



USS

*For members, for the future.*

**Universities  
Superannuation  
Scheme Limited**

Group Report and Accounts  
for the year ended  
31 March 2025

Company number: 01167127

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# Company information

<b>Company registration number</b>	01167127
<b>Registered office</b>	Royal Liver Building Liverpool L3 1PY
<b>Company secretary</b>	Mr M Burt
<b>Directors</b>	Dame K M Barker (Chair) Mr R C Picot (Deputy Chair and Senior Director) Mr A C Brown (resigned 31 July 2024) Professor Sir P J Curran Mrs M D'Auria Mr G Dixon Ms E Kelleher Dr A Kerneis Dr S J Marsh (appointed 12 August 2024) Ms H M Shay Mr S W Spinks Professor A T Tickell (appointed 1 April 2024) Dr D C H Watts
<b>Bankers</b>	Barclays Bank PLC 48B & 50 Lord Street Liverpool L2 1TD  National Westminster Bank PLC 2-8 Church Street Liverpool L1 3BG
<b>Independent auditor</b>	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY
<b>Website</b>	<a href="https://uss.co.uk">uss.co.uk</a>

# Strategic report

for the year ended 31 March 2025

The directors present their strategic report for the year ended 31 March 2025.

## 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 and does not have share capital and is the corporate trustee of the Universities Superannuation Scheme ('USS' or 'the scheme'). The scheme is the principal pension scheme for academic and comparable staff in 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 the United Kingdom. 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 year ended 31 March 2025 marked the scheme's 50th year in operation.

Following the March 2023 valuation which was completed in December 2023 and indicated an estimated funding surplus of £7.4bn, changes to the contribution rates and pension benefits were implemented. On 1 January 2024 the member contribution rate reduced from 9.8% to 6.1%, and the employer rate

reduced from 21.6% to 14.5%. On 1 April 2024, the defined benefits offered by the scheme were restored to pre-April 2022 levels, and a one-off uplift was applied to the benefits of eligible members who paid into the scheme between 1 April 2022 and 31 March 2024. As at 31 March 2025, the interim assessment indicates that the scheme is still in surplus.

We have, and will continue to work with our stakeholders to consider how the scheme's funding, investment and benefit strategies can be further developed to support the future stability of the scheme over the long-term.

The global financial landscape has remained heavily influenced by ongoing geopolitical instability, particularly in Eastern Europe and the Middle East, and latterly across the developed world by changing US policy.

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](https://uss.co.uk/about-us/report-and-accounts).

Following the scheme's announcement of its net zero ambition in May 2021, we are pleased to report that we remain ahead of target. The goal to reduce carbon emissions (relating to the scheme's investment portfolio, that USSIM manages) by 25% by 2025 was achieved ahead of the deadline, and we are on track for the 50% reduction target by 2030.

This progress however has not been matched by real world emissions, which continue to rise. More needs to be done to slow down or reverse the rise in global temperatures.

We will continue to complement our system-level engagement with active, bottom-up company engagement. Similarly, our policy of voting and exercising our rights as shareholders in line with our responsible stewardship of the scheme's assets will continue. We are keen to encourage companies to adopt better standards of corporate governance and to better manage key environmental and social issues within their business operations.

As reported previously, in 2023 we identified some historical issues in relation to iterations of the Scheme Rules that applied at different points prior to October 2011. The issues affect a relatively small proportion of our members. Our aim was, and is, to be sure that our administration practice is aligned with the requirements of the Scheme Rules and relevant legislation through time.

To that end, we are working through a complex, historical dataset to resolve these matters and to expedite the clarification of benefits entitlements for affected members and any associated remediation, whilst keeping the Pensions Regulator and other stakeholders informed. We have made good progress resolving members' benefits where their positions are more straightforward.

As reported last year, we had anticipated seeking court directions to resolve some of the issues. We no longer believe this is likely to be the most efficient approach to resolving the remaining members' benefits entitlements in a timely manner, due in part to the potential impact of recent and upcoming court cases and regulations in relation to historical actuarial certificates, which have implications for the pensions industry as a whole, including USS.

## 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.

## Strategic report for the year ended 31 March 2025

Continued

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 which directly impact the Group including financial risks, 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

#### 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.

To mitigate this risk, the Group holds regular meetings with employers, member representatives and employer representatives, including both Universities and Colleges Employers Association (UCEA) and University and College Union (UCU). The Group works closely with UCU and UCEA as stakeholders, via their membership of the Joint Negotiating Committee (JNC), to facilitate any benefit changes the JNC wishes to make.

In addition, the Group invites regular feedback from members and employers through surveys, advisory panels and online research communities, to understand their priorities and needs and adapt our proposition.

#### Transaction processing & 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 employees and people leaders, who are aligned to the scheme's purpose and values, to enable the delivery of business objectives and strategic goals. 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 and targets including improving diversity at senior levels.

#### 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, the Group General Counsel leads the process to monitor legal and regulatory change. Key changes are communicated by specific updates to relevant business heads, compliance and legal training, advisory work and monitoring activity. Additionally, key policies are implemented and maintained. These, combined with legal and compliance training, inform staff of their legal and regulatory obligations.

Risk based assurance activities assess the design and effectiveness of the control environment across key business processes and functions. Assurance activities have been developed collaboratively by each of the three lines of defence, to provide an indication of the health of the control environment in relation to key business processes.

#### 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.

## Strategic report for the year ended 31 March 2025

Continued

### 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.

### 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

The risk that USS holds inadequate assets to cover the accrued pension benefits. This may lead to the requirement to substantially increase contributions, amend investment strategy and/or reduce future benefits.

To mitigate this risk, the Group has implemented a comprehensive Financial Management Plan (FMP) as part of actuarial valuations, incorporating the acknowledged strength of the employers' covenant, the appropriate contribution rate and investment strategy, and has a dedicated Funding Strategy and Actuarial team focused on the funding of the Retirement Income Builder, the defined benefit part of the scheme. The Group regularly monitors the funding level, employers' covenant strength, contribution adequacy and liability in the context of the FMP. This includes an analysis of the sources of changes

in the funding position, as well as how it compares with expectations at the last valuation.

Further details relating to the funding of the scheme can be found in note 17, headed Pension scheme funding position.

### Climate change risk

There is a risk of material financial impact from climate change driven by transition risk, where asset values are impacted by economic transition in response to climate change, and by physical risk of damage to assets from extreme climate and weather events. The impact of this risk would include loss of value of assets and/or asset stranding from transition to a low-carbon economy or from actual or potential physical damage, especially where we are long-term holders of those assets.

To mitigate this risk, the scheme has set an ambition to achieve net zero for carbon by 2050, with interim targets for 2025 (which have been achieved) and 2030 covering non-sovereign assets. Climate risk has been integrated into governance, investment decision-making and risk management processes with oversight at board level. Regular scenario analysis and modelling is performed to help identify and quantify the systemic impact of climate change on the economy and markets. USSIM has a dedicated in-house Responsible Investment (RI) team with specialist expertise to support investment teams and the trustee.

### Investment performance risk

The Group is indirectly exposed to investment performance risk, the risk that investment returns are below the required return over the medium to long-term (5+ years), leading to the scheme funding ratio being below acceptable minimum levels for defined benefit, or member investment return targets not being met for the defined contribution portfolios.

To mitigate this risk the Group has a documented, structured and effective investment processes, run by experienced investment professionals, incorporating robust controls and diligent oversight.

The DB investment portfolio is diversified across various investment types and risk factors. It is managed relative to a series of key risk indicators (KRIs) which seek to align the investment strategy with the trustee's investment risk appetite to fulfil the goals of the Financial Management Plan.

Within the Investment Builder, the DC element of the scheme, the 'Let Me Do It' fund range was chosen to provide members with an appropriate range of risk and return expectations. The Default Lifestyle Option progressively reduces investment risk exposure over the 10 years before expected retirement to provide greater certainty around outcomes.

Investment risk appetite is captured via the trustee's risk appetite statements (RASs) developed for the Investment Framework and measured by KRIs, including KRIs for environmental, social and governance risks. The RASs and KRIs are reviewed annually by the USS Investment Committee, and USSIM is regularly assessed for its adherence to them by the Investment Risk function. The investment balanced scorecard process is used to assess investment performance against multiple criteria over various investment horizons. All of this is overseen by the Investment Risk and Performance team who report into the Group Chief Risk Officer

Further information with more detailed commentary on investment performance risks can be found in the scheme's Annual Report and Accounts for the year ended 31 March 2025 and the Statement of Investment Principles, both of which are available on the website [uss.co.uk](https://uss.co.uk).

### Non-financial key performance indicators (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 has continued to invest in its pensions administration and support function due to increasing member expectations of the scheme and changes in the regulatory environment.

Employer satisfaction continues to score well, with sustained high performance across administration, communications, and support. The overall employer relationship remains positive with 9 in 10 rating it as good/very good.

## Strategic report for the year ended 31 March 2025

Continued

This year, the team delivered strong service to our members through telephone interactions, achieving an 89% satisfaction score. They surpassed service targets and successfully issued 95% of responses to members within the designated timeframe despite a 7% increase in member interactions with the scheme.

### Value for money and effective cost control

The Group must demonstrate value for money including transparency and accountability when engaging with suppliers since its costs are ultimately recharged to the scheme.

This is achieved by working to ensure that expenditure and sourcing decisions are approved before suppliers are engaged, and that cost performance against budgets is monitored on a monthly basis, and against external benchmarks annually.

The operating costs for the year amounted to £189.6m (2024: £141.2m). A summary of total operating costs for the year analysed by nature of expense is provided below.

Total operating costs have increased by £48.5m or 34% year-on-year.

The prior year results reflected the full £46.1m release of the pension deficit liability due to the 2023 scheme valuation reporting a surplus.

The growth in costs is also due to an increase of £10.9m in wages and salaries, primarily due to inflation and a higher headcount as we continue to strengthen our internal investment management capability.

The lower investment balanced scorecard assessment in the year has driven a year on year reduction in employee incentive charge of £7.1m.

### 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. 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.

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 (as described in the previous paragraph). USSIM LTIPs with a

performance reference period prior to 1 January 2023 are assessed on a hybrid approach, which includes performance against relevant balanced scorecards and investment performance benchmarks.

From March 2023, Group LTIP awards were discontinued in favour of Group Deferred Bonuses.

Reflecting the assessment of the investment balanced scorecard for the scheme performance year ended 31 December 2024, and the impact of Group Deferred Bonus costs, £7.8m was charged in the Group in the current year (2024: £15.0m). More information about the USS Investment Committee's assessment is included in the scheme's Annual Report and Accounts.

The LTIP provision represents an accounting judgement involving estimation uncertainty. Further details are shown in note 13 to the financial statements.

	2025 Total £'000	2024 Total £'000
<b>People related expense</b>		
Wages and salaries (inclusive of social security, redundancy and pension costs)	76,493	65,569
Employee incentives (inclusive of social security)	44,660	51,725
Contractor costs	1,801	1,678
Pension deficit (credit)/expense and provision funding cost	—	(46,060)
Other personnel costs	5,324	4,876
<b>People related expense</b>	<b>128,278</b>	<b>77,788</b>
Premises costs	4,573	4,641
Investment costs	19,234	19,244
Other costs	37,559	39,511
<b>Total operating costs</b>	<b>189,644</b>	<b>141,184</b>



## Strategic report for the year ended 31 March 2025

Continued

### Pension scheme funding position

Following the 31 March 2023 valuation, which indicated an estimated funding surplus of £7.4bn, from 1 January 2024 deficit recovery contributions ceased and contribution rates were reduced. On 1 April 2024, an increased defined contribution threshold and improved benefits were implemented. The scheme funding position is monitored regularly, with a full valuation required at least every three years and an interim assessment in the years where there is no full valuation.

As at 31 March 2025, the interim assessment indicates that the scheme is still in surplus.

### Employee numbers

Group employees are critical to the success of the Group and scheme overall. To deliver value for members and institutions, the board ensures that the Group has the right mix of skills and experience. The Group continued to invest in its people during the year. Average headcount increased from 636 to 716 as we continue to build the internal capabilities of our Investment Management team.

### 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 [uss.co.uk/about-us/report-and-accounts](https://uss.co.uk/about-us/report-and-accounts).

### Long-term decision making

The Group has a long-term focus and purpose to deliver an investment strategy to support the sustainability of the scheme and ensure that pensions can be paid as they fall due. As part of its decision making the board considers the likely consequences of any decision in the long-term for all significant matters discussed. The board regularly discusses strategic issues and considers the long-term impact on the Group and the scheme it serves.

The Group considers long-term risks to the performance of the investment portfolio, including financially material environmental, social and governance factors. 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 works with more than 577,000 (2024: 554,000) 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 also engages regularly with UCU, which appoints members to the JNC (for more information on the activities of the JNC see the scheme's Governance supplement on the website [uss.co.uk/about-us/report-and-accounts](https://uss.co.uk/about-us/report-and-accounts)).

In March 2024, the JNC recommended that the body representing participating employers on the committee should be transferred from Universities UK (UUK) to UCEA, this transfer to UCEA occurred on 1 August 2024.

The Group provides regular information to employers and members with regards to the performance of the scheme 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 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 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 members.

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 universities and in protecting members' benefits.

This report was approved by the board on 22 July 2025 and signed on its behalf.

By order of the board

**Michael Burt**  
Company Secretary



# Directors' report

for the year ended 31 March 2025

The directors present their report and the audited financial statements of the Group and company for the year ended 31 March 2025.

## 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 explained in the strategic report, the 31 March 2023 actuarial valuation indicated a substantially improved funding position and lower contribution requirements. Based on this, the JNC recommended improvements to future service benefits, returning these to the levels in force prior to April 2022, and lower contribution rates, as well as giving a one-off uplift for benefits built up by eligible members between 1 April 2022 and 31 March 2024. The contribution rate reductions were implemented on 1 January 2024 and the benefit changes and uplift were implemented from 1 April 2024. The interim valuation as at 31 March 2025 indicated the scheme is still in surplus, therefore no changes to contribution rates are proposed.

Looking ahead, as well as developing our investment capability and engaging more extensively with governments, policy makers and regulators, we are focused on how we can innovate to serve our members and employers better. To ensure that USS can continue to provide the best possible service to its members, we are undertaking a project to implement Procentia's award-winning administration platform. The move is driven by our ambition to deliver high levels of automation, enhanced functionality, and digital self-service for members and employers.

## Employees

The Group is committed to supporting the principles of equal opportunities and eliminating 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, 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.

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 are an important part of the process of setting objectives for staff, so that a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Group can be achieved.

## 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.

In the year, the Trustee Board oversaw the implementation of the Designated Non-Executive Director ('DNED') programme to help ensure that employees' perspectives are considered and factored into board decision making.

The Group continued to invest in its people during the period, focusing on creating an engaging and inclusive workplace that retains and develops a skilled workforce to enable it to deliver its objectives. The well-being and positive motivation of employees is a top priority. The Group's hybrid working framework looks to balance the delivery requirements of USS with the work/life balance needs of its employees: an initiative important to the Equality, Diversity and Inclusion strategy.

The key performance indicator for employee engagement is the outcome of the employee engagement survey. The aim of the annual independent employee engagement survey is to measure the levels of alignment with our goals, commitment and motivation. The most recent employee engagement score for the Group was 7.8 out of 10 (2024: 7.9 out of 10), which is in line with the industry benchmark at 7.8.

## Directors' report for the year ended 31 March 2025

Continued

### Engagement with suppliers, customers and others

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

### 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
- 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 (2024: none).

### 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
- 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.

### 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.

## Directors' report for the year ended 31 March 2025

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 24.

		Group 2025	Group 2024	Company 2025	Company 2024
<b>1. UK energy usage</b>					
Electricity <sup>1</sup>	MWh	689	766	451	523
<b>2. Greenhouse gas emissions</b>					
Electricity <sup>1</sup>	tCO <sub>2</sub> e	143	159	93	108
Fuel	tCO <sub>2</sub> e	–	–	–	–
Mileage <sup>2</sup>	tCO <sub>2</sub> e	3	4	1	2
<b>Total</b>		<b>146</b>	<b>163</b>	<b>94</b>	<b>110</b>
<b>3. Emissions intensity ratio</b>					
	Average employees <sup>3</sup>	716	636	446	395
	<b>tCO<sub>2</sub>e/FTE</b>	<b>0.20</b>	<b>0.26</b>	<b>0.21</b>	<b>0.28</b>

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 0.20705 (2024: 0.207074) as published alongside the SECR guidance. The conversion factor is used to convert this to tonnes of carbon dioxide emissions (tCO<sub>2</sub>e).

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 0.256268 (2024: 0.258274) as published alongside the SECR guidance is then used to calculate total GhG.

3 This is the average monthly headcount during the year.

The Group has conducted a review of its 2023 operational carbon footprint to baseline its emissions and identify areas where action can be taken to reduce them.

An assessment is in progress with improved data quality which will support a broader plan and demonstrate trends, gaps and areas of focus. Progress has been made to install LED office lighting to increase energy efficiency.

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](https://uss.co.uk/how-we-invest/responsible-investment).

This report was approved by the board on 22 July 2025 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 2025 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 2025 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 9, 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  
22 July 2025

## Group statement of income and retained earnings for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover	3	191,098	143,755
Operating expenses	19	(189,644)	(141,184)
<b>Operating profit</b>	4	<b>1,454</b>	<b>2,571</b>
Finance costs	13, 17	(1,454)	(2,571)
<b>Result on ordinary activities before and after taxation</b>		<b>—</b>	<b>—</b>

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 16 to 28 form part of these financial statements.

# Group and Universities Superannuation Scheme Limited

## Balance sheets as at 31 March 2025

Company registration number: 01167127

	Note	Group		Company	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Fixed assets</b>					
Intangible fixed assets	7	1,617	1,532	1,617	1,532
Tangible fixed assets	8	1,862	2,174	1,579	1,883
Investment in subsidiary undertakings	9	–	–	921	921
		<b>3,479</b>	<b>3,706</b>	<b>4,117</b>	<b>4,336</b>
<b>Current assets</b>					
Debtors due within one year	10	92,504	93,702	88,225	90,724
Cash at bank and in hand		204	293	–	–
		<b>92,708</b>	<b>93,995</b>	<b>88,225</b>	<b>90,724</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	11	(62,384)	(63,703)	(87,863)	(91,135)
<b>Net current assets/(liabilities)</b>		<b>30,324</b>	<b>30,292</b>	<b>362</b>	<b>(411)</b>
<b>Total assets less current liabilities</b>		<b>33,803</b>	<b>33,998</b>	<b>4,479</b>	<b>3,925</b>
Creditors: amounts falling due after more than one year	12	(6,108)	(6,242)	–	–
Provision for liabilities	13	(27,695)	(27,756)	(4,479)	(3,925)
<b>Net assets and reserves</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

The notes on pages 16 to 28 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 (2024: £nil) as its costs are recharged in full to the scheme.

The financial statements were approved by the board of directors on 22 July 2025 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 2025

	Note	Group		Company	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Net cash inflow from operating activities</b>	14	<b>951</b>	<b>570</b>	<b>973</b>	<b>716</b>
<b>Investing activities</b>					
Purchase of intangible fixed assets	7	(776)	(450)	(776)	(450)
Purchase of tangible fixed assets	8	(264)	(300)	(197)	(266)
<b>Net cash used in investing activities</b>		<b>(1,040)</b>	<b>(750)</b>	<b>(973)</b>	<b>(716)</b>
<b>Net decrease in cash</b>		<b>(89)</b>	<b>(180)</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at the start of the year</b>		<b>293</b>	<b>473</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>204</b>	<b>293</b>	<b>–</b>	<b>–</b>

The notes on pages 16 to 28 form part of these financial statements.

# Notes to the financial statements for the year ended 31 March 2025

## 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 subsidiary 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 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. The impact of recent U.S. tariff policies, inflation, interest rate fluctuations and global market volatility have brought about increased market uncertainty, 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 2025

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). USSIM LTIPs with a performance reference period prior to 1 January 2023 are assessed on a hybrid approach, which includes performance against relevant balanced scorecards 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 registered for VAT activities and recovers a proportion of the input tax on administrative expenditure directly attributable to the scheme's investment management activities. The unrecovered 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 2025

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 2025 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 2025 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 2025

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	2025 £'000	2024 £'000
Amortisation of intangible assets	7	691	538
Depreciation of tangible fixed assets	8	576	1,093
Operating lease rentals		2,132	2,000

A breakdown of operating expenses is included in note 19.

The analysis of auditor's remuneration is as follows:

	2025 £'000	2024 £'000
Fees payable to the company's auditor for the statutory audit of the company's annual accounts	82	77
Fees payable to the company's auditor for other services:		
Statutory audit of the accounts of the subsidiary	37	33
Fees payable for the statutory audit of the scheme's annual accounts	478	454
Audit-related assurance services	5	5
Other assurance services	60	42
<b>Total auditor remuneration</b>	<b>662</b>	<b>611</b>

Audit-related assurance services of £5,000 (2024: £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.

## Notes to the financial statements for the year ended 31 March 2025

Continued

### 5 Staff costs

The average monthly number of employees was:

	Group		Company	
	2025	2024 (restated)	2025	2024
Investment management and support	283	251	28	26
Pensions professionals and support	188	180	188	180
Project management	76	50	61	34
Group shared services	169	155	169	155
	<b>716</b>	<b>636</b>	<b>446</b>	<b>395</b>

The 2024 Group comparative has been restated to reclassify 14 employees in USSIM from 'Investment management and support' to 'Project management'.

Staff costs for the above persons were:

	Note	Group		Company	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Wages and salaries		60,281	52,379	27,867	24,078
Employee incentives		38,898	45,244	6,315	5,926
Social security costs		12,929	12,611	4,075	3,412
Pension costs		7,783	6,911	3,581	3,148
Deficit recovery credit	17	–	(46,060)	–	(15,416)
Redundancy costs		1,251	335	372	229
	19	<b>121,142</b>	<b>71,420</b>	<b>42,210</b>	<b>21,377</b>

Group employee incentives are split between long-term incentive plans and Group Deferred Bonus plans charge of £6,681,000 (2024: £13,253,000) and annual incentives charge of £31,807,000 (2024: £31,991,000). Company employee incentives are split between Group Deferred Bonus charge of £1,569,000 (2024: £1,652,000) and annual incentives charge of £4,746,000 (2024: £4,274,000).

Movements in the long-term incentive plan provision have resulted in a charge to Group employee incentives of £6,681,000 (2024: £13,253,000) and a charge to social security costs of £1,151,000 (2024: £1,709,000), giving a total charge to the income statement of £7,832,000 (2024: £14,962,000).

Movements in the long-term incentive plan provision have resulted in a charge to company employee incentives of £1,569,000 (2024: £1,652,000) and to social security costs of £203,000 (2024: £225,000), giving a total charge to the income statement of £1,772,000 (2024: £1,877,000).

For further details of the provision see note 13.

## Notes to the financial statements for the year ended 31 March 2025

Continued

### 6 Directors' emoluments and expenses

	2025 £'000	2024 £'000
<b>Total emoluments of the directors of the company:</b>		
Fees (non-executive directors)	827	785
	2025	2024
<b>The number of company directors who:</b>		
are members of the USS defined benefit scheme as at 31 March	7	6

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 £176,000 (2024: £162,000). 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 £59,000 (2024: one director received £58,000) 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.

	2025 £'000 Paid in year	2024 £'000 Paid in year
<b>Total emoluments of the Group Executive during the year:</b>		
Salary and other emoluments excluding long-term incentives	5,366	5,070
Amounts receivable under long-term incentive schemes	1,671	1,454
	<b>7,037</b>	<b>6,524</b>
	2025	2024
<b>The number of Group Executive members who:</b>		
At 31 March are members of the USS defined benefit scheme	5	6
Received payment under a long-term incentive scheme during the year	9	10



## Notes to the financial statements for the year ended 31 March 2025

Continued

**7 Intangible fixed assets****Group and company**

	Patents and licences £'000	Development costs £'000	Total £'000
<b>Cost</b>			
At 1 April 2024	644	10,878	11,522
Additions	–	776	776
<b>At 31 March 2025</b>	<b>644</b>	<b>11,654</b>	<b>12,298</b>
<b>Accumulated depreciation</b>			
At 1 April 2024	423	9,567	9,990
Charge for the year (note 4)	75	616	691
<b>At 31 March 2025</b>	<b>498</b>	<b>10,183</b>	<b>10,681</b>
<b>Net book value</b>			
<b>At 31 March 2025</b>	<b>146</b>	<b>1,471</b>	<b>1,617</b>
At 31 March 2024	221	1,311	1,532

## Notes to the financial statements for the year ended 31 March 2025

Continued

**8 Tangible fixed assets****Group**

	Leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2024	3,620	3,657	1,837	9,114
Additions	89	45	130	264
<b>At 31 March 2025</b>	<b>3,709</b>	<b>3,702</b>	<b>1,967</b>	<b>9,378</b>
<b>Accumulated depreciation</b>				
At 1 April 2024	2,380	3,273	1,287	6,940
Charge for the year (note 4)	245	189	142	576
<b>At 31 March 2025</b>	<b>2,625</b>	<b>3,462</b>	<b>1,429</b>	<b>7,516</b>
<b>Net book value</b>				
<b>At 31 March 2025</b>	<b>1,084</b>	<b>240</b>	<b>538</b>	<b>1,862</b>
At 31 March 2024	1,240	384	550	2,174

**Company**

	Leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2024	3,620	3,657	870	8,147
Additions	89	45	63	197
<b>At 31 March 2025</b>	<b>3,709</b>	<b>3,702</b>	<b>933</b>	<b>8,344</b>
<b>Accumulated depreciation</b>				
At 1 April 2024	2,380	3,273	611	6,264
Charge for the year	245	189	67	501
<b>At 31 March 2025</b>	<b>2,625</b>	<b>3,462</b>	<b>678</b>	<b>6,765</b>
<b>Net book value</b>				
<b>At 31 March 2025</b>	<b>1,084</b>	<b>240</b>	<b>255</b>	<b>1,579</b>
At 31 March 2024	1,240	384	259	1,883

## Notes to the financial statements for the year ended 31 March 2025

Continued

### 9 Investment in subsidiary undertakings

Company  
£'000

At 1 April 2024 and 31 March 2025

**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	920,643
USS Secretarial Services Limited	Universities Superannuation Scheme Limited, Royal Liver Building, Liverpool, United Kingdom, L3 1PY	Non-trading	100% ordinary shares	1
USS Asset Management Limited		Non-trading	100% ordinary shares	1
Universities Investment Management Limited		Non-trading	100% ordinary shares	1

On 1 October 2012, 920,643 ordinary shares of £1 were issued to the company by USS Investment Management Limited incorporated in England and Wales, 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	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amounts due from related party (scheme)	84,903	88,275	84,903	88,275
Prepayments	7,002	5,123	3,147	2,374
Other debtors	599	304	175	75
	<b>92,504</b>	<b>93,702</b>	<b>88,225</b>	<b>90,724</b>

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	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amounts due to subsidiary undertaking	—	—	69,136	70,604
Accrued expenditure	15,554	19,485	10,406	14,274
Other creditors	17,749	17,360	3,811	2,247
Social security and other taxation	29,081	26,858	4,510	4,010
	<b>62,384</b>	<b>63,703</b>	<b>87,863</b>	<b>91,135</b>

Group other creditors includes a liability of £5,131,000 (2024: £6,813,000) in relation to the short-term element of deferred remuneration obligations.

## Notes to the financial statements for the year ended 31 March 2025

Continued

### 11 Creditors: amounts falling due within one year continued

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	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Other creditors	5,311	5,485	–	–
Social security and other taxation	797	757	–	–
	<b>6,108</b>	<b>6,242</b>	<b>–</b>	<b>–</b>

Group other creditors includes a liability of £5,311,000 (2024: £5,485,000) 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 2024:

#### Reconciliation of Group provision

	Dilapidation £'000	LTIP £'000	Total £'000
At 1 April 2024	1,035	26,722	27,757
Charged to income statement	28	7,832	7,860
Unwind of the discount (included in finance costs)	58	1,396	1,454
Utilisation of provision	–	(9,375)	(9,375)
<b>At 31 March 2025</b>	<b>1,121</b>	<b>26,575</b>	<b>27,696</b>

#### Reconciliation of company provision

	Dilapidation £'000	LTIP £'000	Total £'000
At 1 April 2024	1,035	2,890	3,925
Charged to income statement	28	1,772	1,800
Unwind of the discount (included in finance costs)	58	143	201
Utilisation of provision	–	(1,449)	(1,449)
<b>At 31 March 2025</b>	<b>1,121</b>	<b>3,356</b>	<b>4,477</b>

### 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:

	2025	2024
Vesting period	3, 4 or 5 years	3, 4 or 5 years
Assumed leaver rate over vesting period	12% to 20%	12% to 20%
Discount rate	4.88%	4.98%

USSIM LTIPs with a performance reference period starting on or after 1 January 2023 will vest over a 3 year period and payment will be made at vesting other than for executive directors where payment will be made after an additional 2 year holding period. USSIM LTIPs with a performance reference period prior to this date will continue to vest after 4 or 5 years.

## Notes to the financial statements for the year ended 31 March 2025

Continued

### 13 Provision for liabilities and charges continued

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 1 to 5 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 2025, inclusive of national insurance, is £4,329,000 (2024: £5,708,000).

The LTIP liability due within one year is £13,594,000 (2024: £7,812,000).

### Dilapidations

The carrying amount of the provision at 31 March 2025 is £1,121,000 (2024: £1,035,000). The provision is expected to be utilised on the finalisation of each lease over the next five years.

The key assumptions are shown below:

	2025	2024
Risk adjusted discount rate	4.88%	4.98%
Inflation	2% – 2.5%	2.5% – 3%
Length of lease	5 years	2 and 6 years
Range of price per square foot (on a lease-by-lease basis)	£20.19 – £26.97	£16.81 – £25.68

### 14 Notes to the cash flow statement

Reconciliation of net cash flows from operating activities

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Operating profit	1,454	2,571	202	628
Increase/(decrease) in creditors	(1453)	(39,307)	(3,272)	(32,757)
(Decrease)/increase in provisions	(1,515)	5,095	352	554
(Increase)/decrease in debtors	1,198	30,580	2,499	30,739
Amortisation of intangible assets (note 7)	691	538	691	538
Depreciation of tangible assets (note 8)	576	1,093	501	1,014
<b>Net cash flows from operating activities</b>	<b>951</b>	<b>570</b>	<b>973</b>	<b>716</b>

### 15 Operating lease arrangements

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

	Group and company			
	Land and buildings		Other	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Less than one year	1,932	2,181	39	39
Between two and five years	7,322	7,290	18	57
Over five years	–	573	–	–
<b>Total</b>	<b>9,254</b>	<b>10,044</b>	<b>57</b>	<b>96</b>

### 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 2025

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](https://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:

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

## Notes to the financial statements for the year ended 31 March 2025

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 scheme charging £191,098,000 (2024: £143,755,000), with a balance due from the scheme, as disclosed in note 10, of £84,903,000 as at 31 March 2025 (2024: £88,275,000). 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	2025 Total £'000	2024 Total £'000
Staff costs	5	121,142	71,420
Other personnel costs		7,135	6,369
Premises costs		4,573	4,641
Investment Management fees		19,234	19,244
Computer and information services costs		16,144	14,928
Professional fees		15,471	15,115
Other costs		5,945	9,467
<b>Total operating expenses</b>		<b>189,644</b>	<b>141,184</b>