USS *For members, for the future.*

Universities Superannuation Scheme Limited

Group Report and Accounts
for the year ended
31 March 2026

Company number: 01167127

Contents

Company information

Company registration number	01167127
Registered office	Royal Liver Building Liverpool L3 1PY
Company secretary	Mr M J Burt
Directors	Dame K M Barker (Chair) Mr R C Picot (Deputy Chair and Senior Director) Professor Sir P J Curran Mrs M D'Auria Mr G Dixon Ms E Kelleher Dr A Kerneis Dr S J Marsh Ms H M Shay Mr S W Spinks Professor A T Tickell Dr D C H Watts
Bankers	Barclays Bank PLC 48B & 50 Lord Street Liverpool L2 1TD National Westminster Bank PLC 2-8 Church Street Liverpool L1 3BG
Independent auditor	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY
Website	uss.co.uk

Strategic report

for the year ended 31 March 2026

The directors present their strategic report for the year ended 31 March 2026.

Principal activity

Universities Superannuation Scheme Limited ('USSL' or 'the Company' or 'the Trustee') is a company incorporated in England and Wales on 18 April 1974, which is limited by guarantee, does not have share capital and is the sole corporate Trustee of Universities Superannuation Scheme ('USS' or 'the Scheme'). The Scheme is the principal pension scheme for universities and other Higher Education institutions in the United Kingdom. It is a hybrid scheme providing both defined benefit (DB) and defined contribution (DC) pension benefits to its members.

USS Investment Management Limited (USSIM) is a wholly-owned subsidiary of the Company incorporated in England and Wales. Its principal activity is to provide investment management and advisory services to the Company. Together the Company and USSIM are referred to as 'the Group'.

The Group recovers its costs in accordance with the Scheme Rules generating neither profit nor loss. Accordingly, the Group's business model focuses on maximising value for money for the Scheme's members and the employers in the Scheme.

The Company is regulated by The Pensions Regulator (TPR) and is also authorised and supervised under the Master Trust regime by TPR. USSIM is authorised and regulated by the Financial Conduct Authority (FCA).

Review of the business

The Board provides monitoring and oversight of USS's operations, ensuring that the Scheme is adequately funded, benefits are paid when they fall due, the Scheme is effectively administered in line with objectives and continues to meet the needs of the UK Higher Education sector.

The last valuation as at 31 March 2023 confirmed a significantly improved funding position and enabled the restoration of benefits and reduced contribution rates from 2024. The Scheme's funding position has continued to be monitored using the 2023 position as a baseline. Based on this, the DB part of the Scheme had an estimated surplus of £15.8bn at 31 March 2026, meaning it was 125% funded on a Technical Provisions basis.

An update on the Scheme's funding position is set out in the Scheme's Annual Report and Accounts which are available on the website: **uss.co.uk/about-us/report-and-accounts**.

The monitoring position at the end of March is a positive indicator as we undertake a full review of the funding position as at that date for the 2026 valuation. The valuation process as a whole will run into 2027, as set out on our dedicated web page.

As part of this we are liaising closely with stakeholders to assess the Scheme's long-term funding and investment requirements. Both the Trustee's legal duty and our sponsoring employers' risk appetite shape how we invest.

Geopolitical instability continued to shape the global investment landscape over the financial period, sustaining an environment of elevated uncertainty and episodic market volatility. Over the period, market participants had to contend with a broad range of geopolitical pressures, including ongoing conflict in Ukraine, war in the Middle East, and a gradual but persistent shift toward more fragmented and fragile global trade and security arrangements.

Against this backdrop, the Group is investing in improvements in data management and technical architecture, designed to ensure we remain fit for the future. The focus is on building a more agile and integrated data infrastructure to support our investment decision-making and to streamline our operations.

Responsible investment continues to be a core part of the Group's long-term investment approach. Climate, nature, people and governance considerations are increasingly embedded within investment decision-making, consistent with our duty to act in members' and beneficiaries' best financial interests. While the carbon intensity of the portfolio has continued to decline, real world emissions continue to rise. It is imperative that progress is made across the wider global economy rather than just within the Scheme's own portfolio to help safeguard against adverse long-term financial impacts.

During the year, the Group published its Responsible Investment Update, which looks to clearly articulate our approach and, more specifically, how we are addressing the climate transition. We published new analysis in partnership with Transition Risk Exeter (Trex) on how to deliver a successful energy transition. Initial work was also completed to assess nature-related risks across selected internal mandates, forming a baseline for further development in future years.

Paying members the correct benefits is core to what we do. We work to ensure that our administration practice is aligned with the requirements of the Scheme Rules and relevant legislation through time, and where potential issues are identified, we actively investigate and remedy them. This year we have put in place a dedicated framework to identify, assess and where appropriate, remediate any identified issues.

Principal risks and uncertainties

The Group's risk framework includes a dedicated Group Risk team and risk governance arrangements, policies and processes. The framework aims to ensure that risks are effectively identified, managed, monitored and reported across the business. We operate a three lines of defence approach to risk management. Further information about the wider context of the USS risk management framework can be found in the Scheme's Annual Report and Accounts.

Risks that could impact on the delivery of business objectives, and the internal control systems that support them, are documented and assessed against risk appetite. Where a risk is greater than the acceptable risk appetite, appropriate remedial actions are developed, implemented and tracked to resolution.

There are various potential risks and uncertainties that could impact the Group's long-term performance.

The principal risks, potential impacts and mitigations in place for the Group are described below. These risks broadly fall into two categories: Firstly, the risks

Strategic report for the year ended 31 March 2026

Continued

including financial risks which directly impact the Group, recognising that it generates neither a profit nor loss. Secondly, the risks relevant to the Group's performance as a Trustee Company with an investment management subsidiary which impact the Scheme's performance and might indirectly impact the Group.

Principal risks and uncertainties which are Scheme-related and directly impact the Group

Transaction processing and execution risk

The risk of failing to process, execute and support member and/or third-party transactions and payments appropriately. This may lead to poor or incorrect outcomes for the Scheme's members or beneficiaries and the potential for increased costs and reputational damage.

To mitigate this risk, service delivery standards are defined and tracked on an ongoing basis, and all service delivery staff receive extensive training on a regular basis to ensure consistency and to maintain high service standards. The Group reviews and reports on performance across all administration teams and performs comprehensive workload management reporting on current and forecast volumes.

Supplier performance failure risk

The Group is exposed to the risk that a supplier fails to perform a contracted service. This could result in the failure of key business processes, potential data leakage, monetary loss and remediation costs.

To mitigate this risk the Group has a dedicated procurement function with responsibility for controlling supplier onboarding and ongoing monitoring of key suppliers' financial position, performance and resilience. The function provides support in taking appropriate remedial actions and ultimately replacement of non-performing suppliers should value for money not be received. Relationship management structures are in place with critical suppliers, supported by service-level agreements, management information provision and incident escalation and resolution protocols.

People risk

There is a risk that the Group has insufficient, competent and engaged colleagues and people leaders, who are aligned to the Scheme's purpose and values.

This may lead to an inability to provide the necessary capacity, skills and leadership culture to achieve successful delivery of the Group's strategic priorities. This could lead to poor investment performance, reduced service levels to members, increased incidence of operational error and failure, and ultimately result in reputational damage with key stakeholders.

To mitigate the risk, the Group has consistently sought to build and to maintain an experienced and talented team. This is supported by clear objective setting linked to the strategic priorities, regular performance and remuneration reviews with reference to appropriate benchmarks, training and development programmes, and employee satisfaction reviews.

As a responsible employer, employee health and well-being is a priority. The Group also has an Equity, Diversity and Inclusion (EDI) strategy focused on ensuring that we foster a diverse and inclusive organisational culture.

Legal and regulatory risk

There is a risk that the Group is adversely impacted by changes to policy, legislation or regulation or that the Group fails to apply effective oversight of its compliance with such policy, legislation or regulation. This could lead to additional cost and organisational complexity or fines, compensation costs and censure, as well as damage to stakeholder relationships and the Scheme's reputation.

To mitigate this risk legal and regulatory change is regularly monitored with key changes communicated by specific updates to relevant business heads. Risk based assurance activities assess the design and effectiveness of the control environment across key business processes and functions. Key policies are implemented and maintained. These, combined with legal and compliance training, inform staff of their legal and regulatory obligations.

Resilience, technology and change risk

There is a risk that the Group's ability to provide important business services is compromised as a result of disruption to IT or facilities infrastructure, inadequacy of technology arrangements or changes to business capabilities and processes not being delivered reliably. This could lead to an adverse impact on operational capacity and controls or result in deterioration of the value of the Scheme's assets, adversely impacting the liquidity position and asset valuation in the short term.

To mitigate this risk a business continuity management governance framework operates, with defined continuity plans in place and regular testing of IT disaster recovery plans. There are also secure, resilient data centre hosting arrangements in place providing high availability for key business systems. Additionally a defence in depth cyber security framework operates, with 24/7 security operation centre and threat intelligence.

Information security and privacy risk

The Group is exposed to the risk that the confidentiality, integrity and availability of the data it holds and manages is compromised. The impact of this risk may lead to breaches of applicable data protection legislation, potential for regulatory censure or fine, damage to stakeholder relationships and reputation, together with potential monetary loss and remediation costs.

The Group's strategies to mitigate this risk include the implementation of an appropriate information security and data protection framework and processes, the implementation of appropriate cyber risk controls, the delivery of regular education and awareness training to employees and ongoing maintenance of the international information security accreditation, ISO 27001.

Scheme proposition risk

There is a risk that employers, members or their representative bodies no longer view USS as their preferred service provider for retirement benefits. This may lead to members missing out on the Scheme's benefits.

To mitigate this risk the Group holds regular meetings with employers, member representatives and employer representatives, including both

Strategic report for the year ended 31 March 2026

Continued

Universities and Colleges Employers Association (UCEA) and University and College Union (UCU). This engagement is ongoing but is more frequent during actuarial valuations.

The Group works closely with UCU and UCEA as stakeholders, via their membership of the Joint Negotiating Committee (JNC), to facilitate the benefit changes the JNC wishes to make in response to valuation outcomes, as well as exploring with stakeholders alternative options such as low-cost options and conditional indexation to ensure the suitability of USS benefits for the sector.

Principal risks and uncertainties which are Scheme-related and indirectly impact the Group

The Group is responsible as the Trustee and investment manager of the Scheme. While neither the Company nor USSIM is the beneficial owner of underlying Scheme assets, the Company holds them as Trustee for the Scheme. As such, the risks set out below would indirectly impact the Group in respect of the quality of the service it provides, but do not impact the Group's own financial statements directly:

- **Funding risk**
- **Investment performance risk**
- **Responsible investment risk**

Further information on these indirect risks can be found in the Scheme's Annual Report and Accounts for the year ended 31 March 2026 and the Statement of Investment Principles, both of which are available on the website.

Value for money and effective cost control

The Group monitors a range of financial KPIs to assess performance and support oversight of cost efficiency and value for money.

The Group must demonstrate value for money including transparency and accountability when engaging with suppliers since its costs are ultimately recharged to the Scheme. Our approach includes a range of strategies, such as professional procurement, supplier management, and setting cost-saving targets, which are supported by organisation-wide initiatives and benchmarking.

The operating costs for the year amounted to £209.3m (2025: £189.6m). A summary of total operating costs for the year analysed by nature of expense is provided below.

Total operating costs have increased by £19.7m (10%) year-on-year primarily as prior year expenses were reduced due to Long-Term Incentive Plan (LTIP) provision releases to reflect reduced expected LTIP payout levels. There has also been an increase of £5.6m in wages and salaries, primarily due to inflation and a higher headcount as we continue to strengthen our internal investment management capability.

	2026 Total £'000	2025 Total £'000
People related expense		
Wages and salaries (inclusive of social security, redundancy and pension costs)	82,086	76,493
Employee incentives (inclusive of social security)	52,572	44,660
Contractor costs	2,126	1,801
Other personnel costs	5,340	5,324
People related expense	**142,124**	**128,278**
Premises costs	5,114	4,573
Investment costs	20,265	19,234
Other costs	41,821	37,559
Total operating costs	**209,324**	**189,644**

Non-financial KPIs

A range of non-financial KPIs are measured throughout the year, including those in relation to member service, employer service and the metrics associated with staff employed in the business.

Pension services

Members' and employers' experiences of USS, of its systems and processes, and of its people are a crucial barometer of the Group's success in managing the Scheme.

The Group continues to invest in pensions administration and support services and has made significant progress towards renewing and enhancing administration systems, whilst maintaining high levels of service, engagement and experience for members and employers.

Employer satisfaction continues to score well, with strong results across administration, communications, and support functions. The overall employer relationship remains positive with 93% of employers rating their relationship with USS as good or very good.

This year, the team delivered strong service to our members through telephone interactions, achieving an 88% satisfaction score. They delivered strong performance despite intermittent outages of externally managed elements of the My USS member portal during the year. The total volume of cases increased by 15% on the previous year, but through collaboration and hard work performance only dipped slightly. Overall 87% of cases were dealt with within our service level targets.

Employee numbers

The capability and engagement of employees remain central to delivering high-quality service and supporting the long-term sustainability of the Scheme.

Average total headcount increased from 716 to 745 reflecting continued investment in skills and capacity across key functions.

The key performance indicator for employee engagement is the outcome of the employee engagement survey. The most recent employee engagement score for the Group was 7.9 out of 10 (2025: 7.8 out of 10), which is above the industry benchmark of 7.8.

The Trustee Board has appointed a designated non-executive director (DNED) as a mechanism for ensuring that colleagues' perspectives are considered and factored into board decision-making. Now in its second year, the programme has continued to mature, and there have

Strategic report for the year ended 31 March 2026

Continued

been some tangible examples of how employee views expressed as part of the DNED programme and other employee engagement methods have led to actions by the Board.

Long-Term Incentive Plans (LTIPs)

LTIPs form a key element of USSIM incentives and are designed to incentivise delivery of Scheme performance over the long-term and to encourage retention of key personnel and to discourage imprudent risk taking. For USSIM, LTIP payout is impacted by the USS Investment Committee's assessment of USSIM's performance under the investment balanced scorecard, and by performance against investment performance benchmarks.

Under the investment balanced scorecard, performance is assessed using a range of quantitative and qualitative factors aligned to USSIM's investment objectives and the interests of the Scheme's members and employers. More information about the USS Investment Committee's assessment is included in the Scheme's Annual Report and Accounts.

Group employee incentives include £13.5m charged in respect of USSIM LTIPs and Group Deferred Bonuses in the period (2025: £7.8m).

Further details are shown in note 13 to the financial statements.

Companies Act 2006, Section 172 statement

Section 172 of the Companies Act 2006 sets out the duty of the directors to promote the success of the Company. Details of how directors discharge this duty are presented below. The Group has also adopted the 'Wates Principles' to provide a framework for disclosure of its corporate governance arrangements and more detail is provided in the Scheme's Governance supplement on the website.

Long-term decision-making
The Board considers the long-term impact of its decisions on the sustainability of the Scheme and the ability to pay members' benefits as they fall due. Strategic discussions regularly assess long-term funding and investment issues, including financially material, environmental, social and governance considerations.

The Group's commitment to responsible investment is captured in its Statement of Investment Principles, Statement of Investment Beliefs, Responsible Investment Policy and Stewardship Code Report.

Stakeholder relationships
The Group recognises the important role it plays in supporting the continued success of the Higher Education sector in the United Kingdom and the critical relationships it has with members and beneficiaries of the Scheme. The Group services around 599,000 (2025: 577,000) Scheme members and so has a significant impact on the wider community by working to help build a secure financial future for members and their families and support them through their working life and into retirement.

The Group works closely with employers to deliver an efficient, timely and high-quality service to our members.

The Group is committed to continuously improving member experience, including delivering communications directly to its members rather than communicating through their employer and a shift to more online services. The Group engages regularly with the UCU and UCEA, who appoint members to the JNC. For more information on the activities of the JNC see the Scheme's Governance supplement on uss.co.uk.

The Group provides regular information to employers and members with regards to the performance of the Scheme's investments, through various communication channels as well as conducting quarterly member and annual employer surveys.

The Group manages business relationships with suppliers through a robust supplier onboarding process followed by ongoing monitoring of critical and key suppliers through regular health-checks, supplier management activity and financial oversight.

The Group has also identified Government and policymakers, USS employees and regulators as key stakeholders and additionally recognises its responsibilities to society more broadly and in particular in relation to its investments, including financially material environmental, social and governance impacts.

The Group has had regular engagement with TPR as part of its ongoing supervision of the Scheme. USS is authorised as a Master Trust by TPR and is required to evidence that it continues to meet the authorisation criteria. It provides TPR with copies of various documents such as the Scheme Annual Report and Accounts, which include the Chair's defined contribution statement and supervisory return as well as notifying of any significant or triggering events as and when they occur.

Information on employee engagement is detailed in the directors' report.

Business conduct
The Group takes seriously the need to maintain a reputation for high standards of business conduct. The rules, principles, practices and processes by which the Group is governed are set out in the USS Governance Framework. The Group Code of Conduct provides statements of, and guidance for, behaviours and acceptable business conduct that apply to all staff.

As mentioned above, USS has been approved as a Master Trust, reflecting the high standards that are being met by the Company in running the Scheme on behalf of employers and in protecting members' benefits.

This report was approved by the Board on 21 July 2026 and signed on its behalf.

By order of the Board

Michael Burt
Company Secretary

Directors' report

for the year ended 31 March 2026

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2026.

Directors

The directors who held office during the year or prior to the approval of these financial statements are set out on page 2. None of the directors had any interest in the shares of the Company in the reporting period.

During the year, the Company made qualifying third-party indemnity provisions for the benefit of its directors and for directors of its associated companies which remain in force at the date of this report.

Future developments

As noted in the strategic report, based on monitoring of the 2023 valuation, the Scheme remains in surplus on a Technical Provisions basis. A full actuarial valuation as at 31 March 2026 is underway and our proposed funding assumptions for the 2026 valuation are currently subject to consultation.

Looking ahead, the Group will continue to develop its investment capability and strengthen our engagement with Governments, policy makers and regulators. We remain focused on how we can further enhance the experience of members and employers through improved digital services and operational efficiency.

To support this, the Group continues to make significant progress towards implementing Procentia's award-winning administration platform, which will develop our technical capabilities to deliver enhanced functionality, digital services and levels of automation.

Employees

The Group is committed to supporting the principles of equal opportunities and preventing discrimination in every aspect of the work of the organisation.

Policies in place are such that, in respect of the employment of individuals with disabilities and other protected characteristics, as defined by the Equality Act 2010, the Group strives to ensure that no individual or cohort is treated more or less favourably than others or will be disadvantaged by any conditions of employment or requirements that cannot be justified as necessary on operational grounds. That principle is embedded in the Group's recruitment and selection policies. The same principle is applied to the continued employment and training of employees who might become disabled while in the Group's employment, and to the training, career development and promotion opportunities provided to employees with disabilities and other protected characteristics.

Arrangements are in place to provide employees with information on matters of concern to them which are likely to affect their interests. This is normally achieved by consultation with staff representatives and/or unions with the outcomes being communicated to all employees in the most appropriate manner.

The business plan and Group objectives underpin the process of setting individuals' objectives, so that colleagues are aligned to support the Group's strategy.

Employee engagement

Attracting, retaining and rewarding the best talent helps the Group to deliver the quality of service, outstanding support, and value for money stakeholders expect. The remuneration framework is designed to ensure the Group has access to those with the right mix of skills and expertise to deliver its long-term priorities and value for money for members.

The Group continued to invest in its people, focusing on creating an engaging and inclusive culture that retains and develops a talented workforce to enable us to deliver our objectives. Our refreshed People Strategy sets out the priorities needed to strengthen organisational capability, build future-ready skills and enhance colleague experience, ensuring we have the talent, culture and leadership required to deliver our long-term ambitions. The strategy is delivered through four pillars - growing our leadership culture, developing potential, optimising operational effectiveness and embedding inclusion - and is fully aligned with our employee value proposition.

Engagement with suppliers, customers and others

Disclosures on the directors' approach to fostering the Group's business relationships can be found in the strategic report.

Directors' report for the year ended 31 March 2026

Continued

Streamlined energy and carbon report (SECR)

The SECR requirement disclosures below show the impact of the Group's operations on the environment and the initiatives undertaken to improve that impact. For details of which entities are included, see note 9 on page 22.

		Group 2026	Group 2025	Company 2026	Company 2025
1. UK energy usage					
Electricity[1]	MWh	648	689	452	451
2. Greenhouse gas emissions					
Electricity[1]	tCO_2e	115	143	80	93
Mileage[2]	tCO_2e	3	3	1	1
Total		**118**	**146**	**81**	**94**
3. Emissions intensity ratio	Average employees[3]	745	716	470	446
	tCO_2e/FTE	**0.16**	**0.20**	**0.17**	**0.21**

1 The electricity data in megawatt hours (MWh) has been taken directly from invoices received from energy providers. The greenhouse gas emissions (GhG) of electricity have been calculated using a conversion factor of 0.17700 (2025: 0.20705) as published alongside the SECR guidance. The conversion factor is used to convert this to tonnes of carbon dioxide emissions (tCO_2e).

2 The GhG of mileage is calculated based on the total mileage claims reimbursed. An average reimbursement of 45p per mile is then used to calculate mileage travelled. A conversion factor of 0.256526 (2025: 0.256268) as published alongside the SECR guidance is then used to calculate total GhG.

3 This is the average monthly total headcount during the year, including temporary staff.

The installation of LED lights has driven a reduction in electricity energy usage and emissions in the financial year. A new third-party provider has been engaged for operational carbon footprint support, enabling enhanced insight into emissions drivers and more relevant, actionable guidance to support emissions reduction.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the results of the Company and the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and/or Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Group's business activities, together with the principal risks and uncertainties are set out in the strategic report.

As highlighted on page 3, the Company is the Trustee of the Scheme and makes neither a profit nor a loss.

The Group receives reimbursement for all of its expenditure from the Scheme which has sufficient resources to continue supporting the activities of the Company and its subsidiary USSIM.

There are no factors of which the directors are aware that would materially impact the ability of the Group or Company to continue as a going concern for at least the 12 months following the approval of the financial statements and accordingly the financial statements have been prepared on a going concern basis. Further details are provided in note 1c.

Political donations

No political donations were made during the year (2025: none) and the Group has a policy prohibiting the use of its funds to contribute to any political activity.

Provision of information to auditor

The directors confirm that:

- in so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware
- and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report for the year ended 31 March 2026

Continued

Auditor

Under Section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members of the Company or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Further information on our approach to climate risks and their impact, in line with the Task Force on Climate related Financial Disclosures (TCFD) regulations is available on the website: **uss.co.uk/how-we-invest/responsible-investment**.

This report was approved by the Board on 21 July 2026 and signed on its behalf.

By order of the Board

Michael Burt
Company Secretary

Independent Auditor's report

to the members of Universities Superannuation Scheme Limited

Opinion

We have audited the financial statements of Universities Superannuation Scheme Limited ('the parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2026 which comprise the Group statement of income and retained earnings, the Group and parent company balance sheets, the Group and parent company cash flow statements and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group's and of the parent company's affairs as at 31 March 2026 and of the Group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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 and parent company's ability to continue as a going concern for a period of at least the 12 months following the approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's report to the members of Universities Superannuation Scheme Limited

Continued

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company'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 directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the Company and determined that the most significant are those relating to the reporting framework (FRS 102 and the Companies Act 2006).
- We understood how Universities Superannuation Scheme Limited is complying with those frameworks by making enquiries of management, including the Group General Counsel, Chief Group Services Officer, Group Finance Director, Head of Group Compliance, Internal Audit Director and also the Non-Executive Directors including the Chair of the Group Audit and Risk Committee. We corroborated our understanding through our review of board minutes, papers provided to the Group Audit and Risk Committee and correspondence with regulatory bodies.
- We assessed the susceptibility of the Group and the Company's financial statements to material misstatement, including how fraud might occur by meeting with directors and management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by directors and management. We considered the financial reporting risk arising from the potential for management override of controls to be a significant risk. Whilst we expect that this override risk is mitigated by the segregation of duties that exists within the Group and the Company, we have performed specific procedures to gain assurance that the risk associated with recognition of revenue is adequately mitigated.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management; and focused substantive testing.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ashley Coups
Senior Statutory Auditor
for and on behalf of
Ernst and Young LLP,
Statutory Auditor,
London
21 July 2026

Group statement of income and retained earnings for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Turnover	3	211,715	191,098
Operating expenses	19	(209,324)	(189,644)
Operating profit	4	**2,391**	**1,454**
Finance costs	13, 17	(2,391)	(1,454)
Result on ordinary activities before and after taxation		**–**	**–**

All activities relate to continuing operations in the current and previous financial year.

There are no items of other comprehensive income in the current or previous financial year.

The notes on pages 15 to 27 form part of these financial statements.

Group and Company
Balance sheets as at 31 March 2026
Company registration number: 01167127

		Group		Company	
	Note	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Fixed assets					
Intangible fixed assets	7	1,186	1,617	1,186	1,617
Tangible fixed assets	8	1,603	1,862	1,264	1,579
Investment in subsidiary undertakings	9	–	–	921	921
		2,789	**3,479**	**3,371**	**4,117**
Current assets					
Debtors due within one year	10	95,132	92,504	91,222	88,225
Cash at bank and in hand		297	204	–	–
		95,429	**92,708**	**91,222**	**88,225**
Current liabilities					
Creditors: amounts falling due within one year	11	(68,661)	(62,384)	(89,749)	(87,863)
Net current assets		**26,768**	**30,324**	**1,473**	**362**
Total assets less current liabilities		**29,557**	**33,803**	**4,844**	**4,479**
Creditors: amounts falling due after more than one year	12	(6,356)	(6,108)	–	–
Provision for liabilities and charges	13	(23,201)	(27,695)	(4,844)	(4,479)
Net assets and reserves		**–**	**–**	**–**	**–**

The notes on pages 15 to 27 form part of these financial statements.

The Company has taken advantage of the exemption allowed under s408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Company's result for the year was £nil (2025: £nil) as its costs are recharged in full to the Scheme.

The financial statements were approved by the Board of directors on 21 July 2026 and were signed on its behalf by:

Dame Kate M Barker
Chair

Mr Russell C Picot
Deputy Chair and Senior Director

Cash flow statements
for the year ended 31 March 2026

		Group		Company	
	Note	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Net cash inflow from operating activities	14	**606**	**951**	**364**	**973**
Investing activities					
Purchase of intangible fixed assets	7	(187)	(776)	(187)	(776)
Purchase of tangible fixed assets	8	(326)	(264)	(177)	(197)
Net cash used in investing activities		**(513)**	**(1,040)**	**(364)**	**(973)**
Net increase/(decrease) in cash		**93**	**(89)**	**–**	**–**
Cash and cash equivalents at the start of the year		**204**	**293**	**–**	**–**
Cash and cash equivalents at the end of the year		**297**	**204**	**–**	**–**

The notes on pages 15 to 27 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2026

1 Significant accounting policies and general information

Universities Superannuation Scheme Limited, which is incorporated in England and Wales under the Companies Act 2006 and limited by guarantee and does not have share capital, has no beneficial interest in the investments and other assets held in its name but not included in its balance sheet, since it holds these as Trustee of the Scheme. The address of the registered office is given on page 2. The nature of the Group's operations and principal activity are set out on page 3.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The principal accounting policies are summarised below. Unless otherwise stated, they have been applied consistently throughout all periods presented in these financial statements, which have been prepared on a going concern basis.

b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, most significantly, USS Investment Management Limited. All intercompany balances and transactions have been eliminated on consolidation.

The Company owns the share capital of a number of investment vehicles which aid the efficient administration of those Scheme investments. Their results have not been consolidated into these financial statements because they are considered to be assets of the Scheme. Details of these entities may be obtained by writing to the Company Secretary of Universities Superannuation Scheme Limited, Mr M J Burt, at Royal Liver Building, Liverpool, L3 1PY.

c) Going concern

In performing their going concern assessment, the directors have reviewed the principal risks and uncertainties facing the Group as set out on pages 3 to 5. The Group's fundamental objective and purpose is to manage the day-to-day administration of the Scheme and therefore the main risks from a going concern perspective relate to the ability of the Company to continue to administer the Scheme. These risks identified are not considered to be of a magnitude which casts significant doubt on the Group's ability to continue as a going concern for at least the 12 months following the approval of the financial statements. The Group receives reimbursement for all of its expenditure from the Scheme which has sufficient resources to continue supporting the activities of USSL and its subsidiary, USSIM. The directors have reviewed the cash flow forecasts of the Group, and the Scheme, for a period of 12 months after the date of approval of the financial statements. Geopolitical instability continued to shape the global investment landscape over the period, sustaining an environment of elevated uncertainty and episodic market volatility, however, the directors consider the Group to be operationally resilient. There have been no material operational incidents or losses post year end. Consequently, the financial statements have been prepared on the going concern basis.

d) Turnover

Turnover from the recharge of costs to the Scheme is recognised when the corresponding expenditure has been incurred and therefore the services provided under the Scheme Rules which state that all costs and expenses of managing and administering the Scheme incurred by the Trustee Company during the year are to be paid out by the Scheme. Turnover is stated net of value added tax and is recognised when the significant risks and rewards are considered to have been transferred. Turnover is recorded at the fair value of the consideration received or receivable.

e) Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and seven years and reflects the expected useful economic lives of the assets concerned. Amortisation is charged to the profit and loss account and is included within operating expenses. Provision is made for any impairment.

f) Intangible assets – software licences

Separately acquired licences are included at cost and amortised in equal annual instalments over the life of the asset, which is the shorter of their licence period or their estimated useful economic life. Provision is made for any impairment.

g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The expected useful economic life of an asset commences when the asset is ready to be used as required. The principal annual rates used for this purpose are:

Leasehold improvement	Over the life of the lease
Computer equipment	33⅓%
Office equipment	15%

Notes to the financial statements for the year ended 31 March 2026

Continued

1 Significant accounting policies and general information continued

h) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

i) Retirement benefits

The Group participates in the 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 Company 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 Company 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.

j) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the consideration required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the liability, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from the Scheme, a receivable is recognised as an asset since it is virtually certain that reimbursement will be received and can be measured reliably. Amounts that the Group has provided for are explained in more detail in note 13.

k) Long-Term Incentive Plans

The Group issues cash settled Long-Term Incentive Plans (LTIPs) or Group Deferred Bonuses to certain employees. The LTIPs are measured at their present value using an appropriate discount rate. For USSIM LTIPs, the present value is measured by estimating future Scheme performance in comparison to the performance measures for each plan. Each plan is individually assessed, on an annual basis for the likelihood of future payments. For USSIM LTIPs with a performance reference period starting on or after 1 January 2023, this is based on the assessment of the investment balanced scorecard (a quantitative score derived from a review of performance across six key categories). For USSIM legacy LTIPs with a performance reference period prior to 1 January 2023 this is based on a hybrid approach, which includes performance against the investment balanced scorecard and investment performance benchmarks. From March 2023, Group LTIP awards were discontinued in favour of Group Deferred Bonuses. The present value of the amount that is likely to be paid is charged to the income statement on a straight-line basis over the vesting period, after allowing for an estimate of the plans that will eventually vest. The level of vesting is reviewed at each reporting date and the charge is adjusted to reflect actual and estimated levels of vesting.

l) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

m) Value added tax (VAT)

The Group is part of the USS VAT group and is partially exempt for VAT purposes. Expense analyses are stated net of VAT. The irrecoverable VAT element is charged within operating expenses.

n) Investment in subsidiary

Investment in subsidiary is stated at cost, less any provision for impairment.

Notes to the financial statements for the year ended 31 March 2026

Continued

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the income statement in the period in which the estimate is revised.

a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies.

i) Capitalisation of development costs as intangible assets

Costs were incurred during the year ended 31 March 2026 to develop and build new technology. The enhanced capability results in economic benefit to the Group by reducing external operating costs over the economic life, or by providing a new service to the Scheme's participating employers. In light of the accounting policy to capitalise internal development costs, management was required to consider the appropriate treatment for these costs.

In making their judgement, the directors considered the detailed criteria for the capitalisation of development costs set out in FRS 102 Section 18 Intangible assets other than goodwill and, in particular, the point at which such projects were determined to have moved into the development phase, the measurement of directly attributable costs and the estimation of expected economic benefits. The directors are satisfied that the relevant criteria have been met, the costs are reliably measured and that capitalisation of the costs during the year ended 31 March is appropriate, in conjunction with recognition of an appropriate allowance for amortisation over the useful economic life.

ii) Provision for dilapidation costs

Provision is made for dilapidation costs where the lease requires the reinstatement of the property to its original condition upon finalisation of the lease contract. Provisions for dilapidation costs are recognised on a lease-by-lease basis.

In making its judgement, the directors considered the detailed criteria for the provision of dilapidation costs set out in FRS 102 Section 21 Provisions and Contingencies and, in particular, whether the Group has an obligation at the reporting date as a result of a past event; it is probable (i.e. more likely than not) that the Group will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. The directors are satisfied that the criteria have been met, the dilapidation costs are reliably measured and that provision of the dilapidation costs for the year ended 31 March 2026 is appropriate, in conjunction with recognition of the unwind of the discount rate included within finance costs over the life of each lease.

b) Key source of estimation uncertainty

i) Provisioning for Long-Term Incentive Plans

Determining the liability for future payment of incentive arrangements depends on certain assumptions and estimates which include the discount rate, the number of plans which will eventually vest and the future performance against relevant balanced scorecards, investment performance benchmarks and Scheme performance. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Further disclosures relating to Long-Term Incentive Plans can be found in note 13.

ii) Provision for dilapidation costs

Determining the provision for future dilapidation costs requires an estimation of the present value of future cash flows which involves estimating the price per square foot of the property at current prices adjusted for future price inflation and other reasonable factors along with the identification of a suitable discount rate. The cost assessment is carried out by an independent third party, inflation and discount rate are accounting judgements applied to the estimate. The provisions are estimates and the timing of future cash flows is dependent on future events. Changes in assumptions based on new information will be accounted for in the period when such determination is made. Further disclosures relating to the provision for dilapidation costs can be found in note 13.

Notes to the financial statements for the year ended 31 March 2026

Continued

3 Turnover

All turnover in the current and previous financial year relates to amounts recharged to the Scheme under the Scheme Rules.

4 Operating profit

Operating profit is stated after charging:

	Note	2026 £'000	2025 £'000
Amortisation of intangible assets	7	618	691
Depreciation of tangible fixed assets	8	585	576
Operating lease rentals		2,237	2,132

A breakdown of operating expenses is included in note 19.

The analysis of auditor's remuneration is as follows:

	2026 £'000	2025 £'000
Fees payable to the Company's auditor for the statutory audit of the Company's annual accounts	83	82
Fees payable to the Company's auditor for other services:		
Statutory audit of the accounts of the subsidiary	36	37
Fees payable for the statutory audit of the Scheme's annual accounts	492	478
Audit-related assurance services	5	5
Other assurance services	–	60
Total auditor remuneration	**616**	**662**

Audit-related assurance services of £5,000 (2025: £5,000) were provided to the subsidiary and are disclosed on a consolidated basis. Fees payable to the Company's auditor for the Company itself are not disclosed in the individual accounts of USSL because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

5 Staff costs

The average monthly number of employees was:

	Group		Company	
	2026	2025	2026	2025
Investment management and support	292	283	30	28
Pensions professionals and support	195	188	195	188
Project management	77	76	64	61
Group shared services	181	169	181	169
	745	**716**	**470**	**446**

Staff costs for the above persons were:

	Note	Group		Company	
		2026 £'000	2025 £'000	2026 £'000	2025 £'000
Wages and salaries		63,871	60,281	30,072	27,867
Employee incentives		45,448	38,898	6,983	6,315
Social security costs		15,873	12,929	5,109	4,075
Pension costs		8,348	7,783	3,968	3,581
Redundancy costs		1,285	1,251	632	372
	19	**134,825**	**121,142**	**46,764**	**42,210**

Notes to the financial statements for the year ended 31 March 2026

Continued

5 Staff costs continued

Group employee incentives are split between USSIM Long-Term Incentive Plans and Group Deferred Bonus plans, collectively referred to as Long-Term Incentive Plans (LTIPs), with a total net charge of £11,770,000 (2025: £6,681,000) and annual incentives charge of £33,678,000 (2025: £31,807,000). Company employee incentives are split between Group Deferred Bonus net charge of £1,826,000 (2025: £1,569,000) and annual incentives charge of £5,157,000 (2025: £4,746,000).

Movements in the Long-Term Incentive Plan provision have resulted in a net charge to Group employee incentives of £11,770,000 (2025: £6,681,000) and a net charge to social security costs of £1,766,000 (2025: £1,151,000), giving a total net charge to the income statement of £13,536,000 (2025: £7,832,000).

Movements in the Long-Term Incentive Plan provision have resulted in a net charge to Company employee incentives of £1,826,000 (2025: £1,569,000) and to social security costs of £274,000 (2025: £203,000), giving a total net charge to the income statement of £2,100,000 (2025: £1,772,000).

For further details of the provision see note 13.

6 Directors' emoluments and expenses

	2026 £'000	2025 £'000
Total emoluments of the directors of the Company:		
Fees (non-executive directors)	**844**	**827**

	2026	2025
The number of company directors who:		
are members of the Scheme as at 31 March	**7**	**7**

Directors' membership of the Scheme, whether deferred, pensioner or active is through their past or present employment with the other Scheme member institutions.

Directors are remunerated on a basis which is approved by the Joint Negotiating Committee and is in accordance with the contribution which they make to the work of the Company and their legal responsibilities.

The emoluments for duties to the Company of the highest paid director during the current financial year were £179,000 (2025: £176,000). No pension contributions have been made on behalf of directors in either the current or previous financial year.

There was one director who also served as director of the subsidiary company, USS Investment Management Limited during the year, who received £60,000 (2025: one director received £59,000) in connection with their directorship of the subsidiary.

The Group considers members of the Group Executive to be key management personnel. Such individuals are not directors of the Company and their remuneration is not included within the directors' disclosures above. Total emoluments of the Group Executive are set out below. Further information is available in the Remuneration Report in the Scheme Annual Report and Accounts.

	2026 £'000 Paid in year	2025 £'000 Paid in year
Total emoluments of the Group Executive during the year:		
Salary and other emoluments excluding long-term incentives	4,919	5,366
Amounts receivable under Long-Term Incentive Plans	1,839	1,671
	6,758	**7,037**

	2026	2025
The number of Group Executive members who:		
are members of the Scheme as at 31 March	**7**	**5**
received payment under a Long-Term Incentive Plan during the year	**7**	**9**

Notes to the financial statements for the year ended 31 March 2026

Continued

7 Intangible fixed assets

Group and Company

	Patents and licences £'000	Development costs £'000	Total £'000
Cost			
At 1 April 2025	644	11,654	12,298
Additions	–	187	187
At 31 March 2026	**644**	**11,841**	**12,485**
Accumulated depreciation			
At 1 April 2025	498	10,183	10,681
Charge for the year (note 4)	22	596	618
At 31 March 2026	**520**	**10,779**	**11,299**
Net book value			
At 31 March 2026	**124**	**1,062**	**1,186**
At 31 March 2025	146	1,471	1,617

Notes to the financial statements for the year ended 31 March 2026

Continued

8 Tangible fixed assets

Group

	Leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 April 2025	3,709	3,702	1,967	9,378
Additions	–	176	150	326
At 31 March 2026	**3,709**	**3,878**	**2,117**	**9,704**
Accumulated depreciation				
At 1 April 2025	2,625	3,462	1,429	7,516
Charge for the year (note 4)	258	162	165	585
At 31 March 2026	**2,883**	**3,624**	**1,594**	**8,101**
Net book value				
At 31 March 2026	**826**	**254**	**523**	**1,603**
At 31 March 2025	1,084	240	538	1,862

Company

	Leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 April 2025	3,709	3,702	933	8,344
Additions	–	176	1	177
At 31 March 2026	**3,709**	**3,878**	**934**	**8,521**
Accumulated depreciation				
At 1 April 2025	2,625	3,462	678	6,765
Charge for the year	258	162	72	492
At 31 March 2026	**2,883**	**3,624**	**750**	**7,257**
Net book value				
At 31 March 2026	**826**	**254**	**184**	**1,264**
At 31 March 2025	1,084	240	255	1,579

Notes to the financial statements for the year ended 31 March 2026

Continued

9 Investment in subsidiary undertakings

	Company £'000
At 1 April 2025 and 31 March 2026	**921**

The list of Group subsidiary undertakings is as follows:

Name	Address of the registered office	Nature of business	Interest	Total £
USS Investment Management Limited	Royal Liver Building, Liverpool, United Kingdom, L3 1PY	Investment management and advisory services	100% ordinary shares	920,644
USS Secretarial Services Limited		Non-trading	100% ordinary shares	1
USS MIPP Limited		Non-trading	100% ordinary shares	1

On 1 October 2012, 920,643 ordinary shares of £1 were issued to the Company (in addition to existing share capital of £1) by USS Investment Management Limited, which is 100% directly owned. The principal activity of USS Investment Management Limited is to provide investment management and advisory services to the Company.

The Company, as the sole corporate Trustee of the Scheme, owns the share capital of a number of special purpose entities to aid the efficient administration of the Scheme's investments. The results of the special purpose entities have not been consolidated into the financial statements of the Group because they are considered to be assets of the Scheme. Details of these entities may be obtained by writing to the registered office of the Company.

10 Debtors due within one year

	Group		Company	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Amounts due from related party (Scheme)	87,560	84,903	87,560	84,903
Prepayments	7,382	7,002	3,605	3,147
Other debtors	190	599	57	175
	95,132	**92,504**	**91,222**	**88,225**

Amounts due from related party represent recharges to the Scheme and are repayable on demand.

11 Creditors: amounts falling due within one year

	Group		Company	
	2026 £'000	2025 £'000 (restated)	2026 £'000	2025 £'000 (restated)
Amounts due to subsidiary undertaking	–	–	70,667	69,136
Accrued expenditure	17,305	16,544	11,520	10,831
Other creditors	15,976	16,759	2,318	3,386
Social security and other taxation	35,380	29,081	5,244	4,510
	68,661	**62,384**	**89,749**	**87,863**

Notes to the financial statements for the year ended 31 March 2026

Continued

11 Creditors: amounts falling due within one year continued

In the current year, the Group has reclassified holiday pay accruals from other creditors to accrued expenditure to better reflect the nature of the liability. Comparative amounts have been reclassified accordingly. This reclassification has no impact on total current liabilities, net assets or profit for the prior period.

Group other creditors includes a liability of £5,542,000 (2025: £5,131,000) in relation to the short-term element of deferred remuneration obligations.

For USSIM employees, where the variable element of an individual's annual bonus exceeds a certain threshold, a percentage is deferred, with payment being subject to continued employment conditions. The bonus thresholds and deferral percentages are: deferral of 30% of the bonus earned if the total bonus is over £50,000; 40% over £200,000; and 50% over £400,000. The deferred remuneration is adjusted in line with Scheme performance over the deferral period.

For awards granted from 2023 onwards, the deferred element is paid in equal proportions over each of the three years following. For awards granted prior to 2023, the entire deferred portion is paid after three years.

12 Creditors: amounts falling due after more than one year

	Group		Company	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Other creditors	5,527	5,311	–	–
Social security and other taxation	829	797	–	–
	6,356	**6,108**	**–**	**–**

Group other creditors includes a liability of £5,527,000 (2025: £5,311,000) in relation to the long-term element of deferred remuneration obligations. See note 11 for more information.

13 Provision for liabilities and charges

The table below sets out the movement in the provision for liabilities and charges since 31 March 2025:

Reconciliation of Group provision

	Dilapidation £'000	LTIPs £'000	Total £'000
At 1 April 2025	1,121	26,575	27,696
Charged to income statement	(82)	13,860	13,778
Release of provision	–	(324)	(324)
Unwind of the discount (included in finance costs)	56	2,335	2,391
Utilisation of provision	–	(20,340)	(20,340)
At 31 March 2026	**1,095**	**22,106**	**23,201**

Reconciliation of Company provision

	Dilapidation £'000	Group Deferred Bonus £'000	Total £'000
At 1 April 2025	1,121	3,358	4,479
Charged to income statement	(82)	2,100	2,018
Unwind of the discount (included in finance costs)	56	437	493
Utilisation of provision	–	(2,146)	(2,146)
At 31 March 2026	**1,095**	**3,749**	**4,844**

Notes to the financial statements for the year ended 31 March 2026

Continued

13 Provision for liabilities and charges continued

Long-Term Incentive Plans

The objective of the plans, which are awarded annually, is to ensure that a significant portion of the remuneration payable to key employees is aligned with the long-term performance of the Scheme.

The key assumptions are shown below:

	2026	2025
Vesting period	3, 4 or 5 years	3, 4 or 5 years
Leaver rate	4% each year of the vesting period, with 0% in the final year of vesting	4% each year of the vesting period, with 0% in the final year of vesting
Discount rate	5.03%	4.88%

USSIM LTIPs with a performance reference period starting on or after 1 January 2023 vest over a three-year period and payment made at vesting other than for executive directors where payment will be made after an additional two-year holding period. USSIM LTIPs with a performance reference period commencing prior to this date vest after four or five years.

The leaver rate assumption reflects observed leaver rates, and the provision calculation approach applies an annual expected attrition rate rather than a single rate across the life of the plan.

The discount rate is based on the effective yield of an index comprised of one- to five-year AAA–A rated sterling corporate bonds.

Awards are forfeited if the employee leaves during the vesting period, unless deemed to be a good leaver under the provisions of each plan. The amount included in the provision balance in relation to full provision being made for future estimated obligations for good leavers at 31 March 2026, inclusive of national insurance, is £1,202,000 (2025: £4,329,000).

The LTIP liability due within one year is £9,555,000 (2025: £13,594,000).

Dilapidations

The carrying amount of the provision at 31 March 2026 is £1,095,000 (2025: £1,121,000). The provision is expected to be utilised on the finalisation of each lease over the next five years.

The key assumptions are shown below:

	2026	2025
Risk adjusted discount rate	5.10%	4.88%
Inflation	2% – 2.8%	2% – 2.5%
Length of lease	3 – 3.5 years	5 years
Range of price per square foot (on a lease-by-lease basis)	£18.76 – £25.76	£20.19 – £26.97

14 Notes to the cash flow statement

Reconciliation of net cash flows from operating activities

	Group		Company	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Operating profit	2,391	1,454	493	202
Increase/(decrease) in creditors	6,525	(1,453)	1,886	(3,272)
Decrease in provisions	(6,885)	(1,515)	(128)	352
(Increase)/decrease in debtors	(2,628)	1,198	(2,997)	2,499
Amortisation of intangible assets (note 7)	618	691	618	691
Depreciation of tangible assets (note 8)	585	576	492	501
Net cash flows from operating activities	**606**	**951**	**364**	**973**

Notes to the financial statements for the year ended 31 March 2026

Continued

15 Operating lease arrangements

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group and Company			
	Land and buildings		Other	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Less than one year	1,823	1,932	18	39
Between two and five years	5,610	7,322	–	18
Total	**7,433**	**9,254**	**18**	**57**

16 Contingent liabilities and assets

During the normal course of business, the Scheme enters into derivative transactions which are reflected in the Scheme's financial statements. As a consequence of the clearing arrangements in respect of these transactions, certain charges have been granted by the Company. No liability is expected to arise as a result of these charges.

Notes to the financial statements for the year ended 31 March 2026

Continued

17 Pension Scheme funding position

A deficit recovery plan was put in place as part of the 2020 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 provisions basis. The Company was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the statement of income and expenses in the prior year as laid out in note 5 above.

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

Since the Company cannot identify its share of Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for Scheme 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 £73.1bn and the value of the Scheme's technical provisions was £65.7bn indicating a surplus of £7.4bn 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**).

Price inflation – Consumer Prices Index (CPI)	3.0% p.a. (based on a long-term average expected level of CPI, broadly consistent with long-term market expectations)
RPI/CPI gap	1.0% p.a. to 2030, reducing to 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 increase 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:

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:

	2026	2025
Males currently aged 65 (years)	23.8	23.8
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	25.8	25.7
Females currently aged 45 (years)	27.3	27.2

Notes to the financial statements for the year ended 31 March 2026

Continued

18 Related party transactions

There are no related party transactions other than transactions between the Company and the Scheme; transactions with Group entities; and amounts paid to directors and key management personnel disclosed in note 6.

The Company acts as the Trustee of the Scheme and, as such, holds investments and other assets in its own name, but these are not included in the Company's balance sheet, as the Company holds the assets as the Trustee of the Scheme.

The Group provides administration and investment management services to the Group and the Group undertakings of the Trustee, charging £211,715,000 (2025: £191,098,000). The balance due from the Scheme, as disclosed in note 10, was £87,560,000 as at 31 March 2026 (2025: £84,903,000). The Group has taken advantage of the exemptions under Financial Reporting Standard 102, Section 33.1A: Related Party Disclosures, and has not disclosed transactions with group undertakings where the Company is a wholly owned subsidiary as consolidated financial statements are prepared.

19 Operating expenses – Group

	Note	2026 Total £'000	2025 Total £'000
Staff costs	5	134,825	121,142
Other personnel costs		7,299	7,135
Premises costs		5,114	4,573
Investment Management fees		20,265	19,234
Computer and information services costs		18,657	16,144
Professional fees		15,111	15,471
Other costs		8,053	5,945
Total operating expenses		**209,324**	**189,644**