBE for services to engineering and the advancement of women in engineering. The honour reflects her impact in both industry and academia, and her commitment to championing gender equality and progression through education. She has been named in the Top 50 Women in Engineering, one of Wales's 100 Most Influential Women and received the Suffrage Science award in Physical Sciences and Engineering, the WISE Excellence award and Welsh Woman of the Year award in Science and Technology.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE

(continued ...)

Professor Dame Karen Holford is a Non-Executive Director at the FTSE250 firm Renishaw, and a member of the Science and Technology Advisory Council at the National Physical Laboratory. She also currently serves on the Oxford-Cambridge Arc Universities Group Board and on the Oxford Cambridge Supercluster Board and in 2023 she took up the role of Chair of the Midlands Innovation University Partnership Board and joined the Board of Universities UK.

It is considered that Professor Holford's overall remuneration reflects her significant experience and leadership within the higher education sector. The Vice Chancellor's remuneration is benchmarked against comparator groups on an annual basis, taking data from the Universities and Colleges Employer Association's Senior Staff Remuneration Survey and the Committee of University Chairs' Vice-Chancellor Salary Survey.

At the Remuneration Committee meeting held on the 25 October 2023, the Remuneration Committee agreed to apply a cost-of-living uplift to Professor Dame Holford's salary, aligning this to the cost-of-living increase awarded to other members of staff at the University. The application of this uplift of 5%, effective from 1 October 2023 increased her basic salary to £285,338.

At the same meeting, the Committee members also considered both the overall performance of the University and Professor Dame Karen Holford's personal performance against quantitative individual targets and wider corporate contribution for the 2022-23 academic year and in recognition of her contribution, performance and overall progress against these University's KPIs, the Remuneration Committee awarded her a discretionary performance related bonus of £29,295.

From 1 March 2022 to November 2023, Professor Holford was in receipt of a Pay in Lieu of Pension (PILP) allowance on the same terms as other relevant members of staff. The payment did not attract bonus or other benefits based on basic salary. Professor Dame Holford has since opted back into the USS pension scheme.

The Chief Executive and Vice-Chancellor when on campus, resides in Cayley Lodge, a property owned by the University. The occupancy of Cayley Lodge is treated as a taxable benefit, with the tax being paid by the University via a PAYE Settlement Agreement (PSA). The taxable benefit, taking into account, utilities, Council tax etc. is based on £5,977.

The following table shows the pay multiple calculation, between the Chief Executive and Vice-Chancellor's basic and total emoluments and the median value for all staff employed by the University for the past 4 years:

<b>Cranfield University</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Vice-Chancellor basic salary multiplier	6.89	6.89	7.16	7.99
Vice-Chancellor total remuneration multiplier	7.23	7.50	6.92	6.61

#### **Severance Payments**

The University's principle is to manage all departing staff fairly and equitably, taking into account the circumstances of their departure. Where restructurings occur, impact assessments are undertaken to ensure there are no biases on any protected characteristic.

Members of the Executive, as for all other staff, are entitled to be paid their contractual base salary and contractual benefits, during any notice period. In exceptional circumstances, the University has the discretion to make a lump sum payment, as pay in lieu of notice (PILON).

All Executive members (including the Chief Executive and Vice-Chancellor) have permanent contracts and have notice periods of 6 months.

**CRANFIELD UNIVERSITY**  
**CORPORATE GOVERNANCE**  
*(continued ...)*

Typically, no additional enhanced payments are made to compensate members of the Executive when their employment terminates, unless the employment ends by means of redundancy. In exceptional circumstances, a settlement agreement may be put in place and the University may make payments it considers reasonable in settlement of any potential litigation.

During 2023/24, no severance payments were made to members of the Executive.

***Payment of Directorships, Consultancies and Outside Work***

The University recognises the benefits that outside work whether voluntary or remunerated can bring to both employees and the University. All employees (to include the Executive) must seek written approval from the relevant Senior Line Manager (PVC, COO or CEO and VC). For the CEO and VC approval is sought from the Pro-Chancellor. It is the responsibility of those undertaking external work to ensure that it is fully declared in the Register of Interest.

The treatment of remuneration received from such activities is considered on a case-by-case basis as part of the approval process.

For noting, the Chief Executive and Vice-Chancellor declared her remunerated Non-Executive Director position at Renishaw and this appointment was approved by the Pro-Chancellor, with the arrangement commencing from September 2023. The Chief Executive and Vice-Chancellor agreed to buy herself out for 24 days per annum, to account for the time away from the business. This year she has only taken 18 days but has asked for the 24 days reduction to salary to remain in place and will review this on an annual basis.

- **Audit and Risk Committee** - meets on at least three occasions annually to review the work of the internal and external auditors. The Committee considers detailed audit reports, together with recommendations, for the improvement of the University's systems of internal control, governance, risk management and value for money, as well as management's responses and implementation plans.

Attendance of members during the year is outlined below:

	No. Of Meetings Entitled to Attend	No. of Meetings Attended
Miss Alice Hynes	6	6
Prof Jo Price	6	6
Dr Jaz Saggu	6	4
Mrs Claire Stokes	6	6
Mr Peter Watkins	6	6

Independent members of the Council do not receive any payment, apart from the reimbursement of expenses, for the work they undertake for the University.

The report of the Chair of Finance Committee is given on pages 14 to 34 and the responsibilities of the Council are outlined on page 48. The annual financial statements are presented in a format which is in accordance with applicable Accounting Standards and the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE

*(continued ...)*

The Council is also responsible for the University's internal control system and for monitoring its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve the University's overall objective and mission, as well as its annual strategic aims. It can only provide reasonable, but not absolute, assurance against any material misstatement or loss. The key features of the control system are:-

- **Risk management** – whilst it is neither possible nor desirable to eliminate risk from the University's activities, there is an on-going process for the recognition, assessment and management of all significant opportunities and risks. This process has been in place for the year and up to the date of approval of the annual financial statements. The process is reviewed annually by the Audit and Risk Committee on behalf of the Council. The Audit and Risk Committee reports annually to the Council on its review. Exposure and control analyses, including mitigating factors and counter measures, are prepared annually and are monitored by key performance indicators and controls. The results from these reviews inform the planning, reporting and budgetary control processes. The management of each significant risk is assigned to one or more individuals and built into personal objectives as part of the staff development and appraisal procedures, which identify training needs. Staff generally are asked to report perceived significant risks.
- **Control environment** – clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments are established. There is a Financial Manual, detailing financial controls and procedures which is approved by the Council as well as other management policies. Compliance with the Financial Manual is a requirement included in contracts of employment. The approach to internal control is risk based and embedded in effective management systems.
- **Information and control systems** – the University has a comprehensive medium and short-term planning process, supplemented by detailed annual revenue, capital and cash flow budgets. There are clearly defined and formalised requirements for approval and control of expenditure with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council. There are regular reviews of operating results involving variance reporting and updates of estimated out-turns. In relation to academic information and control systems, the University's Senate, Education Committee, Research Committee and Directors of Education and Research in the Schools oversee detailed processes to maintain and control the quality and standards of the University's academic work.
- **Monitoring system** – the effectiveness of the information and internal control systems and control environment are monitored by management review, the internal audit function and the Audit and Risk Committee, on behalf of the Council. As part of their audit responsibilities, the external auditors also provide reports to the Audit and Risk Committee on the operation of aspects of the University's internal control system.

On the basis of the above control system, procedures have been in place for the whole financial year to enable a full statement on internal control to be made for the year and up to the date of the approval of the Financial Statements.

## CRANFIELD UNIVERSITY

### PRIMARY RESPONSIBILITIES OF THE COUNCIL

The Council is the supreme governing body of the University. Its principal responsibilities are based on the Model Statement taken from the Committee of University Chairs(CUC) Higher Education Code of Governance (2020), adapted to reflect the powers and responsibilities that Council derives from the University Laws. These responsibilities are to:

- set and agree the mission, strategic vision and values of the University with the Executive;
- agree long-term academic and business plans including key performance indicators and to ensure that these meet the interests of stakeholders, especially staff, students and alumni;
- appoint, on the recommendation of a Joint Appointing Committee of Council and Senate, the Vice-Chancellor as Chief Executive of the University and to establish suitable arrangements for monitoring their performance;
- be responsible for the removal of the Vice-Chancellor for good cause in accordance with the University Laws;
- delegate authority to the Vice-Chancellor for the academic, corporate, financial, estate and human resource management of the institution, and establish and keep under regular review the policies, procedures and limits within such management functions as will be undertaken by and under the authority of the Vice-Chancellor;
- ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest;
- ensure that processes are in place to monitor and evaluate the performance and effectiveness of Cranfield University against the strategy, plans and approved key performance indicators, which will, where possible and appropriate, be benchmarked against other comparable institutions;
- establish processes to monitor and evaluate the performance and effectiveness of Council;
- conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
- safeguard the good name and values of the University;
- appoint a Secretary to Council, on the recommendation of a Joint Appointing Committee of Council and Senate, and to ensure that if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of responsibility;
- be the employing authority for all staff in the University and to be accountable for ensuring the establishment of a human resources strategy;
- be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the University's assets, property and estate;
- be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name. This includes accountability for health, safety and security and for equality, diversity and inclusion;



## CRANFIELD UNIVERSITY

### PRIMARY RESPONSIBILITIES OF THE COUNCIL

*(continued ...)*

- receive assurance that adequate provision has been made for the general welfare of students; make such provision as it thinks fit for the general welfare of students, in consultation with Senate;
- act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University;
- ensure that the University's Laws are followed at all times and that appropriate advice is available to enable this to happen;
- promote a culture which supports inclusivity and diversity across the institution;
- maintain and protect the principles of academic freedom and freedom of speech legislation; and
- ensure that all students and staff have opportunities to engage with the governance and management of the University.

# CRANFIELD UNIVERSITY

## PRIMARY RESPONSIBILITIES OF THE COUNCIL

(continued ...)

### Members of Council

The following members served throughout the period from 1<sup>st</sup> August 2023 to 28<sup>th</sup> November 2024 unless otherwise stated:

Name	Committee Membership	Position	Period
Ferguson, Mr Iain	N, HD	Pro-Chancellor & Chair of Council	
Holford, Karen	F, N, HD	Chief Executive & Vice-Chancellor	
Atkinson, Professor Helen			
Carter, Miss Caroline	N, R	Chair of Remuneration Committee	to 31 July 2024
Chen Davison, Lesley	F, N		
Day, Colin	F, HD		
Greatrex, John	R		from 1 August 2024
Greening, Connie			
Hart, Ian	F&R	Chair of Finance Committee	
Hill, James			
Hubble, Jane			
Hynes, Alice	A&R, N	Chair of Audit & Risk Committee	to 31 July 2024
Imafidon, Ehizuelen			to 31 May 2024
Osagie, Solomon	A&R		from 1 August 2024
Price, Joanna	A&R	Chair of Remuneration Committee <sup>1</sup>	<sup>1</sup> from 1 August 2024
Rowlands, Simon	F, R		
Saggu, Jaz	A&R, R		
Sen, Muhammet			from 1 June 2024
Stokes, Claire	A&R, N	Chair of Audit & Risk Committee <sup>2</sup>	<sup>2</sup> from 1 August 2024
Upadhya, Rachna	F		from 1 August 2024
Watkins, Peter	A&R, N		
Zeidler, Philip	F		

A=Audit and Risk, F=Finance, R=Remuneration, N=Nomination, HD=Honorary Degrees

## CRANFIELD UNIVERSITY

### PRIMARY RESPONSIBILITIES OF THE COUNCIL

*(continued ...)*

The Council is required to present audited financial statements for each financial year and for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Statutes of the University, the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education and other relevant Accounting Standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of Cranfield University, the Council, through its designated office holder, 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 the Group and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Council has ensured that:

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

The Council has taken reasonable steps to:

- ensure that funds from Research England and the Office for Students are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with Research England and the Office for Students terms and conditions of funding and any other conditions which the Funding Council of Office for Students may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and the Group and prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

# ***Independent auditors' report to the Council of Cranfield University (the "University")***

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

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### **Opinion**

In our opinion, Cranfield University's group financial statements and University financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the University's affairs as at 31 July 2024 and of the group's and of the University's income and expenditure, gains and losses, and changes in reserves, and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41).

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise the consolidated and University Statements of financial position as at 31 July 2023; the consolidated and University Statements of Comprehensive Income and Expenditure, the consolidated and University Statements of Changes in Reserves, the statement of consolidated Cash Flows for the year then ended; and the Accounting Policies; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence<sup>2</sup>**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

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 the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group and University's ability to continue as a going concern.

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

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our

opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the Council for the financial statements*

As explained more fully in the Primary responsibilities of the Council set out on page 51 to 54 the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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.

Based on our understanding of the institution/industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment legislation and immigration laws regarding international students, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Office for Students' Accounts Direction (OfS 2019.41). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial information through the posting of journal entries, or undue bias exhibited in accounting estimates and judgements. Audit procedures performed included:

- discussions with management in relation to known or suspected instances of fraud, or non-compliance with laws and regulations;
- testing of significant estimates and judgements made by management, including the verification of the data and accuracy of the models;
- incorporating elements of unpredictability into our audit procedures;
- testing of journal entries using a risk-based approach; and
- review of the financial statements for disclosures required by the accounting standards and the accounts direction provided by the OfS

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with section 5 of the Charters and Statutes of the University and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## ***Other required reporting***

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### **Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)**

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matter:

- The University's grant and fee income, as disclosed in note 2 to the financial statements, has been materially misstated; or

We have no matters to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes  
29 November 2024

**CRANFIELD UNIVERSITY**  
**PRINCIPAL ACCOUNTING POLICIES**

**1. Basis of accounting and preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2018 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the OfS and the Terms and conditions of Research England Grant. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain assets). The following exemptions available under FRS 102 has been applied to these financial statements:

- Disclosures in respect of transactions with wholly owned subsidiaries
- University cash flow

**2. Basis of consolidation**

The consolidated financial statements include the financial statements of the University and all its subsidiaries prepared up to the end of the financial year. They do not include the financial statements of student associations as it is considered the University has limited financial interest and no control or significant influence over policy decisions.

**3. Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are reflected in the income and expenditure account for the financial year.

**4. Recognition of income**

Income from the sale of goods and services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. Other income received in relation to the utilisation of the University estate is recognised when the services or goods have been delivered.

**1) Tuition fee income**

Tuition fee income is stated gross of any expenditure over the period in which the students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Fee discounts are treated as a fee bursary. Tuition fee refunds would be charged to tuition fee income.

**2) Grant Funding**

Grant funding including Funding Council block grant, research grants from government sources, grants (including research grants) from non government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

## CRANFIELD UNIVERSITY

### PRINCIPAL ACCOUNTING POLICIES

*(continued...)*

#### 3) **Donations and endowments**

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

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

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

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

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

#### 4) **Capital grants**

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

#### 5) **Investment income**

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

#### 5. **Research and development**

Expenditure on research and development is charged to the income and expenditure account in the year in which it is incurred.

#### 6. **Tangible fixed assets**

##### (1) *Land and buildings*

Land is stated at valuation and is formally revalued triennially, with consideration made at each period end to ensure that the carrying value of an asset at the reporting date is not materially different from its fair value. The basis of valuation is open market value for existing use, and in the case of the technology park, open market value with vacant possession. The most recent valuation was carried out as at 31st July, 2022 by Gerald Eve LLP. Freehold land is not depreciated as it is considered to have an indefinite useful life. Where land is held for resale and a conditional sale agreement is in place at the year end the land is revalued to the anticipated net proceeds and retained in fixed assets.

Freehold and leasehold buildings are stated at cost and depreciated over their expected useful lives or the life of the lease, whichever is shorter. Where there is a permanent reduction in value, provision is made in the financial statements.



## CRANFIELD UNIVERSITY

### PRINCIPAL ACCOUNTING POLICIES

(continued...)

Where buildings are acquired with the aid of specific grants, they are capitalised and depreciated as below.

(2) *Equipment*

Equipment, plant and machinery and fixtures and fittings costing less than £5,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised at cost and depreciated over its expected useful life. Equipment costing more than £5,000 purchased as part of the construction of prototype or pilot plants for specific research projects are also written off in the year of acquisition.

Where equipment is acquired with the aid of specific grants or gifts, it is capitalised and depreciated as above.

(3) *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(4) *Depreciation*

Depreciation is calculated on the original cost of the assets at the following rates:-

Buildings	2% - 5% per annum
Equipment	20% - 33.33 % per annum
Fixtures plant and machinery	5% - 25% per annum

#### 7. **Leases**

Leasing agreements that transfer to the University substantially all the benefits and risks of ownership are considered to be finance leases. All other leases are operating leases.

Fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations is treated as finance charges which is amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure over the periods of the leases.

#### 8. **Investments**

- (1) Non current asset investments that are classified as basic financial instruments are held on the Balance Sheet at amortised cost less impairment.
- (2) Complex financial instruments are initially measured at fair value, which is normally the transaction price. These are subsequently carried at fair value and the changes in fair value are recognised in the statement of comprehensive income and expenditure.
- (3) Investment in subsidiaries is included in the balance sheet at cost, less any provisions for impairment.

## CRANFIELD UNIVERSITY

### PRINCIPAL ACCOUNTING POLICIES

*(continued...)*

9. **Stock**

Stock is valued at the lower of cost and net realisable value on a first in, first out basis. Provision is made for obsolete or surplus material.

10. **Work in progress**

Work in progress is stated at cost plus attributable overheads less provisions for any known or anticipated deficits and payments on account receivable.

11. **Taxation status**

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is listed as a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 472–488 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable are applied to exclusively charitable purposes.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Most of the University's principal activities are exempt from Value Added Tax ('VAT'), but certain activities and other ancillary supplies and services are liable to VAT at various rates. Expenditure includes VAT charged by suppliers to the University where it is not recoverable and is likewise included in the cost of fixed assets.

Commercial trading activities undertaken by the University are operated through its subsidiary companies. This income will attract applicable VAT and the profits are liable to Corporation Tax. However, the taxable profits made by these companies are covenanted to the University and paid under Gift Aid, to the extent that the companies have distributable reserves, which negates that liability.

12. **Deferred taxation**

Deferred taxation is recognised as a liability or asset if transactions or events have occurred by the balance sheet date that give rise to an obligation to pay more taxation, or a right to pay less taxation, in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

13. **Maintenance of premises**

The cost of all maintenance is charged to the income and expenditure account as incurred. Provisions are made for dilapidation of leasehold property where an appropriate obligation exists.

14. **Pension schemes**

The two principal pension schemes of the University's employees are the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) administered by Bedfordshire County Council. The USS scheme is a multi-employer scheme as defined by FRS 102.

*Defined benefit schemes*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans the Universities 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 Institution.

## CRANFIELD UNIVERSITY

### PRINCIPAL ACCOUNTING POLICIES

*(continued...)*

The net liability is recognised in the balance sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

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

Annually actuaries are engaged on behalf of the University to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments. The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Universities policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

Where the fair value of the defined benefit schemes assets exceeds the present value of the defined benefit obligation the University consider the amount that can be recognised as an asset within the statement of financial position in line with the requirements of FRS 102. A defined benefit surplus is only recognised if it meets the following criteria: if the University has an unconditional right to a refund; if the University can realise it at some point during the life of the plan or when the plan liabilities are settled. As these criteria are not met the University has decided not to recognise a net retirement benefit asset.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost. Details of the schemes are included in Note 22.

#### 15. Provisions

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

#### 16. Going concern

As highlighted in the outlook for 2024/25 on page 33, the University considers that it has sufficient financial resources and is confident that its future income streams will maintain the aligned cost base. Council believe that the University is well placed to effectively manage its business risks, despite the current uncertain economic situation.

**CRANFIELD UNIVERSITY**  
**PRINCIPAL ACCOUNTING POLICIES**  
*(continued ...)*

The budgeted operating surplus for 2024/25 is based on expected student numbers registering in September 2024 and a continued growth for professional development and research income. Costs will continue to be managed carefully with staff spend being reduced and discretionary spend and travel budgets remaining on hold. The University is forecasting not to breach the bond covenants.

Council have a reasonable expectation that the University has adequate resources to continue operating in existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

**17. Financial instruments**

The Institution has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Financial assets*

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

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

*Financial liabilities*

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

## CRANFIELD UNIVERSITY

### PRINCIPAL ACCOUNTING POLICIES

(continued ...)

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

#### 18. Significant accounting estimates and judgements

In the process of applying these 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 the University's senior management team. Significant estimates and material judgements used in the preparation of the financial statements are as follows:

##### **Estimates:**

###### *Recoverability of debtors*

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

###### *Valuation of land*

Valuations are undertaken every three years by an independent external team of chartered surveyors. This is then updated annually by senior management based on the current economic developments and other factors that may be considered to have an impact on the rental yield going forward.

###### *Retirement benefit obligations*

The University contributes to the Local Government Pension Scheme (LGPS) administered by Bedfordshire County Council which is accounted for as a defined benefit scheme. The recognised 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 scheme, the discount rate used, the pensionable salary growth going forward and proposed price inflation. Further details can be found in note 22. Management reviews the assumptions made to derive the provisions recorded in the balance sheet to ensure that they are reasonable. The University also operates within the Universities Superannuation Scheme ('USS') which is accounted for as a defined contribution scheme since insufficient information is available to identify the University's share of the underlying assets and liabilities. As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The USS deficit recovery plan defines the deficit payment required as a percentage of future salaries until 2031. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount.

###### *Provisions*

Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.

##### **Judgements:**

###### *Revenue recognition*

Revenues are subject to judgement over when and by how much revenues should be recognised in the financial statements. This includes determining when performance criteria have been met, recognising research and other funding revenues in line with expenditure once a right to the funding is deemed to have arisen, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

CRANFIELD UNIVERSITY

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31ST JULY, 2024

		CONSOLIDATED		UNIVERSITY	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	1	92,443	94,843	81,968	82,346
Funding Council grants	2	28,594	23,699	28,594	23,699
Research grants and contracts		49,106	43,325	49,121	43,326
Other income	3	40,644	53,221	35,862	49,864
Investment income	4	190	212	232	251
<b>Operating income</b>		<b>210,977</b>	<b>215,300</b>	<b>195,777</b>	<b>199,486</b>
Donations and endowments	5	8,400	4,986	8,400	4,986
<b>Total income</b>		<b>219,377</b>	<b>220,286</b>	<b>204,177</b>	<b>204,472</b>
<b>Expenditure</b>					
Staff costs					
Operating staff costs	6	118,863	110,031	106,015	98,758
Pension provision movement		(44,084)	(3,518)	(43,992)	(3,434)
Total staff costs		74,779	106,513	62,023	95,324
Other operating expenses		89,039	93,401	87,454	89,610
Depreciation	10	22,891	19,586	22,494	19,166
Interest and other finance costs	8	3,706	4,438	3,785	4,437
<b>Total expenditure</b>	7	<b>190,415</b>	<b>223,938</b>	<b>175,756</b>	<b>208,537</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>28,962</b>	<b>(3,652)</b>	<b>28,421</b>	<b>(4,065)</b>
Profit on disposal of assets		4	-	4	-
Gain/(loss) on investments		645	(145)	645	(145)
Surplus/(deficit) before tax		29,611	(3,797)	29,070	(4,210)
Taxation	9	(92)	703	(25)	(82)
<b>Surplus/(deficit) for the year</b>		<b>29,519</b>	<b>(3,094)</b>	<b>29,045</b>	<b>(4,292)</b>
Actuarial gain in respect of pension schemes	22	-	42,753	-	42,753
<b>Total comprehensive income for the year</b>		<b>29,519</b>	<b>39,659</b>	<b>29,045</b>	<b>38,461</b>
Represented by:					
Endowment comprehensive income for the year		338	757	338	757
Unrestricted comprehensive income for the year		29,181	38,902	28,707	37,704
		<b>29,519</b>	<b>39,659</b>	<b>29,045</b>	<b>38,461</b>

The notes on pages 67 to 88 form part of these financial statements.

CRANFIELD UNIVERSITY

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31ST JULY, 2024

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>8,229</b>	<b>-</b>	<b>(17,971)</b>	<b>75,086</b>	<b>65,344</b>
Surplus from the income and expenditure statement	757	-	38,902	-	39,659
Transfer between revaluation reserve and income and expenditure reserve	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>757</b>	<b>-</b>	<b>38,902</b>	<b>-</b>	<b>39,659</b>
<b>Balance at 31 July 2023</b>	<b>8,986</b>	<b>-</b>	<b>20,931</b>	<b>75,086</b>	<b>105,003</b>
Surplus from the income and expenditure statement	338	-	29,181	-	29,519
Transfer between revaluation reserve and income and expenditure reserve	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>338</b>	<b>-</b>	<b>29,181</b>	<b>75,086</b>	<b>29,519</b>
<b>Balance at 31 July 2024</b>	<b>9,324</b>	<b>-</b>	<b>50,112</b>	<b>75,086</b>	<b>134,522</b>

**CRANFIELD UNIVERSITY**  
**UNIVERSITY STATEMENT OF CHANGES IN**  
**RESERVES**  
**FOR THE YEAR ENDED 31ST JULY, 2024**

University	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>8,229</b>	<b>-</b>	<b>(18,372)</b>	<b>75,086</b>	<b>64,943</b>
Surplus from the income and expenditure statement	757	-	37,704	-	38,461
Transfer between revaluation reserve and income and expenditure reserve	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>757</b>	<b>-</b>	<b>37,704</b>	<b>-</b>	<b>38,461</b>
<b>Balance at 31 July 2023</b>	<b>8,986</b>	<b>-</b>	<b>19,332</b>	<b>75,086</b>	<b>103,404</b>
Surplus from the income and expenditure statement	338	-	28,707	-	29,045
Transfer between revaluation reserve and income and expenditure reserve	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>338</b>	<b>-</b>	<b>28,707</b>	<b>-</b>	<b>29,045</b>
<b>Balance at 31 July 2024</b>	<b>9,324</b>	<b>-</b>	<b>48,039</b>	<b>75,086</b>	<b>132,449</b>

The notes on pages 67 to 88 form part of these financial statements.



**CRANFIELD UNIVERSITY**  
**STATEMENT OF FINANCIAL POSITION AT 31ST JULY, 2024**

		<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>					
Fixed assets	10	325,032	324,511	321,302	320,531
Investments	11	5,542	4,761	5,486	4,705
Investments in subsidiaries	12	-	-	5,186	5,186
		<u>330,574</u>	<u>329,272</u>	<u>331,974</u>	<u>330,422</u>
<b>Current assets</b>					
Stock		219	253	148	187
Trade and other receivables	13	53,869	50,742	51,421	48,195
Cash and cash equivalents	18	8,702	4,919	6,510	4,764
		<u>62,790</u>	<u>55,914</u>	<u>58,079</u>	<u>53,146</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(70,242)	(84,537)	(69,004)	(84,610)
<b>Net current liabilities</b>		<u>(7,452)</u>	<u>(28,623)</u>	<u>(10,925)</u>	<u>(31,464)</u>
<b>Total assets less current liabilities</b>		<u>323,122</u>	<u>300,649</u>	<u>321,049</u>	<u>298,958</u>
Creditors: amounts falling due after more than one year	15	(188,600)	(151,562)	(188,600)	(151,562)
<b>Provisions</b>					
Pension provisions	16	-	(44,084)	-	(43,992)
Other provisions		-	-	-	-
<b>Total net assets</b>		<u>134,522</u>	<u>105,003</u>	<u>132,449</u>	<u>103,404</u>
<b>Financed by:-</b>					
<b>Restricted Reserves</b>					
Income and expenditure reserve – endowment reserve	17	9,324	8,986	9,324	8,986
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		50,112	20,931	48,039	19,332
Revaluation reserve		75,086	75,086	75,086	75,086
<b>Total Equity</b>		<u>134,522</u>	<u>105,003</u>	<u>132,449</u>	<u>103,404</u>

The financial statements on pages 55 to 88 were approved by the Council on 28<sup>th</sup> November, 2024 and signed on its behalf by:-

I Hart ACA  
**CHAIR OF FINANCE COMMITTEE**

PROFESSOR K HOLFORD CBE FREng  
**CHIEF EXECUTIVE & VICE-CHANCELLOR**

I SIBBALD FCA  
**DIRECTOR OF FINANCE**

The notes on pages 67 to 88 form part of these financial statements.

CRANFIELD UNIVERSITY

STATEMENT OF CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 31ST JULY, 2024

	Notes	2024 £'000	2023 £'000
<b>Cash flows from operating activities</b>			
Surplus/(deficit) for the year before tax		29,611	(3,797)
<b>Adjustment for non-cash items</b>			
Depreciation	10	22,891	19,586
(Gain)/loss on investments		(645)	145
Exchange loss		7	344
Decrease in stock		34	7
Increase in debtors		(3,109)	(4,680)
(Decrease)/increase in creditors		(9,720)	5,843
Pension provision movement		(44,084)	(3,518)
Result in other provisions		-	-
Receipt of donated equipment		(7,100)	(31)
<b>Adjustment for investing or financing activities</b>			
Investment income	4	(190)	(212)
Interest payable	8	3,706	4,438
Endowment income		(1,300)	(1,810)
Taxation (outflow)/inflow		(92)	703
Income on the sale of fixed assets		(4)	-
Capital grant income	5	-	(4,986)
<b>Net Cash (outflow)/inflow from operating activities</b>		<u>(9,995)</u>	<u>12,032</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		4	2
Capital grants receipts		-	4,955
Disposal of non-current asset investments		172	339
Investment income		162	34
Payments made to acquire fixed assets		(15,945)	(29,938)
New non-current asset investments		(280)	(50)
<b>Total cash outflow from investing activities</b>		<u>(15,887)</u>	<u>(24,658)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(3,704)	(1,618)
Interest element of finance lease		-	-
Endowment cash received		1,300	1,810
New unsecured loans		37,453	-
New finance leases		142	-
Repayments of amounts borrowed		(640)	(1,580)
Capital element of finance lease and service concession payments		(29)	-
<b>Total cash inflow/(outflow) from financing activity</b>		<u>34,522</u>	<u>(1,388)</u>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<u>8,640</u>	<u>(14,014)</u>
Cash and cash equivalents at beginning of the year	18	62	14,076
Cash and cash equivalents at end of the year	18	8,702	62
<b>Movement in cash</b>		<u>8,640</u>	<u>(14,014)</u>

The notes on pages 67 to 88 form part of these financial statements.

**CRANFIELD UNIVERSITY**

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>1. Tuition fees and education contracts</b>				
Long course fees	64,048	67,088	64,048	67,088
Professional development courses	20,639	20,101	10,024	7,814
Teaching contract	7,756	7,654	7,896	7,444
	<u>92,443</u>	<u>94,843</u>	<u>81,968</u>	<u>82,346</u>
<b>2. Funding Council grants</b>				
Recurrent grant	19,068	14,420	19,068	14,420
Special initiatives	9,526	9,279	9,526	9,279
	<u>28,594</u>	<u>23,699</u>	<u>28,594</u>	<u>23,699</u>
<b>Details of grant and fee income</b>				
Grant income from OfS	2,119	2,223	2,119	2,223
Grant income from Research England	26,475	21,476	26,475	21,476
Fee income for taught awards (exclusive of VAT)	71,804	74,742	71,944	74,532
Fee income from non-qualifying courses (exclusive of VAT)	20,639	20,101	10,024	7,814
Total grant and fee income	<u>121,037</u>	<u>118,542</u>	<u>110,562</u>	<u>106,045</u>
<b>3. Other income</b>				
Residences and conference centres	19,407	18,333	14,543	15,124
Rents from tenant organisations	804	799	1,440	1,421
Other	20,433	34,089	19,879	33,319
	<u>40,644</u>	<u>53,221</u>	<u>35,862</u>	<u>49,864</u>

CRANFIELD UNIVERSITY

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY, 2024  
*(continued...)*

		CONSOLIDATED		UNIVERSITY	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
4.	<b>Investment income</b>				
	Investment income from endowments	134	178	134	178
	Other investment income	56	34	98	73
		<hr/>	<hr/>	<hr/>	<hr/>
		190	212	232	251
		<hr/>	<hr/>	<hr/>	<hr/>
5.	<b>Donations and endowments</b>				
	New endowments ( <i>Note 17</i> )	1,300	1,810	1,300	1,810
	Donations without restrictions	7,100	3,176	7,100	3,176
		<hr/>	<hr/>	<hr/>	<hr/>
		8,400	4,986	8,400	4,986
		<hr/>	<hr/>	<hr/>	<hr/>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

		<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>6. Staff</b>					
a. Staff costs					
Wages and salaries		94,451	85,458	83,306	75,680
Social security costs		9,965	9,082	8,926	8,173
Other pension costs		14,368	15,417	13,704	14,831
		<hr/>	<hr/>	<hr/>	<hr/>
		118,784	109,957	105,936	98,684
Staff restructuring		79	74	79	74
		<hr/>	<hr/>	<hr/>	<hr/>
Operating staff costs		118,863	110,031	106,015	98,758
Pension provision movement		(44,084)	(3,518)	(43,992)	(3,434)
		<hr/>	<hr/>	<hr/>	<hr/>
Total staff costs		74,779	106,513	62,023	95,324
		<hr/>	<hr/>	<hr/>	<hr/>
Number of staff receiving payment for loss of office		15	13	15	13
		<hr/>	<hr/>	<hr/>	<hr/>
Emoluments of the Vice-Chancellor (as detailed in the Remuneration Committee report on page 39)					
Base salary		283	272	283	272
Salary forgone		(17)	-	(17)	-
Pension cost		35	17	35	17
Cost of pension opt-out		11	33	11	33
Taxable benefit		12	6	12	6
Performance related pay		29	38	29	38
		<hr/>	<hr/>	<hr/>	<hr/>
		353	366	353	366
		<hr/>	<hr/>	<hr/>	<hr/>
The Vice-Chancellors salary and total remuneration expressed as a multiple of median salary and total remuneration of all other staff was:					
Vice-Chancellor basic salary multiplier		6.89	6.89	6.89	6.89
Vice-Chancellor total remuneration multiplier		7.23	7.85	6.92	7.50
		<hr/>	<hr/>	<hr/>	<hr/>
b. The average number of employees during the year, expressed as full-time equivalents, was as follows:-		Number	Number	Number	Number
Academic		474	466	458	450
Research		236	223	236	223
Technical		158	156	116	114
Other		1,028	1,006	804	789
		<hr/>	<hr/>	<hr/>	<hr/>
		1,896	1,851	1,614	1,576
		<hr/>	<hr/>	<hr/>	<hr/>

**CRANFIELD UNIVERSITY**

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
(continued...)

6. **Staff** (continued...)

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
c. <i>Remuneration of other higher paid staff, excluding employer's pension contributions, were as follows:-</i>				
£100,000 - £104,999	12	7	12	5
£105,000 - £109,999	4	3	3	3
£110,000 - £114,999	3	6	3	5
£115,000 - £119,999	10	5	9	4
£120,000 - £124,999	3	3	2	3
£125,000 - £129,999	5	5	5	4
£130,000 - £134,999	2	1	2	1
£135,000 - £139,999	3	3	2	3
£140,000 - £144,999	2	2	2	2
£145,000 - £149,999	3	3	3	3
£150,000 - £154,999	4	1	4	1
£155,000 - £159,999	1	2	1	2
£160,000 - £164,999	-	1	-	1
£165,000 - £169,999	1	-	1	-
£170,000 - £174,999	1	1	1	1
£175,000 - £179,999	-	-	-	-
£180,000 - £184,999	1	2	1	2
£185,000 - £189,999	1	1	1	1
£190,000 - £194,999	1	3	1	3
£195,000 - £199,999	1	-	1	-
£200,000 - £204,999	1	-	1	-

**Key Management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. 2024 12.6 Members (2023: 13 members).

	<b>CONSOLIDATED &amp; UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>
	<i>£'000</i>	<i>£'000</i>
Key management personnel compensation	2,472	2,587

**Council Members**

The University's council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

No Council member received any payment for their role as a trustee. The total expenses paid to or on behalf of 5 council members was £2,939 (2023 £2,779 to 5 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>7. Other operating amounts charged include:-</b>				
Equipment expensed	4,594	5,026	4,557	4,996
Operating lease rentals	285	344	285	261
Auditors' remuneration:-				
- external audit	273	277	205	210
- other services including tax	36	105	36	105
Council members' expenses	3	3	3	3
	<hr/>	<hr/>	<hr/>	<hr/>
<b>8. Interest and other finance costs</b>				
Loan interest	3,706	3,112	3,785	3,117
Finance leases	-	-	-	-
Net charge on Pension schemes	-	1,326	-	1,320
	<hr/>	<hr/>	<hr/>	<hr/>
	3,706	4,438	3,785	4,437
	<hr/>	<hr/>	<hr/>	<hr/>
<b>9. Taxation</b>				
Recognised in the statement of comprehensive income:-				
Current tax expense	-	-	-	-
Overseas tax	92	(703)	25	82
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total tax charge/(credit)</b>	92	(703)	25	82
	<hr/>	<hr/>	<hr/>	<hr/>
The tax assessed for the year is lower than the standard rate (2023 higher than the standard rate) of corporation tax in the UK. The differences are explained below:				
Surplus/(deficit) on ordinary activities before taxation	29,519	(3,797)	29,070	(4,210)
	<hr/>	<hr/>	<hr/>	<hr/>
Tax on surplus/(deficit) on ordinary activities before taxation multiplied by the lower rate of corporation tax in the UK of 25% (2023 – 19%)	7,380	(721)	7,268	(800)
Factors affecting charge:				
Tax losses	-	721	-	800
University surplus exempt from corporation tax	(7,268)	-	(7,268)	-
Overseas tax	92	(703)	25	82
Other permanent differences	(112)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total tax charged/(credited) in the year</b>	92	(703)	25	82
	<hr/>	<hr/>	<hr/>	<hr/>

CRANFIELD UNIVERSITY

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY, 2024  
(continued...)

	Land & Buildings			Fixtures, Plant & Machinery	Total
	Freehold	Leasehold	Equipment		
	£'000	£'000	£'000	£'000	£'000
<b>10. Fixed assets</b>					
<i>a. Consolidated</i>					
Cost/valuation					
At beginning of year	284,719	6,900	87,497	158,852	537,968
Additions	3,673	-	4,054	15,685	23,412
Disposals	-	-	(74)	(157)	(231)
Revaluation	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	288,392	6,900	91,477	174,380	561,149
Consisting of valuation as at:					
31 July 2024	75,086	-	-	-	75,086
Cost	213,306	6,900	91,477	174,380	486,063
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation					
At beginning of year	44,144	5,962	61,271	102,080	213,457
Charge for year	4,276	230	6,550	11,835	22,891
Disposals	-	-	(74)	(157)	(231)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	48,420	6,192	67,747	113,758	236,117
Net book amount					
At end of year	239,972	708	23,730	60,622	325,032
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At beginning of year	240,575	938	26,226	56,772	324,511
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>



**CRANFIELD UNIVERSITY**

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

	Land & Buildings			Fixtures, Plant & Machinery	Total
	Freehold	Leasehold	Equipment		
	£'000	£'000	£'000	£'000	£'000
<b>10. Fixed assets</b> <i>(continued ...)</i>					
<i>b. University</i>					
Cost/valuation					
At beginning of year	278,670	6,900	86,668	152,054	524,292
Additions	3,673	-	4,054	15,538	23,265
Disposals	-	-	(70)	(50)	(120)
Revaluation	-	-	-	-	-
At end of year	282,343	6,900	90,652	167,542	547,437
Consisting of valuation as at:					
31 July 2024	75,086	-	-	-	75,086
Cost	207,257	6,900	90,652	167,542	472,351
Accumulated depreciation					
At beginning of year	41,020	5,962	60,536	96,243	203,761
Charge for year	4,143	230	6,520	11,601	22,494
Disposals	-	-	(70)	(50)	(120)
At end of year	45,163	6,192	66,986	107,794	226,135
Net book amount					
At end of year	237,180	708	23,666	59,748	321,302
At beginning of year	237,650	938	26,132	55,811	320,531

At 31 July, 2024, freehold land and buildings included £75,086,000 (2023 £75,086,000) in respect of freehold land at valuation and is not depreciated.

The net book amounts of tangible fixed assets include £125,000 (2023 - £NIL) in respect of assets held under finance leases in the consolidated and University financial statements respectively. The related depreciation charge for the year was £17,000 (2023 - £NIL). At 31st July 2024, buildings, fixtures and plant included £21,466,000 (2023 - £12,368,000) in respect of assets under construction in the consolidated financial statements. In the University assets under construction amounted to £21,466,000 (2023 - £12,368,000). Borrowing costs of £1,151,000 (2023 - £1,823,000) were capitalised in the consolidated and University financial statements respectively.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>11. Investments</b>				
Investments at beginning of year	4,761	5,129	4,705	5,073
Additions	280	50	280	50
Gains/(losses) in year	673	(79)	673	(79)
Disposals	(172)	(339)	(172)	(339)
At end of year	<u>5,542</u>	<u>4,761</u>	<u>5,486</u>	<u>4,705</u>

Investments are in three key areas:

- a. Prodigy loan scheme which enables the University to invest in bonds that will finance Cranfield student tuition and maintenance loans of £Nil (2023 - £37,000) in the consolidated and University financial statements.
- b. CCLA Investment funds for specific endowments of £2,873,000 (2023 - £2,696,000) in the consolidated and University financial statements.
- c. Investments in spin out companies and associates of £2,172,000 (2023 - £2,028,000) in the consolidated financial statements and £2,116,000 (2023 - £1,972,000) in the University.

	<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>12. Investments in subsidiaries</b>		
At beginning of year	5,186	5,186
Additions	-	-
Disposals	-	-
At end of year	<u>5,186</u>	<u>5,186</u>

At 31st July, 2024 the group's principal subsidiaries, all of which were wholly owned and registered in England and Wales at the same address as the University, comprised:-

<b>COMPANY</b>	<b>NATURE OF BUSINESS</b>
<b>Cranfield Group Holdings Limited</b>	Holding company
Cranfield Airport Operations Limited	Provision of airport services
<b>Cranfield Conference Centre Limited</b>	Provision of conference and accommodation services
<b>Cranfield Quality Services Limited</b>	Provision of residential support services
Cranfield Regatta Limited	Dormant company
<b>Cranfield Innovative Manufacturing Limited</b>	Provision of crash testing services and soil maps
<b>Cranfield Management Development Limited</b>	Provision of executive development programmes
<b>Cranfield Defence and Security Services Limited</b>	Provision of defence and security services
<b>MK:U Limited</b>	Dormant company

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>13. Trade and Other receivables</b>				
Work in progress	9,930	9,807	9,930	9,807
Other trade debtors	33,151	32,121	30,476	27,678
Prepayments and accrued income	10,479	8,755	8,957	7,097
Other taxes	309	59	306	58
Amounts receivable from subsidiary Undertakings	-	-	1,752	3,555
	<u>53,869</u>	<u>50,742</u>	<u>51,421</u>	<u>48,195</u>

Included in amounts receivable from subsidiary undertakings is £382,000 (2023 - £582,000) which is recoverable after more than one year and interest is charged at 1% over the Bank of England base rate.

**14. Creditors: amounts falling due within one year**

Bank overdraft	-	4,857	-	4,765
Unsecured loans	473	639	473	481
Current obligations under finance leases	29	-	29	-
Amounts owed to subsidiary undertakings	-	-	3,161	5,047
Trade creditors	29,861	38,735	28,060	36,602
Social security costs and other taxation payable	2,858	2,643	2,265	2,137
Accruals and deferred income	37,021	37,663	35,016	35,578
	<u>70,242</u>	<u>84,537</u>	<u>69,004</u>	<u>84,610</u>

**15. Creditors: amounts falling due after more than one year**

Unsecured loans	188,516	151,562	188,516	151,562
Finance lease obligations	84	-	84	-
	<u>188,600</u>	<u>151,562</u>	<u>188,600</u>	<u>151,562</u>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>15. Creditors: amounts falling due after more than one year</b> <i>(continued ...)</i>				
<i>Analysis of secured and unsecured loans</i>				
<b>due within one year or on demand</b> (note 14)	473	639	473	481
Between one and two years	473	481	473	481
Between two and five years	38,043	1,081	38,043	1,081
Five years or more	150,000	150,000	150,000	150,000
<b>Due after more than one year</b>	188,516	151,562	188,516	151,562
<b>Total secured and unsecured loans</b>	188,989	152,201	188,989	152,043
<b>The net finance lease obligations</b>				
Due within one year or on demand (note 14)	29	-	29	-
Between one and two years	29	-	29	-
Between two and five years	55	-	55	-
Five years or more	-	-	-	-
<b>Due after more than one year</b>	84	-	84	-
<b>Total net finance lease obligations</b>	113	-	113	-

The Group had the following loans at 31st July, 2024:-

	<b>Interest Rate</b>	<b>Loan Type</b>	<b>Security</b>	<b>Final Repayment</b>	<b>Loan Outstanding £'000</b>
1.	Euro base + 0.18%	Floating(Euros)	None	15th August 2027	1,536
2.	Sonia +1.75%	Revolving Credit Facility	None	24 <sup>th</sup> March 2027	37,453
3.	2.20%	Private Bond	None	3rd March 2030	25,000
4.	2.30%	Private Bond	None	3rd March 2035	40,000
5.	2.49%	Private Bond	None	3rd March 2040	40,000
6.	2.60%	Private Bond	None	3rd March 2045	30,000
7.	2.67%	Private Bond	None	3rd March 2050	15,000
					<b>188,989</b>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

**16. Pension provisions**

	Obligation to fund deficit on USS pension £'000	Defined Benefit Obligations (Note 22) £'000	Total Pensions Provisions £'000
<b>Consolidated</b>			
At 1 August 2023	44,084	-	44,084
Utilised in year	-	-	-
Decrease in provision	(44,084)	-	(44,084)
At 31 July 2024	-	-	-
<b>University</b>			
At 1 August 2023	43,992	-	43,992
Utilised in year	-	-	-
Decrease in provision	(43,992)	-	(43,992)
At 31 July 2024	-	-	-

**Pension enhancement**

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

	<b>Consolidated</b>
Discount rate	5.05
Inflation	3.85

**USS deficit**

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

CRANFIELD UNIVERSITY  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY, 2024  
(continued...)

17. Income and expenditure  
reserve - endowment reserves

	Expendable endowments	Permanent endowments	2023/24 Total	2022/23 Total
	£'000	£'000	£'000	£'000
<b>Balances at 1 August 2023 and at 1 August 2022</b>				
Capital	6,408	2,106	8,514	7,797
Accumulated income	267	205	472	432
	<hr/>	<hr/>	<hr/>	<hr/>
	6,675	2,311	8,986	8,229
New endowments	1,300	-	1,300	1,810
Investment income	54	66	120	140
Expenditure	(1,116)	(114)	(1,230)	(1,047)
(Decrease)/increase in market value of investments	(26)	174	148	(146)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total endowment comprehensive income for the year</b>	212	126	338	757
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2024 and at 31 July 2023</b>	6,887	2,437	9,324	8,986
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Represented by:</b>				
Capital	6,772	2,072	8,844	8,514
Accumulated income	115	365	480	472
	<hr/>	<hr/>	<hr/>	<hr/>
	6,887	2,437	9,324	8,986
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Analysis by type of purpose:</b>				
Lectureships	767	2,364	3,131	2,986
Scholarships and bursaries	1,138	73	1,211	1,070
Research support	819	-	819	783
Prize funds	142	-	142	143
General	4,021	-	4,021	4,004
	<hr/>	<hr/>	<hr/>	<hr/>
	6,887	2,437	9,324	8,986
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Analysis by asset</b>				
Fixed assets	339	-	339	339
Current and non-current asset investments	2,460	2,437	4,897	4,521
Cash & cash equivalents	4,088	-	4,088	4,126
	<hr/>	<hr/>	<hr/>	<hr/>
	6,887	2,437	9,324	8,986
	<hr/>	<hr/>	<hr/>	<hr/>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
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*(continued...)*

**18. Cash and cash equivalents**

	At 1st August 2023 £'000	Cash Flows £'000	31st July 2024 £'000
Consolidated			
Cash and cash equivalents	4,919	3,783	8,702
Bank overdraft	(4,857)	4,857	-
	<u>62</u>	<u>8,640</u>	<u>8,702</u>

**19. Consolidated reconciliation of net debt**

	2023/24 £'000	2022/23 £'000
Net debt 1 August	(152,139)	(139,647)
Movement in cash and cash equivalents	8,640	(14,014)
New finance lease liabilities	(142)	-
New unsecured loans	(37,453)	-
Repayments of finance leases	29	-
Repayments of unsecured loans	640	1,580
Repayment of secured loans	-	-
Changes in market value and exchange rates	25	(58)
Net debt 31 July	<u>(180,400)</u>	<u>(152,139)</u>
Change in net debt	<u>(28,261)</u>	<u>(12,492)</u>

Analysis of net debt:	<b>2024</b> £'000	<b>2023</b> £'000
Cash and cash equivalents	8,702	62
Borrowings: amounts falling due within one year		
Unsecured loans	473	639
Obligations under finance leases	<u>29</u>	<u>-</u>
	502	639
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	84	-
Unsecured loans	<u>188,516</u>	<u>151,562</u>
	188,600	151,562
Net debt	<u><u>180,400</u></u>	<u><u>152,139</u></u>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
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*(continued...)*

		<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>20.</b>	<b>Lease obligations</b>				
	Non-cancellable operating lease rentals are payable as follows:				
	Land and buildings				
	Within one year	285	262	285	262
	Between two and five years	295	503	295	503
	In more than five years	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		580	765	580	765
	Other				
	Within one year	-	-	-	-
	Between two and five years	-	-	-	-
	In more than five years	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
During the year £285,000 was recognised as an expense in the statement of comprehensive income and expenditure in respect of operating leases (2023 £262,000).					
<b>21.</b>	<b>Capital and other commitments</b>				
	a. Commitments contracted but not provided in the financial statements	704	1,092	704	1,092
		<hr/>	<hr/>	<hr/>	<hr/>
	b. Commitments authorised but not Contracted for	42,186	24,366	42,186	24,366
		<hr/>	<hr/>	<hr/>	<hr/>



**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
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*(continued...)*

**22. Pensions**

The two pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) administered by Bedfordshire County Council. The assets of the USS are held in a separate trustee-administered fund and a Pension Fund Investment Advisory Panel is responsible for the investment arrangements of the assets of the LGPS. Both schemes are defined benefit schemes, which are externally funded, valued every three years by actuaries using the projected unit method and are contracted out of the State Earnings Related Pensions Scheme. In the intervening years, the actuaries review the progress of the schemes.

Between October 2011 and March 2016 USS provided two schemes, the first for existing members of staff at 30<sup>th</sup> September 2011 who were existing members of USS, this scheme had benefits based on final pensionable salary for academic and related employees of all universities in the United Kingdom and some other employers, the second for new entrants (other than in some specific, limited circumstances) were provided on a career re-valued benefit basis. From 1 April 2016 one revised career re-valued benefit scheme has been introduced for all academic and related employees.

LGPS provides similar benefits for other staff of the University, based on their final salary.

Pension costs are assessed, in accordance with the advice of the actuary, based on the latest actuarial valuation of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

**USS**

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

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

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

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
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*(continued...)*

**22. Pensions** *(continued...)*

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

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

Since the University cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

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

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.0% p.a. to 2030 reducing linearly by 0.1% p.a. from 2030
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps  Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.

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:

CRANFIELD UNIVERSITY

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY, 2023  
(continued...)

22. **Pensions** (continued...)

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

The current life expectancies on retirement at age 65 are:

	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4

	Note	CONSOLIDATED 2024	2023
		£'000	£'000
<b>USS pension provision</b>			
At beginning of the year	16	44,084	48,089
Interest payable		-	-
Contributions paid against deficit		-	(3,493)
(Credited)/charged in the year		(44,084)	(512)
At end of the year		-	44,084

**LGPS**

The rate of the University's employer's contributions for LGPS is determined by the actuaries and is presently 19.6% of pensionable salaries. Employee rates for LGPS are statutorily prescribed. Variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme after making allowances for future withdrawals.

The figures disclosed below estimated by the actuary as at 31st July, 2024 have been derived by suitable approximation methods from the full actuarial valuation as at 31st March, 2022. Surpluses or deficits that arise may impact on the University's future contribution commitment.

The impact of the Virgin Media judgement on the LGPS is being investigated by HM Treasury, with guidance expected in due course. Until the Treasury's guidance is published, it is appropriate to continue recognising the potential liability exposure without any adjustment.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

22. **Pensions** *(continued...)*

The major assumptions used by the actuary as at 31st July are as follows:-

	2024 %	2023 %	2022 %
Salary scale increases per annum	3.85	3.80	3.85
Pension increases per annum	2.85	2.80	2.85
Discount rate per annum	5.05	5.15	3.40
Members opting for enhanced commutation pre 2008 service	50.00	50.00	50.00
Members opting for enhanced commutation post 2008 service	50.00	50.00	50.00

The assumed life expectations on retirement at age 65 are:-

	2024	2023	2022
Retiring today			
Males	21.1	21.1	22.0
Females	23.9	23.9	24.4
Retiring in 20 years			
Males	22.1	22.1	22.9
Females	25.5	25.5	26.0

The estimated University share of the assets in the scheme were:-

	2024 £'000	2023 £'000	2022 £'000
Equities	81,735	75,779	66,498
Property	19,021	17,093	14,899
Bonds	23,996	21,235	25,036
Cash	7,012	4,354	4,159
	<hr/>	<hr/>	<hr/>
	131,764	118,461	110,592

There is no provision for unitising the assets of a Fund under LGPS. The asset of the scheme, as a whole, is allocated to participating bodies on a consistent and reasonable basis.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 2024**  
*(continued...)*

22. **Pensions** *(continued ...)*

The University's share of the underlying assets and liabilities are as follows:-

	<b>2024</b> £'000	<b>2023</b> £'000
Market value of assets	131,764	118,461
Present value of liabilities	(123,262)	(117,346)
<b>Surplus in the scheme before restriction of surplus</b>	<b>8,502</b>	<b>1,115</b>
Current service cost	2,585	4,796
Loss due to curtailments	-	-
Past service cost	-	-
<b>Total operating charge</b>	<b>2,585</b>	<b>4,796</b>
<b>Analysis of the amount charged to interest payable</b>		
Interest on pension scheme liabilities	5,931	5,087
Interest on pension scheme assets	(6,092)	(3,767)
<b>Net (credit)/charge to other finance costs</b>	<b>(161)</b>	<b>1,320</b>
<b>Total income and expenditure account charge</b>	<b>2,424</b>	<b>6,116</b>
<b>Analysis of other comprehensive income</b>		
Gain on assets	7,678	1,678
Change in demographic assumptions	279	7,374
Change in financial assumptions	(2,781)	40,907
Experience (profit)/loss on liabilities	550	(8,239)
Other actuarial gains	-	2,147
<b>Total other comprehensive income before deduction for tax</b>	<b>5,726</b>	<b>43,867</b>
<b>Cumulative actuarial gain recognised as other comprehensive income for LGPS Scheme</b>		
Cumulative actuarial gains recognised at the start of the year	(62,396)	(18,529)
Cumulative actuarial gains recognised at the end of the year	(62,396)	(62,396)
<b>Analysis of movement in deficit during the year:</b>		
Deficit in scheme at beginning of the year	-	(40,939)
Movement in year:		
Current service cost	(2,455)	(4,657)
Contributions	4,085	4,303
Administration expenses	(130)	(139)
Past service cost	-	-
Other finance credit/(charge)	161	(1,320)
Actuarial gain	5,726	43,867
Restriction of surplus recognised in the statement of financial position	(7,387)	(1,115)
<b>Surplus/(deficit) in scheme at end of the year</b>	<b>-</b>	<b>-</b>

CRANFIELD UNIVERSITY  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY, 2024  
(continued...)

22. Pensions (continued ...)

	2024	2023
	£'000	£'000
<b>Amounts recognised in the statement of financial position</b>		
Present value of funded liabilities	(123,262)	(117,346)
Fair value of scheme assets	131,764	118,461
	<hr/>	<hr/>
Surplus in the scheme	8,502	1,115
Less restriction of surplus recognised in the statement of financial position	(8,502)	(1,115)
	<hr/>	<hr/>
Asset/(liability) recognised in the statement of financial position	-	-
	<hr/>	<hr/>
<b>Analysis of movement in the fair value of the scheme liabilities:-</b>		
Fair value at beginning of year	117,346	151,531
Current service cost	2,455	4,657
Interest cost	5,931	5,087
Contributions by members (including notional contributions)	898	862
Actuarial losses/(gains)	1,952	(40,042)
Past service costs	-	-
Losses on curtailments	-	-
Actual benefits paid	(5,320)	(4,749)
	<hr/>	<hr/>
Present value at end of year	123,262	117,346
	<hr/>	<hr/>
<b>Analysis of movement in the fair value of the scheme assets:-</b>		
Fair value at beginning of year	118,461	110,592
Interest on plan assets	6,092	3,767
Contributions by members	898	862
Contributions by the employer	4,085	4,303
Actuarial gains	7,678	3,825
Actual benefits paid	(5,320)	(4,749)
Administration expenses	(130)	(139)
	<hr/>	<hr/>
Fair value at end of year	131,764	118,461
	<hr/>	<hr/>

Estimated contributions for LGPS in the Financial year 2025 is £4,133,000.

In addition to the main schemes described above, some of the subsidiaries operate their own immaterial pension schemes, details of which can be found in the individual company financial statements.

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY, 2024  
(continued...)

	2024 £'000	2023 £'000
23. <b>Access funds</b>		
Funding Council grants in year	-	-
Disbursed to students in year	-	-
	<hr/>	<hr/>
Balance unspent at end of year	-	-
	<hr/>	<hr/>

Funding Council grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

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**NOTES TO THE ACCOUNTS**  
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*(continued...)*

**24. Related party transactions**

The following exemptions available under FRS 102 have been applied to these financial statements:

- Disclosures in respect of transactions with wholly owned subsidiaries

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>25. Financial instruments</b>				
Financial assets at fair value through the comprehensive income account	5,542	4,761	5,486	4,705
Financial assets that are debt instruments measured at amortised cost:				
Cash and cash equivalents	8,702	4,919	6,510	4,764
Other investments measured at amortised costs	-	-	-	-
Trade debtors	33,151	31,121	32,228	31,233
Other debtors	10,788	8,814	9,263	7,155
	<u>58,183</u>	<u>49,615</u>	<u>53,487</u>	<u>47,857</u>
Financial liabilities measured at amortised cost:				
Secured loans	-	-	-	-
Unsecured loans	(188,989)	(152,201)	(188,989)	(152,043)
Finance leases	(113)	-	(113)	-
Trade creditors	(29,861)	(38,735)	(31,221)	(41,649)
Accruals	(10,782)	(12,616)	(10,207)	(12,055)
	<u>(229,745)</u>	<u>(203,552)</u>	<u>(230,530)</u>	<u>(205,747)</u>