



**CRANFIELD UNIVERSITY**  
**ROYAL CHARTER NUMBER 000151**  
**FINANCIAL STATEMENTS**  
**for the year ended 31st July 2025**

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**CRANFIELD UNIVERSITY**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST JULY 2025**

Cranfield University is a research intensive, predominantly postgraduate university. The activities of the University include teaching, research, design and development work in the themes of Aerospace and Aviation, AI Robotics and Space, Automotive Energy and Photonics Engineering, Defence and Security, Environment and Sustainability, Management, Manufacturing Materials and Design. 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).

#### **Safeguarding Cranfield's future**

The University continues to face a difficult operating environment, with reduced international student numbers, and the announcement of changes to Level 7 apprenticeship funding and increased costs.

Cranfield has responded by taking steps to support its financial sustainability, including revising the University's structure from four schools to two faculties, reviewing the course portfolio and reducing costs. The University made some redundancies during the 2024/25 financial year and conducted a mutually agreed resignation scheme.

Cranfield has embarked on a phased programme to transform for the future, restructuring and resizing the University to safeguard its future and set it on a new path to further opportunities in its areas of specialism.

This involves a reduction in the academic and professional services workforce and adjustments to strengthen Cranfield's future prospects and help deliver the ambitions laid out in the UK's Modern Industrial Strategy and the Defence Industrial Strategy.

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The change programme is the result of careful discussion, consideration, and review by the University's Executive and governing Council, and throughout the process the University has engaged with colleagues, partners and trade unions. Support will be given to everyone impacted by the changes, and the University will continue to liaise closely with staff, unions and external stakeholders as the change programme progresses.

Streamlining Cranfield will protect our teaching, research and student experience whilst securing our long-term future.

**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.

<b>Goal</b>	<b>Measure (indicator)</b>	<b>2021/22 base</b>	<b>2024/25 target</b>	<b>2024/25 Actual</b>
Financial Growth	Operating Surplus - achieve an annual operating surplus of 7.5% of income by 2027	-1.89%	>1.34%	1.01%
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	£500k	£512k
Sustainability	Times Higher Impact Rankings - achieve a 25% improvement in our base position by 2027	n/a	85.0%	87.80%
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>	133 <sup>rd</sup>
People	Pulse staff survey - by 2027, 90% of staff say they are 'proud to work at Cranfield', from a baseline of 82%	82%	80.0%	65.0%
Student Outcomes	Achieve a 25% improvement in OfS student outcomes proposed measure of career progression by 2027	85.10%	90.5%	92.0%
Research & Innovation	Annual Excellence Scholarship Review programme - 45% of our publications to be world-leading (4*) by 2027	20%	30%	20%

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(continued...)

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

Operating income for the year (excluding donations and endowments) increased by 3.3% as summarised below:-

	2025	2024
	£'000	£'000
Funding Council grants	35,819	28,594
Tuition fees and education contracts	86,936	92,443
Research grants and contracts	49,663	49,106
Other income	45,258	40,644
Investment income	213	190
	<hr/>	<hr/>
	217,889	210,977
	<hr/>	<hr/>

The total comprehensive loss for the year was £1,269,000 (2024 gain- £29,519,000) as reported on page 44. Of this comprehensive loss £Nil (2024 gain-£44,084,000) related to a decrease in the University share of the scheme deficits in the defined benefit pension schemes and £6,859,000 (2024 £Nil) to the tri-annual revaluation of land. It has been a very difficult trading year with reductions in international student numbers. The University's Corporate Plan surplus, which measures the underlying operating position has been assessed by management to be a surplus of £2,242,000 (2024 – deficit £3,799,000). This return to a small operating surplus is mainly as a result of decreases in international student numbers offset by significant reductions in staff and other operating expenses. The reported management deficit was £780,000 lower than budgeted for the year.

The table on page 5 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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FOR THE YEAR ENDED 31ST JULY 2025  
(continued...)

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

**OPERATING SURPLUS/(DEFICIT) RECONCILIATION**

	2025 £'000	2024 £'000	2024 £'000	£'000
<b>Group comprehensive (loss)/surplus</b>	<b>(1,269)</b>			<b>29,519</b>
<b>Non-Operating Adjustments</b>				
<b>Pensions</b>				
<i>LGPS</i>				
Add actuarial loss	0			0
Add net interest charge on pension scheme	0			0
Add additional deficit repayment	<u>1,344</u>			<u>1,294</u>
	1,344			1,294
<i>USS</i>				
Add actuarial loss	0			(44,084)
Add net interest charge on pension scheme	0			0
Less other pension adjustments	<u>0</u>			<u>0</u>
	0			(44,084)
<i>Other</i>				
Less donations	(5,599)			(2,000)
Less bad debt movement	(750)			0
Add deferred capital grants	12,377			11,244
Add staff restructuring	2,975			79
Less Foreign exchange (gain)/loss	136			57
Add corporation tax	(113)			92
Less revaluation reserve movement	<u>(6,859)</u>			<u>0</u>
	2,167			9,472
<b>Corporate plan surplus/(deficit)</b>	<b><u>2,242</u></b>			<b><u>(3,799)</u></b>

Capital expenditure in the year amounted to £22,575,000 (2024 - £23,412,000). This continues to reflect Cranfield's success in winning and delivering a number of key infrastructure projects, including a Public Sector Decarbonisation Scheme for a significant extension of the district heating system and a Research Partnership Investment Fund award for developing hydrogen systems.

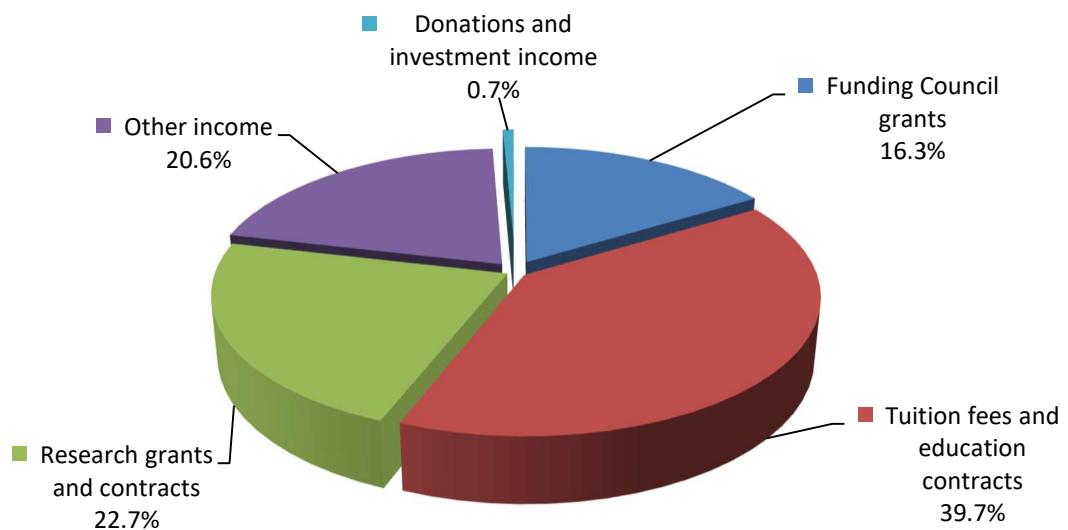
Net cash inflows from operating activities were £12,302,000. Net debt has decreased in the year by £1,739,000.

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(continued...)

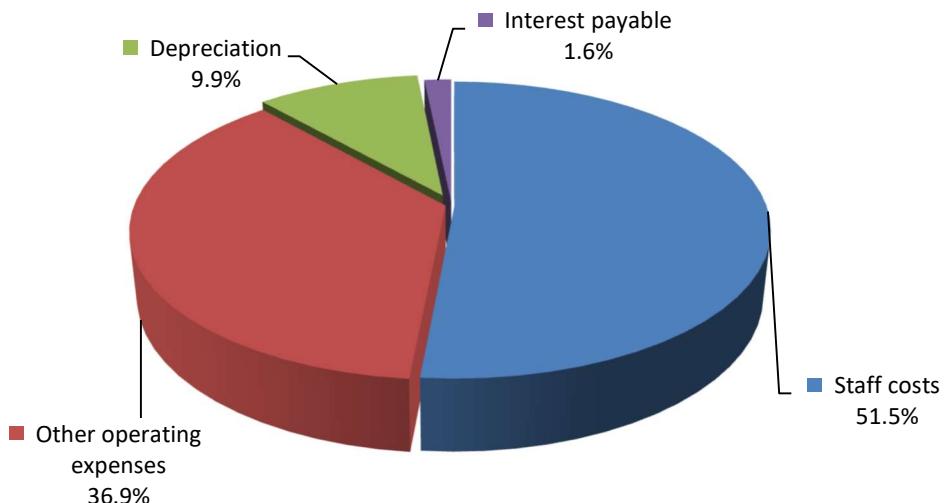
**Results for the year and position at year end (continued...)**

Consolidated total reserves decreased by £1,269,000 (2024 increase – £29,519,000) as explained in the statement of changes in reserves on page 45.

**INCOME 2025**



**EXPENDITURE 2025**



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#### FOR THE YEAR ENDED 31ST JULY 2025

(continued...)

#### **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 2025 neither pension scheme was in deficit and so no pension liability is included in the financial statements.

The share of underlying assets and liabilities of the Local Government Pension Scheme (LGPS) is able to be identified as at 31st July 2025 the scheme actuaries have identified that there is a net pension surplus of £26,653,000 (2024 £8,502,000) applicable to the University. The surplus has not been recognised in accordance with the Universities accounting policy. Details are provided in Note 23.

#### **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 reduce from £180.4 million to £178.7 million and no new facilities were taken out during the year.

The University has seen the total of its cash and cash equivalents increase during the year from £8.7 million at 31 July 2024 to £11.0 million at 31 July 2025.

University borrowings increased by £0.5 million. Unsecured borrowings at 31 July 2025 were £189.1 million compared to £188.6 million at 31 July 2024. 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.

On 1<sup>st</sup> September 2025 the University agreed a revision to the HSBC revolving credit facility which extends the facility until September 2028 with the University having an option of a further 12 month extension to September 2029. The facility was also increased from £40 million to £60 million to give the University some head room to enable the significant change programme to be implemented during 2025/26 and 2026/27.

#### **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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## STRATEGIC REPORT

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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. The most significant strategic risks currently identified from the 10 particular strategic risks in the Major Risks Register include:

- **Financial Risk** – The potential failure to adapt to the evolving higher education landscape and global geopolitical shifts.
- **Commercial Focus** – The risk of not responding effectively to market changes, such as the withdrawal of Level 7 Apprenticeships and shifts in student demographics.
- **Staff Morale** – The risk of declining staff morale during periods of change, which may impact wellbeing, productivity, succession planning, and retention of institutional knowledge.

To mitigate these risks, the University has implemented a series of targeted interventions, including:

- Development of a comprehensive five-year Financial Plan.
- Delivery of a Change Programme aligned to the financial plan, including cost-reduction initiatives such as the Mutually Agreed Resignation Scheme (MARS).
- Development of detailed student teach out plans with the emphasis on ensuring the best student experience possible.
- Close monitoring of key expenditure areas, with active cost management strategies.
- Consolidation of commercial personnel and activities to position Cranfield for future growth opportunities.
- Strong engagement with sector bodies including Universities UK, the Office for Students, and Research England, supported by robust and timely market intelligence.

In addition to the Major Risks Register, individual departments maintain their own risk registers, which are reviewed periodically (on a quarterly basis). A dedicated Change Programme Risk Register has also been established and is reviewed regularly by the Executive Team.

The Audit and Risk Committee of Council has paid particular attention to the risks associated with the transformational change programme and the mitigating actions arising from the Major Risk Register. Similarly, Internal Audits have been focused on high priority areas relating to these key risk areas in addition to the regular schedule of regulatory audits.

#### 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:

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**the advancement of education;**

- Cranfield was ranked among the world's best universities in the 2025 QS World University Rankings by Subject based on analysis of the reputation and research outputs of almost 5,000 universities: it was listed among the world's top 35 institutions for Engineering - Mechanical, Aeronautical and Manufacturing; inside the top 150 for Business and Management; and the top 200 for Environmental Sciences and Materials Science.
- The Knowledge Exchange Framework (KEF) from Research England ranked Cranfield in the top 20% for working with business among the STEM cluster of universities, and top 20% for IP and commercialisation.
- An agreement with Aston University means that there is now a clear pathway for undergraduate engineers from Aston to join Cranfield's postgraduate courses — and a way for the UK to address critical national skills shortages in the areas of aeronautical engineering and sustainable engineering. Similarly, a new partnership with UWE Bristol allows business degree students to access guaranteed places on full-time MSc courses.
- A new apprenticeship has been designed for clinical and non-clinical healthcare professionals in the NHS and private sector to gain the management and leadership skills needed to deliver change and productivity gains.
- Cranfield entered a partnership with Altair, a global leader in computational intelligence, to work on exploring and expanding the use of AI, simulation and data analytics in aerospace and robotics, with specific support for students, researchers and start-up enterprises.
- The Academy of Defense Industries in the Kingdom of Saudi Arabia signed a Memorandum of Understanding with Cranfield to develop new skills resources via tailored postgraduate executive development courses in defence (Logistics and Supply Chain Management, Management for Technology, and Defence Resource Management). Cranfield also partnered with Lincoln College International to deliver joint education and training opportunities across Saudi Arabia in subjects such as Aerospace and Aviation, Energy, Space, Water and Sustainability.
- Cranfield expanded its long-established links with India's Hindustan Institute of Technology and Science. The arrangement means more opportunities for research collaborations, and for both staff and students to move between the two institutions through double degree, dual-degree and postgraduate degree programmes.
- The STREAMLINE project was launched with the University of Hertfordshire, using a grant from the Research England Development Fund to speed up the commercialisation of Intellectual Property, encourage more spin-out companies and support regional economic growth.
- Cranfield School of Management began its new strategic partnership with Resilience First, a global network of more than 500 organisations focused on building resilience capacity, providing access to professional development, events and academic expertise for identifying areas for improvement.
- Cranfield became part of the £13.7 million Collaborative AI for Manufacturing Sustainability Hub (Co-AIMS), a new UKRI research initiative working to integrate AI into complex manufacturing systems for the automotive, aerospace, clean energy and food and drink sectors.

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- A first-class honours degree student was selected to join Cranfield's MSc in Advanced Motorsport Engineering with a TJA Scholarship — an award created in memory of Tyler James Alexander, one of the founders of the McLaren F1 team. Daniyal Irfan's career is being supercharged by the specialist postgraduate programme and internships at McLaren Racing at their HQ in Woking and Team Penske at their racing HQ in North Carolina, US.
- The FIA Motorsport Engineering Scholarship opportunity has again been offered for high-potential students to access a fully-funded place on Cranfield's Advanced Motorsport Engineering or Advanced Motorsport Mechatronics postgraduate programme.

**the prevention or relief of poverty;**

- A project that makes low-cost, eco-friendly bricks available to people affected by earthquakes — nominated by Cranfield — was a finalist for The Earthshot Prize. 'Build up Nepal' was one of just 15 finalists selected from more than 2,000 entries.
- 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 first plant for testing methods of removing micropollutants from wastewater — everything from microplastics and PFAS ('forever chemicals') to pesticides and common pharmaceuticals — began working on campus, operated by Curio Water. For the first time, a variety of combinations of technologies, including ozone, the Advanced Oxidation Process, granular activated carbon, ultraviolet, and nanobubbles, are being used to identify the most effective measures.
- Cranfield's team of staff and students was chosen as a finalist in the GoAero Challenge, a three year-long global competition to find a new class of emergency transport for hard-to-reach and hazardous areas. The CRANE (Cranfield Rapid Aerial Network for Emergency) design was one of only 11 winners from 200 team entries, and the only concept selected from the UK.
- A new low-cost sensor was developed for detecting lung cancer biomarkers, able to provide results from a blood sample within 40 minutes. The 'precision medicine' technology also has potential to be used to identify people at high risk of developing lung cancer before there are any symptoms.
- A new method for identifying biomarkers in wastewater has meant a faster, low-cost way to detect and track infectious diseases in a population. Information from the paper-based sensors can be monitored via a smartphone — avoiding the need for the conventional polymerase chain reaction (PCR) tests which depend on samples being collected, put into cold storage and sent to a centralised laboratory, requiring days of time and trained lab staff for interpretation. The method was first tested during the Covid-19 pandemic to track local community infection rates.

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- Researchers developed the use of 'crash boxes' as a way of protecting drivers and passengers involved in high-speed collisions with highway maintenance trucks in Thailand. Fitting the boxes — each made from more than 11,000 recycled aluminium cans filled with natural product waste (mostly coconut fibres) — to the back of maintenance trucks will help the country deal with collisions that kill around 70 people every year.
- A team of University experts was used to set up, run and analyse the impact of the 'World's Biggest Crash Test' for a Channel 4 TV documentary. The staged motorway scenario, involving eight cars and a 30-ton HGV, provided important data on the behaviour of drivers, the performance of safety systems and, critically, why some drivers are able to survive serious, multiple-vehicle crash incidents.

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

- Cranfield staff and volunteers worked alongside the Forest of Marston Vale Trust to begin work on creating a new woodland in Bedfordshire, planting more than 60,000 trees, native and European species such as oak (including Hungarian and Turkey oak), Scots and Macedonian pine, hazel, alder (common and Italian) and birch. The woodland will be open to the public and also be a site of research into agroforestry, biodiversity, soil quality and carbon capture.
- 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 Forensic Institute partnered with the United States Defense POW/MIA Accounting Agency (DPAA) in its mission to recover the remains of US airman lost in action close to Sicily during World War II, more than 80 years' ago. A combination of archive material from German military reports and advanced forensic studies was used to identify the body of Second Lieutenant Allan W. Knepper and his P-38 'Lightning' aircraft.
- A new method of imaging (neutron tomography) was used on a collection of Iron Age bronze Iranian swords, to expose the hidden practices of the illicit antiquities trade. The blades of the swords, which had been in a British Museum collection, were found to have been replaced to increase their market value. The imaging approach is helping to stop the illegal trade in stolen artefacts and the spread of fake history around the evolution of ancient technologies.
- The first ever metal part to be 3D printed in space was produced on the International Space Station with the support of a team from Cranfield. The work by the University alongside Airbus and its partners on a 3D printer capable of operating in a microgravity environment was an important step towards a revolution in space operations: the on-demand production of parts, repairs and tool construction that will reduce reliance on resupply missions and provide more mission autonomy.
- Cranfield spin-out company Frontier Space sent a fully-automated laboratory into orbit as part of a European Space Agency project to assess whether food can be grown in a lab environment with microgravity. The small device, launched on a SpaceX Falcon 9 rocket, was an example of 'lab-in-a-box' technology used for testing in-orbit manufacturing.

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- The University led the design of testbeds, flight test practices and legal frameworks needed for the development of next generation aircraft: the Blended Wing Body airliners which are based around new propulsion systems, such as those using hydrogen. The work is part of the EXAELIA project (EXperimental Aircraft for European Leadership in Aviation), a €16m project with 23 partners in 13 countries, headed by the Dutch national aerospace laboratory, NLR.

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

- Cranfield's Female FTSE Board Report, in its 25th year, put the spotlight onto the issue of the decline in numbers of women holding executive directorships on FTSE 250 boards (just 12% representation). Overall, 42% directorships were found to be currently held by women — an increase of 3% from 2022. The School of Management also published its Women to Watch 2024 Report, highlighting the breadth and depth of the female leadership talent pool, a list of 100 leading female professionals ideally suited for consideration as Non-Executive Directors on the boards of FTSE 350 companies.
- Cranfield School of Management was recognised for the gender diversity of its faculty in Financial Times rankings: on the Executive MBA (where there is a higher proportion of female faculty than in any other UK institution) and The Transformation MBA (where the School is ranked joint third). In the last year, Professor Lynette Ryals OBE was appointed as the Deputy Vice-Chancellor for the Faculty of Business and Management.

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

- Cranfield was recognised as one of the leading universities in the world for impact on sustainability issues, named in the top 15% of 1,751 institutions globally in the QS World University Rankings: Sustainability 2025. The University was in the top 6% for the impact of its environmental research. It has also kept its place in the top 200 universities in the world in the Times Higher Education Impact rankings, increasing its overall score for the third year in a row. Cranfield is now in the top 20 (out of 2,318 institutions worldwide) for its impact relating to the United Nations' Sustainable Development Goal 12 (Responsible Consumption); and the top 50 for SDG (Decent Work and Economic Growth).
- Six new technologies for addressing climate change were awarded funding by the University through its Green Future Investments Ltd (GFIL) Technology Accelerator Fund. This included a method for de-colourising textile wastes to make them easier to recycle; an alternative to plastic-lined food packaging; and a high-performing insulation facade for improving the energy efficiency of existing homes. The funding scheme won the Sustainability Collaboration of the Year award at the KE Awards 2024, recognising the work of Higher Education internationally in tackling the climate emergency and environmental degradation.
- Cranfield joined the Climate Scaling Collaborative consortium (with the universities of Derby, Exeter, Leeds and Nottingham), awarded £5 million from the Research England Development Fund to create regional hubs that support startup and spin-out businesses focused on fighting climate change.
- The University is part of a major collaboration to create the Joint International Institute for Clean Hydrogen with partners in the Kingdom of Saudi Arabia. Industry, universities and research institutes will work together on developing technological solutions, working enterprises and generations of engineers able to take advantage of the opportunities presented by the use of hydrogen fuels as a sustainable energy source.

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- Next generation aero engines are being developed by Cranfield's Centre for Propulsion and Thermal Power Engineering as part of MINIMAL (Minimum Environmental Impact ultra-efficient cores for Aircraft Propulsion), a Horizon Europe and UKRI funded project. The composite cycle engine (CCE) technology means the potential for large reductions in fuel burn and emissions (using sustainable aviation fuels or hydrogen) and fewer contrails.
- The first hydrogen-powered turnaround of a commercial aircraft was delivered by Cranfield alongside its partners at Exeter Airport. The TUI Boeing 737 aircraft was prepared for take off using multiple pieces of 'green' hydrogen-powered equipment: a baggage tug, pushback tug and ground power unit.
- Cranfield Airport has installed the infrastructure needed to provide reliable supplies of Sustainable Aviation Fuels to the FAAM Airborne Laboratory and its research aircraft, as well as other aircraft using the Airport.
- The University contributed its expertise to the development an accounting framework for measuring the greenhouse gas emissions from different kinds of land use. The LUNZ Footprint project, part of the Land Use for Net Zero, Nature and People programme, is being led by the University of Gloucestershire and supported by more than £2.5 million in joint funding from UK Research and Innovation, the Department for Environment, Food and Rural Affairs and the Department for Energy Security and Net Zero.
- Cranfield's Centre for Digital and Design Engineering joined with sustainable aviation fuel specialist CirculAIRity to develop a vision for net zero aviation via a power-to-liquid offering that is independent from the needs of a specific location, technology or energy source.
- Industry projects such as DRAGONFLY (controlling super-cold liquid hydrogen flows for zero-emissions aircraft) and MACH2INE (testing materials at the extreme temperatures involved in hydrogen aviation) were funded for development at the University alongside its partners as part of the UK government's £250 million for green aerospace research.
- Research with the River Colne Catchment Action Network has led to a new method for diagnosing the real causes of poor ecological health in UK rivers. Rather than just water sampling, the work is based around the more accurate insights that come from an analysis of communities of microorganisms that live on riverbeds.
- The TransiT project was established to identify the lowest cost, least risky and most energy-efficient way to decarbonise transport using digital twin models. Cranfield is contributing its experience and expertise in the aviation sector as one of six universities and 67 industry partners, jointly led by Heriot-Watt University in Edinburgh and the University of Glasgow. Its specific focus has been on decarbonising the transport of commercial goods.
- Three Cranfield research projects with industry won funding via Ofwat's Innovation Fund Water Breakthrough Challenge. Each is taking on a key challenge faced by the water industry: generating biogas from treated sludge wastes (United Utilities); using robots to improve the efficiency of 'slow sand filtration' for cleaning water (with Thames Water); and adopting a microwave solution to remove PFAS without increasing carbon emissions (Severn Trent).
- Student teams took on real-world issues around sustainable food production for the Cranfield Colworth Innovation Challenge. Cross-disciplinary teams came together to address challenges set by innovation-focused multinationals Unilever, dsm-firmenich and Symrise, together with Pioneer Group, owners of Colworth Science Park, and received expert support and mentoring from the companies alongside Cranfield's Bettany Centre for Entrepreneurship and Centre for Design Engineering. The winning team from the 128 competitors, receiving a prize of £4,000, created an AI-driven approach for streamlining and minimising waste in ice-cream production.

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- The School of Management's Exploring Sustainable Futures Game, developed among students and staff as a means of improving strategic decision-making skills for sustainability, won the Best Business School Teaching Materials category in the Financial Times Responsible Business Education Awards 2025.
- Two alumni were chosen for the edie 30 Under 30 Class of 2024. Julia Anukam (Senior Sustainability Manager at Vistry Group who'd been through Cranfield's Sustainability Business Specialist Apprenticeship) and Lucie Rowley (Senior Sustainability Manager at Ever, MSc in Sustainability) were picked out as 'young climate visionaries' for their contributions and potential for impact on climate change.

**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.
- Cranfield celebrated the 40<sup>th</sup> anniversary of its partnership with the MOD at the Shrivenham campus.

**Employee engagement**

Engagement with our staff community is a priority for the University during this challenging period for the sector and this year we have focussed on supporting our staff during the University Change Programme.

Some of the highlights over the past year include:

- Developing and rolling out mandatory stress awareness training for all people managers in alignment with HSE work related stress guidance.
- Running a calendar of events to support wellbeing including mental health, resilience, financial wellbeing, pre-retirement planning and outplacement services.
- Responding to staff feedback about workload by providing resources including a dedicated intranet site, development workshops, guidance and on-demand learning.
- Supporting staff with change including regular communication, the opportunity to ask questions and make suggestions via web-forms and drop-in sessions, engagement events, providing access to on-demand learning, supporting staff through change and responding to change workshops.
- Launching the Cranfield EDI Forum, creating a new space for dialogue, knowledge-sharing and staff engagement.

# CRANFIELD UNIVERSITY

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31ST JULY 2025 (continued...)

#### **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 2025. 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 2024 to 31 March 2025.

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

CRANFIELD UNIVERSITY

STRATEGIC REPORT

FOR THE YEAR ENDED 31ST JULY 2025  
(continued...)

**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
12	10.32

**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%	5
1-50%	7
51%-99%	0
100%	0

**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	£16,546
Provide the total pay bill	£104,813,875
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

**Table 4 - Paid trade union activities**

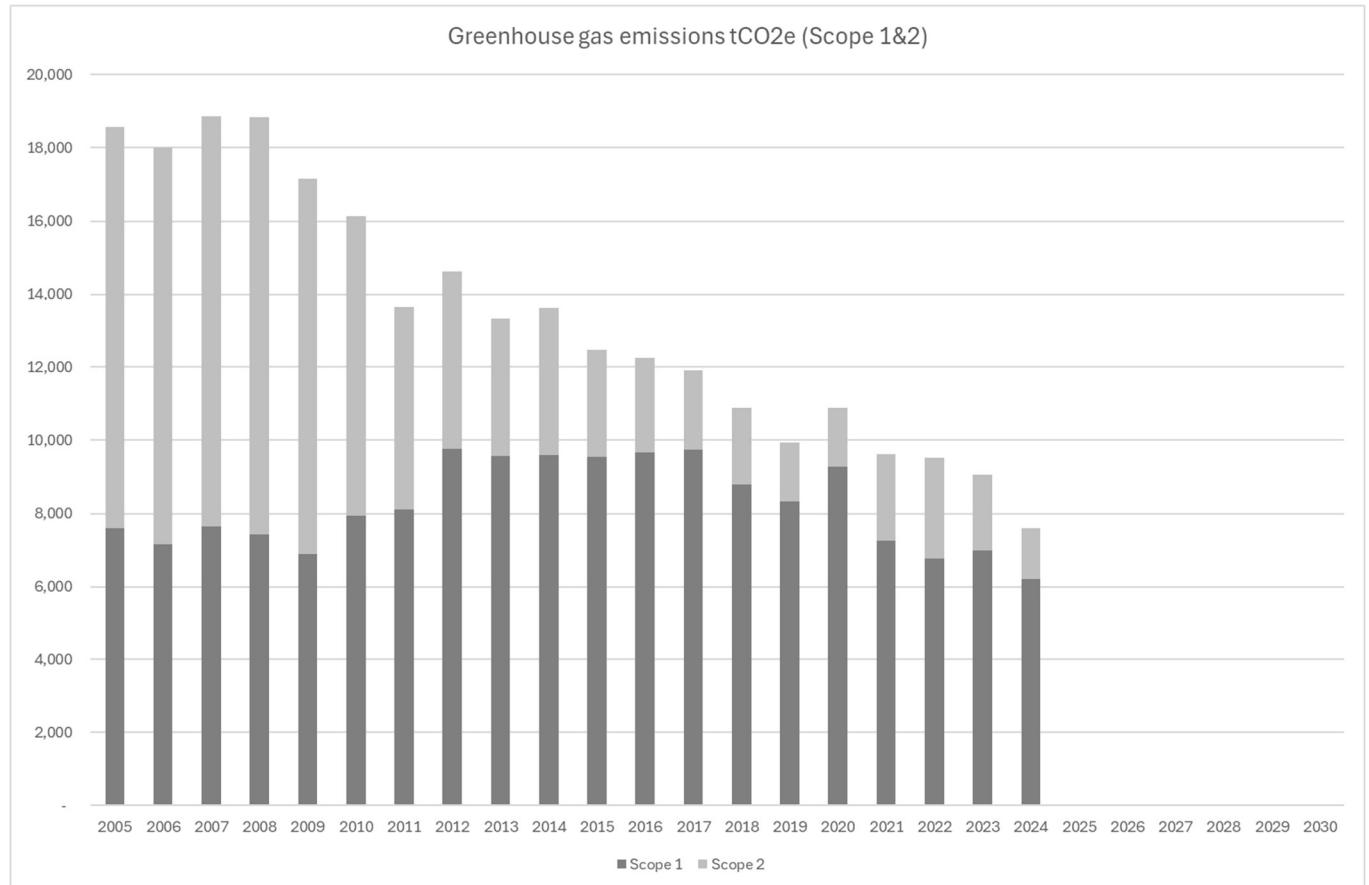
As a percentage of total paid facility time hours, the number of hours spent by employees who were relevant union officials during the relevant period on paid trade union activities?

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	15.52%
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## STRATEGIC REPORT

FOR THE YEAR ENDED 31ST JULY 2025  
(continued...)**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 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, a large Ground Source Heat project is being installed this year through PSDS3 funding.

CRANFIELD UNIVERSITY

STRATEGIC REPORT

FOR THE YEAR ENDED 31ST JULY 2025

(continued...)

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 have 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 2024/2025

Fuel Type	Energy Purchased kWh		tCO <sub>2</sub> e				
	2024/25	2023/24	Sc 1	Sc 2	Sc 3	2024/25	2023/24
Gas	32,840,506	36,802,100	6,008.5	-	-	6,008.5	6,731.1
Electricity	7,808,550	10,010,900	-	1,382.1	144.7	1,526.8	2,256.0
Biomass	2,180,860	958,740	25.1	-	-	25.1	10.9
Gas Oil	63,600	151,485	16.5	-	-	16.5	39.4
Aviation Turbine Fuel	281,486	518,414	69.8	-	-	69.8	128.6
Diesel	237,085	243,401	58.0	-	-	58.0	58.2
Aviation Spirit	107,804	96,040	25.6	-	-	25.6	22.8
Petrol	15,193	14,209	3.3	-	-	3.3	3.1
Burning Oil	0	15,333	-	-	-	-	3.8
Sustainable Aviation Fuel	0	1,501	3.3	-	-	3.3	
LPG	866	1,501	0.4	-	-	0.4	0.3
<b>Sub-Total</b>	<b>43,535,950</b>	<b>48,813,623</b>	<b>6,210.5</b>	<b>1,382.1</b>	<b>144.7</b>	<b>7,737.3</b>	<b>9,254.1</b>
Business Travel (miles)  (rental/employee owned vehicles where fuel is purchased)	397,841	405,771	-	-	106.9	106.9	108.8
<b>Total Gross tCO<sub>2</sub>e</b>			<b>6,210.5</b>	<b>1,382.1</b>	<b>251.6</b>	<b>7,844.2</b>	<b>9,362.9</b>

The Intensity Ratio in 2024/25 for all emissions reported in table is 3.58 tCO<sub>2</sub>e/£100,000 turnover. In 2023/24 it was 4.27 tCO<sub>2</sub>e/£100,000 on the same basis.

# CRANFIELD UNIVERSITY

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31ST JULY 2025

(continued...)

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 data is not 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 2024 to July 2025. Government greenhouse gas emission factors for 2025 have been used.

### 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 2025/2026

Cranfield will continue to develop its thematic offerings in Aerospace and Aviation, AI Robotics and Space, Automotive Energy and Photonics, Defence and Security, Environmental Sustainability, Management, and Manufacturing and Materials and design, supported by the University's professional service units.

The University is forecasting to return a small operating deficit during a year of significant change with further reductions in international student numbers and reductions in staff numbers across the University. Student numbers are budgeted to decline by a further 20% during the year and staff numbers are budgeted to be 300 lower by July 2027 with just over 100 members of staff having come forward under a mutually agreed resignation scheme. On the 4<sup>th</sup> August 2025, 195 posts were identified in management reports for potential redundancy. To enable the change programme to be delivered discussions were held with HSBC and an increased three plus one year revolving credit facility for £60 million (it was £40 million running until March 2027) was put in place on 1<sup>st</sup> September 2025.

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 students due to register between November 2025 and July 2026 for the purpose of the scenario modelling only. A key judgement

**CRANFIELD UNIVERSITY**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
(continued...)

applied is the willingness of international students to travel to the UK following significant visa changes over the last few years. Our severe but plausible scenario deficit would likely lead to an operating deficit of £4 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 would consider making further structural changes to the business to ensure this outturn did not materialise. As at 31 July 2025, the consolidated statement of financial position reflects a net asset position of £133.3 million with fixed assets included at historic cost which are included at a net book value of £155 million for buildings the University owns which compares to their insured value of £500 million.

New educational initiatives continuing in 2025/26 include the further development of MK:U that is now based in Central Milton Keynes and provides undergraduate apprenticeship courses in business and STEM subjects aligned to both Milton Keynes and Cranfield. 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 savings when these come online in 2026.

#### **Conclusion**

During the year 2024/25 the University saw a continued significant decline in international students alongside a firm research order book and a slight decline in professional development. Continuing inflationary pressures and increases in employers national insurance contributions added to the financial challenges faced in the year and a change programme has been put in place to address this which has included significant staff reductions alongside reductions in other expenditure within the year. This has continued to be a difficult financial trading period and addressing this remains the key focus for the Executive and the University Council.

The University is confident that, through its thematic approach to research, education and executive development, and the delivery of the change programme through 2025/26 it will continue to consolidate its position as a critical hub for research and education in a range of core key technologies and skills relevant to enhancing the future security and prosperity of the UK

**Ian Hart ACA**  
**Chair of Finance Committee**

11 December 2025

**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.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE (continued ...)

- **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	3
Dr Simon Rowlands	4	4
Dr Rachna Upadhyia	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 have oversight of the remuneration of all staff earning £100,000 or more.

While the primary focus of the Remuneration Committee are 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 2025 comprise the following members of Council:

- Chair of the Remuneration Committee – Professor Joanna Price, Professor Emeritus, Royal Agricultural University, Council Member Dyson Institute of Engineering and Technology, Council Member London School of Hygiene and Tropical Medicine, Council Member of BBSRC, Trustee of Bristol Zoological Society.
- The Pro-Chancellor, Mr Iain Ferguson, BUPA plc; Dorothy Gover Trust (St Nicolas Church) Guildford.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE

(continued ...)

- Chair of the Finance Committee – Mr Ian Hart, UK Investment Banking at UBS, Former Director General of The Takeover Panel. following an amendment to the governance requirements, Mr Ian Hart stepped down from the Remuneration Committee as at 31 July 2025
- Dr Jaz Saggi.<sup>1</sup> Chair, Watmos Ltd; INED for Saffron Building Society, BHSF Group Ltd, A2 Dominion (stepping down from Council, effective from 31 July 2025).
- Mr Simon Rowlands<sup>1</sup>, retired Co-Founder of Cinven, Founder of Africa Platform Capital, Board member of British International Investments and Spire Healthcare (stepping down from Council, effective from 31 July 2025).
- Mr John Greatrex, former Group HR Director, Unipart Group.

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 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 ordinarily meets three times a year and any three members present will constitute a quorum. However, the Committee agreed that for 2025, reducing the meeting frequency to two a year would be piloted, with a meeting in March/April and an extended October meeting.

#### 1. Approach to Remuneration

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.

Accordingly the University's [reward strategy](#), under which the Committee operates, considers a range of information from Cranfield, the HE sector and wider market practice and has been designed to ensure that the University remains competitive in the marketplace, aligns to our core values and behaviours 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. 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)).

The Committee ensures procedural fairness by adopting this consistent framework, using appropriate evidence to include individual and corporate performance during the year, aligned with other factors such as market rates, economic circumstances and benchmarking data. The challenging and shifting HE operating context and the impact this has had on Cranfield's financial position informed the Committee's decision making in 2024/25.

#### 2. Comparator benchmark institutions and other information provided to the Remuneration Committee

To assist the Committee's decision-making, the following background documents are provided:

- Summary salary report including the Chief Executive and Vice-Chancellor and other members of Executive, detailing basic salary and other emoluments.

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<sup>1</sup> Dr Jaz Saggi and Mr Simon Rowlands completed their term of office and left both Council and Remuneration Committee at the end of July 2025. Dr Solomon Osagie, General Counsel and Company Secretary, Zempler Bank will join the Committee from 1 August 2025.

CRANFIELD UNIVERSITY

**CORPORATE GOVERNANCE**  
(continued ...)

- 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 those institutions with similar institutional income and other more specialist universities, together with other 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.

3. *Pay and Benefits issues discussed/reviewed by the Remuneration Committee between August 2024 to July 2025*

In line with the Remuneration Committee's current Terms of Reference and our cyclical standing agenda, two meetings were held during the year, with any interim updates to the Committee via paper circulation as appropriate. For the next reporting year, as outlined above, it was agreed that the Committee would pilot a more streamlined process holding two meetings a year (October 2025 and March/April 2026).

The Remuneration Committee agreed previously that there may be occasions where in exceptional circumstances an 'out of cycle' Executive salary approval process could be managed through email and/or paper circulation to the Committee membership. It is noted that two such cases were circulated to the Committee during this reporting year.

**October 2024**

- 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.
- The Chief Executive & Vice-Chancellor was invited to attend the Committee's meeting to advise on agenda items not relating to her remuneration or other benefits. The Committee were provided with context to the discussions around the Executive bonus and cost of living (CoL) payments. It was noted that no CoL uplift had been applied across the board and the Committee agreed that in line with the local pay negotiations for staff below Executive level, no inflationary cost of living increase be applied to the Executive and that no bonus payments be made. This was due to the current financial climate, rather than a reflection of individual performance.
- All members of the Executive were subsequently reviewed against corporate and individual targets, considering both qualitative and quantitative measures, as noted in their respective PDRs, alongside proposed qualitative performance and financial moderators. Following discussion of the Executive performance reviews, the Chief Executive & Vice Chancellor recommended two Executive salary increases, the rationale being a significant widening of remit for both roles and the need to address market rate issues. These were approved by the Committee alongside proposed corporate and individual objectives for the following year.

CRANFIELD UNIVERSITY

**CORPORATE GOVERNANCE**

(continued ...)

- At the same meeting, the Committee members also considered the Chief Executive & Vice-Chancellor's personal performance against quantitative individual targets and wider corporate contribution for the 2023-24 academic year. It was agreed, in line with other members of the Executive that no cost of living or discretionary performance related bonus be awarded. Again, this was a reflection of the current financial climate, rather than individual performance. The Committee also considered and approved the Chief Executive & Vice-Chancellor's objectives for the following year.

**April 2025**

- The April Remuneration Committee meeting allows for consideration of strategy, consideration of reports on relevant topics (e.g. the gender-pay gap) 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 and it was agreed that this would be further reviewed at a future meeting. In the meantime, it was agreed that existing sources, coupled with the mechanisms in place for the award of Executive pay, provided the necessary rigor.
- 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. The Committee agreed that wider sector benchmarks would be useful in contextualising Cranfield's position on gender pay and bonus awards. This year for the first time, a disability pay gap report was presented. For the University the report is important in gaining an improved understanding of the staff demographic and lived experience.

The Committee also reviewed the Terms of Reference and agreed a two stage meeting cycle could be piloted, as highlighted previously.

**4. *Equity, Diversity and Inclusion considerations***

The University, following endorsement at Council in 2023, published a 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 characteristic and those who do not.

As part of this approach, an Executive Committee for EDI meets to further strengthen leadership and governance in these areas. 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, we publish on a voluntary basis, our ethnicity pay gap report. For the first time this year, we also published a disability pay gap. The Remuneration Committee received a copy of each report, alongside a more detailed analysis at the April meeting.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE

*(continued ...)*

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.

#### 5. 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, to ensure financial sustainability 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. Her 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.
- 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 honours reflect 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.
- Professor Dame 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 as a Director 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.
- Professor Dame Holford is a member of the USS pension scheme.

## CRANFIELD UNIVERSITY

### CORPORATE GOVERNANCE (continued ...)

- The Chief Executive and Vice-Chancellor when on campus, resides in Cayley Lodge, a property owned by the University. The occupancy of Caley 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 £9,067.

#### 6. *Pay Multiple of the Chief Executive & Vice-Chancellor for 2024/25*

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:

Cranfield University Group	2025	2024	2023	2022	2021
Vice-Chancellor basic salary multiplier	6.35	6.89	6.89	7.16	7.99
Vice-Chancellor total remuneration multiplier	6.26	7.23	7.50	6.92	6.61

#### 7. *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.

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 or any other alternative scheme offered by the University such as MARS (Mutually Agreed Resignation Scheme) or CFRS (Cranfield Flexible Retirement Scheme). 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 2024/25, one severance payment was made to a member of the Executive.

#### 8. *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. For the Chief Executive and Vice-Chancellor 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 taken 13.5 days but has asked for the 24 days reduction to salary to remain in place and will review this on an annual basis.

CRANFIELD UNIVERSITY

CORPORATE GOVERNANCE

*(continued ...)*

- **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
Solomon Osagie	4	4
Prof Jo Price	4	4
Dr Jaz Saggu	4	4
Mrs Claire Stokes	4	3
Mr Peter Watkins	4	4

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 2 to 20 and the responsibilities of the Council are outlined on page 30. 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.

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.

CRANFIELD UNIVERSITY

**CORPORATE GOVERNANCE**  
*(continued ...)*

- **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 outturns. 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 2024 to 24<sup>th</sup> November 2025 unless otherwise stated:

Name	Committee Membership	Position	Period 01-07-24 - 24-11-25
Ferguson, Iain	N, HD	Ex-officio Pro-Chancellor & Chair of Council	to 31-10-25
Holford, Karen	F, N, HD	Ex-officio Chief Executive & Vice-Chancellor	n/a
Atkinson, Helen		Staff Member (elected)	to 31-09-25
Chen Davison, Lesley	F, N	Independent Member	to 31-07-25
Day, Colin	F, HD	Independent Member	to 31-07-26
Fen Yan, Summer		President, CSA	from 01-06-25
Greatrex, John	R, F from 01-08-25	Independent Member	to 31-07-28
Greening, Connie		Staff Member (elected)	to 30-09-28
Haines, Andrew		Independent Member	from 01-08-25
Hart, Ian	F	Independent member and Chair of Finance Committee	to 31-07-26
Hill, James		Staff Member (appointed)	to 31-09-25
Hubble, Jane		Staff Member (appointed)	to 31-09-25
Longhurst, Phil		Staff Member (elected)	from 01-10-25
Masood, Samina		Staff Member (appointed)	from 01-10-25
Nickson, Ailicen		Staff Member (appointed)	from 01-10-25
Osagie, Solomon	A&R, R from 01-08-25	Independent Member	to 31-07-28
Price, Joanna	A&R	Independent Member and Chair of Remuneration Committee	to 31-07-27
Rowlands, Simon	F, R	Independent Member	to 31-07-25
Saggu, Jaz	A&R, R	Independent Member	to 31-07-26
Sen, Muhammet		President, CSA	to 31-05-25
Stokes, Claire	A&R, N	Independent Member and Chair of Audit & Risk Committee	to 31-07-26
Upadhyia, Rachna	F, N from 01-08-25	Independent Member	to 31-07-27
Watkins, Peter	A&R, N	Independent Member	to 31-07-28
Zeidler, Philip	F	Independent Member	to 31-07-27

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")**

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

### **Opinion**

In our opinion, Cranfield University's group financial statements and University financial statements 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 2025 and of the group's and of the University's income and expenditure, gains and losses, and changes in reserves, and of the group's cash flows for the year then ended;
- 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 2025; the consolidated and University Statements of Comprehensive Income and Expenditure, the consolidated and University Statements of Changes in Reserves, and the Statement of consolidated Cash Flows for the year then ended; and the Accounting Policies; and the notes to the financial statements.

### **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*

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.

### **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.

### **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, 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.

We have no matters to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes  
12 December 2025

**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, 2025 by Newmark 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 £10,000 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 £10,000 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	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 23.

**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 2025/26 on page 19, 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 2025/26 is based on expected student numbers registering in September 2025 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. De-recognition of financial liabilities occurs on final settlement.

**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 23. Management reviews the assumptions made to derive the provisions recorded in the balance sheet to ensure that they are reasonable.

*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 2025

		NOTES	CONSOLIDATED 2025	CONSOLIDATED 2024	UNIVERSITY 2025	UNIVERSITY 2024
<b>Income</b>			£'000	£'000	£'000	£'000
Tuition fees and education contracts	1	86,936	92,443	78,117	81,968	
Funding Council grants	2	35,819	28,594	35,819	28,594	
Research grants and contracts		49,663	49,106	49,661	49,121	
Other income	3	45,258	40,644	40,254	35,862	
Investment income	4	213	190	242	232	
<b>Operating income</b>			217,889	210,977	204,093	195,777
Donations and endowments	5	1,353	8,400	1,353	8,400	
<b>Total income</b>			219,242	219,377	205,446	204,177
<b>Expenditure</b>						
Staff costs						
Operating staff costs	6	117,136	118,863	104,082	106,015	
Pension provision movement	6	-	(44,084)	-	(43,992)	
Total staff costs	6	117,136	74,779	104,082	62,023	
Other operating expenses		84,026	89,039	83,234	87,454	
Depreciation	10	22,607	22,891	22,265	22,494	
Interest and other finance costs	8	3,685	3,706	3,772	3,785	
<b>Total expenditure</b>	7	227,454	190,415	213,353	175,756	
<b>(Deficit)/surplus before other gains and losses</b>			(8,212)	28,962	(7,907)	28,421
Profit on disposal of assets		-	4	-	4	
(Loss)/gain on investments		(29)	645	(29)	645	
<b>(Deficit)/surplus before tax</b>			(8,241)	29,611	(7,936)	29,070
Taxation	9	113	(92)	(23)	(25)	
<b>(Deficit)/surplus for the year</b>			(8,128)	29,519	(7,959)	29,045
Unrealised surplus on revaluation of land		6,859		6,859	-	
Actuarial gain in respect of pension schemes	23	-	-	-	-	
<b>Total comprehensive (loss)/income for the year</b>			(1,269)	29,519	(1,100)	29,045
Represented by:						
Endowment comprehensive income for the year		7	338	7	338	
Unrestricted comprehensive (loss)/income for the year		(1,276)	29,181	(1,107)	28,707	
			(1,269)	29,519	(1,100)	29,045

The notes on pages 49 to 71 form part of these financial statements.

**CRANFIELD UNIVERSITY**  
**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 31ST JULY 2025**

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000		
<b>Balance at 1 August 2023</b>	<b>8,986</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>29,181</b>	-	<b>29,519</b>
<b>Balance at 31 July 2024</b>	<b>9,324</b>	-	<b>50,112</b>	<b>75,086</b>	<b>134,522</b>
Surplus from the income and expenditure statement	7	-	(1,276)	-	(1,269)
Transfer between revaluation reserve and income and expenditure reserve	-	-	(6,859)	6,859	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive expense for the year</b>	<b>7</b>	-	<b>(8,135)</b>	<b>6,859</b>	<b>(1,269)</b>
<b>Balance at 31 July 2025</b>	<b>9,331</b>	-	<b>41,977</b>	<b>81,945</b>	<b>133,253</b>

**CRANFIELD UNIVERSITY**  
**UNIVERSITY STATEMENT OF CHANGES**  
**IN RESERVES**  
**FOR THE YEAR ENDED 31ST JULY 2025**

University	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000		
<b>Balance at 1 August 2023</b>	<b>8,986</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>28,707</b>	-	<b>29,045</b>
<b>Balance at 31 July 2024</b>	<b>9,324</b>	-	<b>48,039</b>	<b>75,086</b>	<b>132,449</b>
Surplus from the income and expenditure statement	7	-	(1,107)	-	(1,100)
Transfer between revaluation reserve and income and expenditure reserve	-	-	(6,859)	6,859	-
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive expense for the year</b>	<b>7</b>	-	<b>(7,966)</b>	<b>6,859</b>	<b>(1,100)</b>
<b>Balance at 31 July 2025</b>	<b>9,331</b>	-	<b>40,073</b>	<b>81,945</b>	<b>131,349</b>

The notes on pages 49 to 71 form part of these financial statements.

**CRANFIELD UNIVERSITY**  
**STATEMENT OF FINANCIAL POSITIONS AT 31ST JULY 2025**

		CONSOLIDATED	UNIVERSITY	
	2025	2024	2025	2024
<b>Non-current assets</b>	<b>Notes</b>	£'000	£'000	£'000
Fixed assets	10	331,859	325,032	328,471
Investments	11	5,812	5,542	5,756
Investments in subsidiaries	12	-	-	5,186
		<hr/>	<hr/>	<hr/>
		337,671	330,574	339,413
		<hr/>	<hr/>	<hr/>
<b>Current assets</b>				
Stock		204	219	131
Trade and other receivables	13	54,270	53,869	52,631
Cash and cash equivalents	19	10,966	8,702	7,978
		<hr/>	<hr/>	<hr/>
		65,440	62,790	60,740
		<hr/>	<hr/>	<hr/>
<b>Current liabilities</b>				
Creditors: amounts falling due within one year	14	(78,927)	(70,242)	(77,873)
		<hr/>	<hr/>	<hr/>
<b>Net current liabilities</b>		(13,487)	(7,452)	(17,133)
		<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>		324,184	323,122	322,280
		<hr/>	<hr/>	<hr/>
Creditors: amounts falling due after more than one year	15	(189,114)	(188,600)	(189,114)
		<hr/>	<hr/>	<hr/>
<b>Provisions</b>				
Pension provisions	16	-	-	-
Other provisions	17	(1,817)	-	(1,817)
		<hr/>	<hr/>	<hr/>
<b>Total net assets</b>		133,253	134,522	131,349
		<hr/>	<hr/>	<hr/>
<b>Financed by:-</b>				
<b>Restricted Reserves</b>				
Income and expenditure reserve – endowment reserve	18	9,331	9,324	9,331
		<hr/>	<hr/>	<hr/>
<b>Unrestricted Reserves</b>				
Income and expenditure reserve - unrestricted		41,977	50,112	40,073
Revaluation reserve		81,945	75,086	81,945
		<hr/>	<hr/>	<hr/>
<b>Total Equity</b>		133,253	134,522	131,349
		<hr/>	<hr/>	<hr/>

The financial statements on pages 37 to 71 were approved by the Council on 11 December 2025 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 49 to 71 form part of these financial statements.

CRANFIELD UNIVERSITY

STATEMENT OF CONSOLIDATED CASH FLOWS  
FOR THE YEAR ENDED 31ST JULY 2025

	Notes	2025 £'000	2024 £'000
<b>Cash flows from operating activities</b>			
(Deficit)/surplus for the year before tax		(8,241)	29,611
<b>Adjustment for non-cash items</b>			
Depreciation	10	22,607	22,891
Loss/(gain) on investments		29	(645)
Exchange loss		100	7
Decrease in stock		15	34
Decrease/(increase) in debtors		(301)	(3,109)
Increase/(decrease) in creditors		6,744	(9,720)
Pension provision movement		-	(44,084)
Increase in other provisions		1,817	-
Receipt of donated equipment		(19)	(7,100)
<b>Adjustment for investing or financing activities</b>			
Investment income	4	(213)	(190)
Interest payable	8	3,685	3,706
Endowment income		(1,334)	(1,300)
Taxation outflow		(23)	(92)
Income on the sale of fixed assets		-	(4)
Capital grant income		(12,564)	-
<b>Net Cash inflow/(outflow) from operating activities</b>		<u>12,302</u>	<u>(9,995)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	4
Capital grants receipts		12,564	-
Disposal of non-current asset investments		47	172
Investment income		213	162
Payments made to acquire fixed assets		(20,696)	(15,945)
New non-current asset investments		(315)	(280)
<b>Total cash outflow from investing activities</b>		<u>(8,187)</u>	<u>(15,887)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(3,685)	(3,704)
Interest element of finance lease		-	-
Endowment cash received		1,334	1,300
New unsecured loans		14,000	37,453
New finance leases		-	142
Repayments of amounts borrowed		(13,472)	(640)
Capital element of finance lease and service concession payments		(28)	(29)
<b>Total cash (outflow)/inflow from financing activity</b>		<u>(1,851)</u>	<u>34,522</u>
<b>Increase in cash and cash equivalents in the year</b>		<u>2,264</u>	<u>8,640</u>
Cash and cash equivalents at beginning of the year	19	8,702	62
Cash and cash equivalents at end of the year	19	10,966	8,702
<b>Movement in cash</b>		<u>2,264</u>	<u>8,640</u>

The notes on pages 49 to 71 form part of these financial statements.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**

	<b>CONSOLIDATED</b>	<b>UNIVERSITY</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>
	£'000	£'000	£'000
<b>1. Tuition fees and education contracts</b>			
Long course fees	59,995	64,048	59,995
Professional development courses	19,229	20,639	10,340
Teaching contract	7,712	7,756	7,782
	<hr/>	<hr/>	<hr/>
	86,936	92,443	78,117
	<hr/>	<hr/>	<hr/>
<b>2. Funding Council grants</b>			
Recurrent grant	19,404	19,068	19,404
Special initiatives	16,415	9,526	16,415
	<hr/>	<hr/>	<hr/>
	35,819	28,594	35,819
	<hr/>	<hr/>	<hr/>
<b>Details of grant and fee income</b>			
Grant income from OfS	2,326	2,119	2,326
Grant income from Research England	33,493	26,475	33,493
Fee income for taught awards (exclusive of VAT)	67,707	71,804	67,777
Fee income from non-qualifying courses (exclusive of VAT)	19,229	20,639	10,340
Total grant and fee income	<hr/>	<hr/>	<hr/>
	122,755	121,037	113,936
	<hr/>	<hr/>	<hr/>
<b>3. Other income</b>			
Residences and conference centres	16,912	19,407	12,497
Rents from tenant organisations	924	804	1,575
Other	27,422	20,433	26,182
	<hr/>	<hr/>	<hr/>
	45,258	40,644	40,254
	<hr/>	<hr/>	<hr/>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£'000	£'000	£'000	£'000
<b>4. Investment income</b>				
Investment income from endowments	169	134	169	134
Other investment income	44	56	73	98
	213	190	242	232
<b>5. Donations and endowments</b>				
New endowments	1,334	1,300	1,334	1,300
Donations without restrictions	19	7,100	19	7,100
	1,353	8,400	1,353	8,400

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2025</b> £'000	<b>2024</b> £'000	<b>2025</b> £'000	<b>2024</b> £'000
<b>6. Staff</b>				
a. Staff costs				
Wages and salaries	91,602	94,451	80,664	83,306
Social security costs	10,519	9,965	9,372	8,926
Other pension costs	12,206	14,368	11,574	13,704
	<hr/>	<hr/>	<hr/>	<hr/>
Staff restructuring	114,327	118,784	101,610	105,936
	2,809	79	2,472	79
	<hr/>	<hr/>	<hr/>	<hr/>
Operating staff costs	117,136	118,863	104,082	106,015
Pension provision movement	-	(44,084)	-	(43,992)
	<hr/>	<hr/>	<hr/>	<hr/>
Total staff costs	117,136	74,779	104,082	62,023
	<hr/>	<hr/>	<hr/>	<hr/>
Number of staff receiving payment for loss of office	161	15	161	15
	<hr/>	<hr/>	<hr/>	<hr/>
Emoluments of the Vice-Chancellor (as detailed in the Remuneration Committee report on page 22)				
Base salary	285	283	285	283
Salary forgone	(18)	(17)	(18)	(17)
Pension cost	41	35	41	35
Cost of pension opt-out	-	11	-	11
Taxable benefit	10	12	10	12
Performance related pay	-	29	-	29
	<hr/>	<hr/>	<hr/>	<hr/>
	318	353	318	353
	<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	6.35	6.89	6.35	6.89
Vice-Chancellor total remuneration multiplier	6.26	7.23	6.02	6.92
	<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	451	474	437	458
Research	258	236	258	236
Technical	157	158	117	116
Other	967	1,028	756	804
	<hr/>	<hr/>	<hr/>	<hr/>
	1,833	1,896	1,568	1,614
	<hr/>	<hr/>	<hr/>	<hr/>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

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

		<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
		Number	Number	Number	Number
<i>c. Remuneration of other higher paid staff, excluding employer's pension contributions, were as follows:-</i>					
£100,000 - £104,999		13	12	13	12
£105,000 - £109,999		2	4	1	3
£110,000 - £114,999		7	3	7	3
£115,000 - £119,999		4	10	4	9
£120,000 - £124,999		4	3	4	2
£125,000 - £129,999		4	5	3	5
£130,000 - £134,999		1	2	1	2
£135,000 - £139,999		2	3	1	2
£140,000 - £144,999		3	2	3	2
£145,000 - £149,999		4	3	4	3
£150,000 - £154,999		1	4	1	4
£155,000 - £159,999		1	1	1	1
£160,000 - £164,999		-	-	-	-
£165,000 - £169,999		1	1	1	1
£170,000 - £174,999		-	1	-	1
£175,000 - £179,999		1	-	1	-
£180,000 - £184,999		-	1	-	1
£185,000 - £189,999		1	1	1	1
£190,000 - £194,999		1	1	1	1
£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. 2025 11 Members (2024: 12.6 members).

	<b>CONSOLIDATED &amp; UNIVERSITY</b>	
	<b>2025</b>	<b>2024</b>
	£'000	£'000
Key management personnel compensation	2,005	2,472

**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 2 council members was £1,656 (2024 £2,939 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 2025  
(continued...)

	CONSOLIDATED 2025 £'000	CONSOLIDATED 2024 £'000	UNIVERSITY 2025 £'000	UNIVERSITY 2024 £'000
<b>7. Other operating amounts charged include:-</b>				
Equipment expensed	5,743	4,594	5,729	4,557
Operating lease rentals	285	285	285	285
Auditors' remuneration:-				
- external audit	365	273	295	205
- other services including tax	88	36	88	36
Council members' expenses	2	3	2	3
	_____	_____	_____	_____
<b>8. Interest and other finance costs</b>				
Loan interest	3,685	3,706	3,772	3,785
Finance leases	-	-	-	-
Net charge on Pension schemes	-	-	-	-
	_____	_____	_____	_____
	3,685	3,706	3,772	3,785
	_____	_____	_____	_____
<b>9. Taxation</b>				
Recognised in the statement of comprehensive income:-				
Current tax expense	-	-	-	-
Overseas tax	(113)	92	23	25
	_____	_____	_____	_____
<b>Total tax (credit)/charge</b>	(113)	92	23	25
	_____	_____	_____	_____
The tax assessed for the year is higher than the standard rate (2024 lower than the standard rate) of corporation tax in the UK. The differences are explained below:				
(Deficit)/surplus on ordinary activities before taxation	(8,241)	29,611	(7,936)	29,070
	_____	_____	_____	_____
Tax on (deficit)/surplus on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2024 – 25%)	(2,060)	7,402	(1,984)	7,268
Factors affecting charge:				
Tax losses	2,060	-	1,984	-
University surplus exempt from corporation tax	-	(7,268)	-	(7,268)
Overseas tax	(113)	92	23	25
Other permanent differences	-	(134)	-	-
	_____	_____	_____	_____
<b>Total tax (credited)/charged in the year</b>	(113)	92	23	25
	_____	_____	_____	_____

CRANFIELD UNIVERSITY

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY 2025  
(continued...)

	Land & Buildings		Equipme	Fixtures, Plant & Machiner	Total
	Freehold	Leasehol d	£'000	£'000	£'000
<b>10. Fixed assets</b>					
<i>a. Consolidated</i>					
Cost/valuation					
At beginning of year	288,392	6,900	91,477	174,380	561,149
Additions	6,137	-	4,957	11,481	22,575
Disposals	-	-	-	-	-
Revaluation	6,859	-	-	-	6,859
At end of year	301,388	6,900	96,434	185,861	590,583
Consisting of valuation as at:					
31 July 2025	81,945	-	-	-	81,945
Cost	219,443	6,900	96,434	185,861	508,638
Accumulated depreciation					
At beginning of year	48,420	6,192	67,747	113,758	236,117
Charge for year	4,230	230	6,080	12,067	22,607
Disposals	-	-	-	-	-
At end of year	52,650	6,422	73,827	125,825	258,724
Net book amount					
At end of year	248,738	478	22,607	60,036	331,859
At beginning of year	239,972	708	23,730	60,622	325,032

CRANFIELD UNIVERSITY

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY 2025  
(continued...)

	Land & Buildings			Fixtures, Plant & Machinery	Total
	Freehold	Leasehold	Equipment		
	£'000	£'000	£'000	£'000	£'000
<b>10. Fixed assets (continued ...)</b>					
<i>b. University</i>					
Cost/valuation					
At beginning of year	282,343	6,900	90,652	167,542	547,437
Additions	6,137	-	4,957	11,481	22,575
Disposals	-	-	-	-	-
Revaluation	6,859	-	-	-	6,859
At end of year	295,339	6,900	95,609	179,023	576,871
Consisting of valuation as at:					
31 July 2025	81,945	-	-	-	81,945
Cost	213,394	6,900	95,609	179,023	494,926
Accumulated depreciation					
At beginning of year	45,163	6,192	66,986	107,794	226,135
Charge for year	4,097	230	6,059	11,879	22,265
Disposals	-	-	-	-	-
At end of year	49,260	6,422	73,045	119,673	248,400
Net book amount					
At end of year	246,079	478	22,564	59,350	328,471
At beginning of year	237,180	708	23,666	59,748	321,302

At 31 July 2025, freehold land and buildings included £81,945,000 (2024 £75,086,000) in respect of freehold land at valuation and is not depreciated.

The net book amounts of tangible fixed assets include £97,000 (2024 - £125,000) in respect of assets held under finance leases in the consolidated and University financial statements respectively. The related depreciation charge for the year was £28,000 (2024 - £17,000). At 31st July 2025, buildings, fixtures and plant included £31,008,000 (2024 - £21,466,000) in respect of assets under construction in the consolidated financial statements. In the University assets under construction amounted to £31,008,000 (2024 - £21,466,000). Borrowing costs of £2,168,000 (2024 - £1,151,000) were capitalised in the consolidated and University financial statements respectively.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£'000	£'000	£'000	£'000
<b>11. Investments</b>				
Investments at beginning of year	5,542	4,761	5,486	4,705
Additions	315	280	315	280
Gains/(losses) in year	2	673	2	673
Disposals	(47)	(172)	(47)	(172)
At end of year	<hr/> 5,812	<hr/> 5,542	<hr/> 5,756	<hr/> 5,486

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 (2024 - £Nil) in the consolidated and University financial statements.
- b. CCLA Investment funds for specific endowments of £2,868,000 (2024 - £2,873,000) in the consolidated and University financial statements.
- c. Investments in spin out companies and associates of £2,902,000 (2024 - £2,172,000) in the consolidated financial statements and £2,846,000 (2024 - £2,116,000) in the University.

	<b>UNIVERSITY</b>	
	<b>2025</b>	<b>2024</b>
	£'000	£'000
<b>12. Investments in subsidiaries</b>		
At beginning of year	5,186	5,186
Additions	-	-
Disposals	-	-
At end of year	<hr/> 5,186	<hr/> 5,186

At 31st July 2025 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 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 2025**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£'000	£'000	£'000	£'000
<b>13. Trade and Other receivables</b>				
Work in progress	8,883	9,930	8,879	9,930
Other trade debtors	36,738	33,151	34,794	30,476
Prepayments and accrued income	8,539	10,479	7,323	8,957
Other taxes	110	309	109	306
Amounts receivable from subsidiary undertakings	-	-	1,526	1,752
	<hr/>	<hr/>	<hr/>	<hr/>
	54,270	53,869	52,631	51,421
	<hr/>	<hr/>	<hr/>	<hr/>

Included in amounts receivable from subsidiary undertakings is £168,000 (2024 - £382,000) 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**

Unsecured loans	484	473	484	473
Current obligations under finance leases	29	29	29	29
Amounts owed to subsidiary undertakings	-	-	3,232	3,161
Trade creditors	30,589	29,861	28,902	28,060
Social security costs and other taxation payable	2,870	2,858	2,298	2,265
Accruals and deferred income	44,955	37,021	42,928	35,016
	<hr/>	<hr/>	<hr/>	<hr/>
	78,927	70,242	77,873	69,004
	<hr/>	<hr/>	<hr/>	<hr/>

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

Unsecured loans	189,058	188,516	189,058	188,516
Finance lease obligations	56	84	56	84
	<hr/>	<hr/>	<hr/>	<hr/>
	189,114	188,600	189,114	188,600
	<hr/>	<hr/>	<hr/>	<hr/>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

	<b>CONSOLIDATED</b>			<b>UNIVERSITY</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£'000	£'000	£'000	£'000
<b>15. Creditors: amounts falling due after more than one year (continued ...)</b>				
<b>Analysis of secured and unsecured loans due within one year or on demand (note 14)</b>	484	473	484	473
Between one and two years	38,937	473	38,937	473
Between two and five years	25,121	38,043	25,121	38,043
Five years or more	125,000	150,000	125,000	150,000
<b>Due after more than one year</b>	<u>189,058</u>	<u>188,516</u>	<u>189,058</u>	<u>188,516</u>
<b>Total secured and unsecured loans</b>	<u>189,542</u>	<u>188,989</u>	<u>189,542</u>	<u>188,989</u>
<b>The net finance lease obligations</b>				
Due within one year or on demand (note 14)	29	29	29	29
Between one and two years	28	29	28	29
Between two and five years	28	55	28	55
Five years or more	-	-	-	-
<b>Due after more than one year</b>	<u>56</u>	<u>84</u>	<u>56</u>	<u>84</u>
<b>Total net finance lease obligations</b>	<u>85</u>	<u>113</u>	<u>85</u>	<u>113</u>
The Group had the following loans at 31st July 2025:-				
<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	1,089
2. Sonia +1.75%	Revolving Credit Facility	None	24 <sup>th</sup> March 2027	38,453
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
				<u>189,542</u>

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

**16. Pension provision**

	<b>Obligation to fund deficit on USS pension</b> £'000	<b>Defined Benefit Obligations (Note 23)</b> £'000	<b>Total Pensions Provisions</b> £'000
<b>Consolidated</b>			
At 1 August 2024	-	-	-
Utilised in year	-	-	-
Decrease in provision			
At 31 July 2025	-	-	-
<b>University</b>			
At 1 August 2024	-	-	-
Utilised in year	-	-	-
Decrease in provision			
At 31 July 2025	-	-	-

**Pension enhancement**

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

	<b>Consolidated</b>
Discount rate	5.70
Inflation	3.80
<hr/>	

**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 2025**  
*(continued...)*

	<b>Staff restructuring</b>	<b>Other</b>	<b>Total</b>
	£'000	£'000	£'000
<b>17. Provisions for liabilities and charges</b>			
a. <i>Consolidated</i>			
At beginning of year	-	-	-
Utilised	-	-	-
Released	-	-	-
Charged to income and expenditure account	1,817	-	1,817
At end of year	<u>1,817</u>	<u>-</u>	<u>1,817</u>
b. <i>University</i>			
At beginning of year	-	-	-
Utilised	-	-	-
Released	-	-	-
Charged to income and expenditure account	<u>1,817</u>	<u>-</u>	<u>1,817</u>
At end of year	<u>1,817</u>	<u>-</u>	<u>1,817</u>

Staff restructuring will be utilised during the next financial year.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

**18. Income and expenditure  
reserve - endowment  
reserves**

	<b>Expendable endowments</b> £'000	<b>Permanent endowments</b> £'000	<b>2024/25</b> £'000	<b>2023/24</b> £'000
<b>Balances at 1 August 2024 and at 1 August 2023</b>				
Capital	6,772	2,072	8,844	8,514
Accumulated income	115	365	480	472
	6,887	2,437	9,324	8,986
New endowments	1,351	-	1,351	1,300
Investment income	102	68	170	120
Expenditure	(1,359)	(126)	(1,485)	(1,230)
Increase/(decrease) in market value of investments	10	(39)	(29)	148
<b>Total endowment comprehensive income for the year</b>	<b>104</b>	<b>(97)</b>	<b>7</b>	<b>338</b>
<b>At 31 July 2025 and at 31 July 2024</b>	<b>6,991</b>	<b>2,340</b>	<b>9,331</b>	<b>9,324</b>
<b>Represented by:</b>				
Capital	6,717	2,042	8,759	8,844
Accumulated income	274	298	572	480
	6,991	2,340	9,331	9,324
<b>Analysis by type of purpose:</b>				
Lectureships	764	2,298	3,062	3,131
Scholarships and bursaries	1,040	42	1,082	1,211
Research support	979	-	979	819
Prize funds	138	-	138	142
General	4,070	-	4,070	4,021
	6,991	2,340	9,331	9,324
<b>Analysis by asset</b>				
Fixed assets	339	-	339	339
Current and non-current asset investments	2,845	2,340	5,185	4,897
Cash & cash equivalents	3,807	-	3,807	4,088
	6,991	2,340	9,331	9,324

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

**19. Cash and cash equivalents**

	At 1st August 2024	Cash Flows	31st July 2025
	£'000	£'000	£'000
Consolidated			
Cash and cash equivalents	8,702	2,264	10,966
Bank overdraft	-	-	-
	<hr/> 8,702	<hr/> 2,264	<hr/> 10,966

**20. Consolidated reconciliation of net debt**

	2024/25 £'000	2023/24 £'000
Net debt 1 August	(180,400)	(152,139)
Movement in cash and cash equivalents	2,264	8,640
New finance lease liabilities	-	(142)
New unsecured loans	(14,000)	(37,453)
Repayments of finance leases	28	29
Repayments of unsecured loans	13,472	640
Repayment of secured loans	-	-
Changes in market value and exchange rates	(25)	25
Net debt 31 July	<hr/> (178,661)	<hr/> (180,400)
Change in net debt	<hr/> 1,739	<hr/> (28,261)

	2025 £'000	2024 £'000
Analysis of net debt:		
Cash and cash equivalents	10,966	8,702
Borrowings: amounts falling due within one year		
Unsecured loans	484	473
Obligations under finance leases	29	29
	<hr/> 513	<hr/> 502
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	56	84
Unsecured loans	189,058	188,516
	<hr/> 189,114	<hr/> 188,600
Net debt	<hr/> 178,661	<hr/> 180,400

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

	<b>CONSOLIDATED</b>		<b>UNIVERSITY</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£'000	£'000	£'000	£'000

**21. Lease obligations**

Non-cancellable operating lease rentals are payable as follows:

Land and buildings

Within one year	262	285	262	285
Between two and five years	33	295	33	295
In more than five years	-	-	-	-
	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>
	295	580	295	580
	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>

Other

Within one year	-	-	-	-
Between two and five years	-	-	-	-
In more than five years	-	-	-	-
	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>
	-	-	-	-
	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>

During the year £285,000 was recognised as an expense in the statement of comprehensive Income and expenditure in respect of operating leases (2024 £285,000).

**22. Capital and other commitments**

a. Commitments contracted but not provided in the financial statements	9,147	704	9,147	704
	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>
b. Commitments authorised but not Contracted for	18,691	42,186	18,691	42,186
	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>

CRANFIELD UNIVERSITY

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY 2025  
*(continued...)*

23. **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  
FOR THE YEAR ENDED 31ST JULY 2025  
(continued...)

23. **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](http://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 2025  
(continued...)

23. **Pensions** (continued...)

**2023 valuation**  
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:

	2025	2024
Males currently aged 65 (years)	21.6	23.7
Females currently aged 65 (years)	24.2	25.6
Males currently aged 45 (years)	22.7	25.4
Females currently aged 45 (years)	25.8	27.2

	Note	CONSOLIDATED	
		2025	2024
		£'000	£'000
<b>USS pension provision</b>			
At beginning of the year	16	-	44,084
Interest payable		-	-
Contributions paid against deficit		-	-
(Credited)/charged in the year		-	(44,084)
At end of the year		-	-

**LGPS**

The rate of the University’s employer’s contributions for LGPS is determined by the actuaries and is presently 19.5% 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 2025 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 continues to be investigated by HM Treasury. At this point, no benefit impact is expected and that given the Department of Works and Pensions announcement, retrospective action could be taken if needed.

CRANFIELD UNIVERSITY

NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY 2025  
(continued...)

23. **Pensions** (continued...)

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

	2025 %	2024 %	2023 %
Salary scale increases per annum	3.80	3.85	3.80
Pension increases per annum	2.80	2.85	2.80
Discount rate per annum	5.70	5.05	5.15

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

	2025	2024	2023
Retiring today			
Males	21.6	21.1	21.1
Females	24.2	23.9	23.9
Retiring in 20 years			
Males	22.7	22.1	22.1
Females	25.8	25.5	25.5

The life expectations disclosed are sample rates based on the Fund's Club Vita lite curves.

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

	2025 £'000	2024 £'000	2023 £'000
Equities	88,499	81,735	75,779
Property	22,104	19,021	17,093
Bonds	26,530	23,996	21,235
Cash	5,137	7,012	4,354
	142,270	131,764	118,461

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 2025  
(continued...)

23. Pensions (continued ...)

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

	2025 £'000	2024 £'000
Market value of assets	142,270	131,764
Present value of liabilities	(115,617)	(123,262)
<b>Surplus in the scheme before restriction of surplus</b>	<b>26,653</b>	<b>8,502</b>
Current service cost and admin expenses	2,557	2,585
Loss due to curtailments	-	-
Past service cost	45	-
<b>Total operating charge</b>	<b>2,602</b>	<b>2,585</b>
<b>Analysis of the amount charged to interest payable</b>		
Interest on pension scheme liabilities	6,083	5,931
Interest on pension scheme assets	(6,610)	(6,092)
Interest on impact of asset ceiling	429	57
<b>Net credit to other finance costs</b>	<b>(98)</b>	<b>(104)</b>
<b>Total income and expenditure account charge</b>	<b>2,504</b>	<b>2,481</b>
<b>Analysis of other comprehensive income</b>		
Gain on assets	5,807	7,678
Change in demographic assumptions	(1,619)	279
Change in financial assumptions	13,235	(2,781)
Experience (loss)/gain on liabilities	(1,167)	550
Changes in impact of asset ceiling	(17,722)	-
<b>Total other comprehensive income before deduction for tax</b>	<b>(1,466)</b>	<b>5,726</b>

**Analysis of movement in deficit during the year:**

Deficit in scheme at beginning of the year	-	-
Movement in year:		
Current service cost	(2,400)	(2,455)
Contributions	3,970	4,085
Administration expenses	(157)	(130)
Past service cost	(45)	-
Other finance credit/(charge)	527	161
Actuarial gain	16,267	5,726
Restriction of surplus recognised in the statement of financial position	(18,162)	(7,387)
<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 2025**  
*(continued...)*

23. **Pensions** *(continued ...)*

	<b>2025</b>	<b>2024</b>
	£'000	£'000
<b>Amounts recognised in the statement of financial position</b>		
Present value of funded liabilities	(115,617)	(123,262)
Fair value of scheme assets	142,270	131,764
<hr/>	<hr/>	<hr/>
Surplus in the scheme	26,653	8,502
Less restriction of surplus recognised in the statement of financial position	(26,653)	(8,502)
<hr/>	<hr/>	<hr/>
Asset/(liability) recognised in the statement of financial position	-	-
<hr/>	<hr/>	<hr/>
<b>Analysis of movement in the fair value of the scheme liabilities:-</b>		
Fair value at beginning of year	123,262	117,346
Current service cost	2,400	2,455
Interest cost	6,083	5,931
Contributions by members (including notional contributions)	833	898
Actuarial losses/(gains)	(10,449)	1,952
Past service costs	45	-
Losses on curtailments	-	-
Actual benefits paid	(6,557)	(5,320)
<hr/>	<hr/>	<hr/>
Present value at end of year	115,617	123,262
<hr/>	<hr/>	<hr/>
<b>Analysis of movement in the fair value of the scheme assets:-</b>		
Fair value at beginning of year	131,764	118,461
Interest on plan assets	6,610	6,092
Contributions by members	833	898
Contributions by the employer	3,970	4,085
Return on plan assets	5,807	7,678
Actual benefits paid	(6,557)	(5,320)
Administration expenses	(157)	(130)
<hr/>	<hr/>	<hr/>
Fair value at end of year	142,270	131,764
<hr/>	<hr/>	<hr/>

Estimated contributions for LGPS in the Financial year 2026 is £4,687,000.

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.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

	<b>2025</b> £'000	<b>2024</b> £'000
<b>24. Access funds</b>		
Funding Council grants in year	-	-
Disbursed to students in year	-	-
	—————	—————
Balance unspent at end of year	-	-
	—————	—————

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.

**CRANFIELD UNIVERSITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 2025**  
*(continued...)*

**25. 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>2025</b>	<b>2024</b>	<b>2025</b>
	£'000	£'000	£'000
<b>26. Financial instruments</b>			
Financial assets at fair value through the comprehensive income account	5,812	5,542	5,756
Financial assets that are debt instruments measured at amortised cost:			
Cash and cash equivalents	10,966	8,702	7,978
Other investments measured at amortised costs	-	-	-
Trade debtors	36,738	33,151	36,320
Other debtors	3,014	10,788	2,063
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	56,530	58,183	52,117
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	53,487		
Financial liabilities measured at amortised cost:			
Secured loans	-	-	-
Unsecured loans	(189,542)	(188,989)	(189,542)
Finance leases	(85)	(113)	(85)
Trade creditors	(22,873)	(29,861)	(32,134)
Accruals	(12,479)	(10,782)	(11,904)
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	(224,979)	(229,745)	(233,665)
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	(230,530)		

**27. Events after the reporting period – Restructuring**

On 1 August 2025, the University Council approved and announced a plan to implement a specific section of the University's wider restructuring programme, relating to the reduction of approximately 195 roles. The restructuring is expected to give rise to cash costs of approximately £2-3 million, being primarily redundancy costs, to be incurred over the next 24 months.

As at 31 July 2025, the Group had not communicated a detailed formal plan to the affected employees and had not created a valid expectation that the restructuring would be carried out. Accordingly, no provision has been recognised at the reporting date. The restructuring is a non-adjusting event after the reporting period. The restructuring is not expected to impact the Group's ability to continue as a going concern.