

ANNUAL REVIEW /
FINANCIAL
STATEMENTS
2015



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INTRODUCTION

I am delighted to introduce this year's Annual Review.

The 2014/15 academic year has been a significant landmark for the University: the 50th anniversary of our founding Charter has been the opportunity to take pride in our past, celebrate what we are and inspire the future.

We are building the next 50 years on secure foundations. The 2014 Research Excellence Framework exercise confirmed the University's status as one of the country's leading research intensive institutions: we were judged 17th in the UK for research intensity, conducting world-leading research in all subjects and with 97% of research deemed to be of international quality. We have also achieved our highest ever rankings in national league tables, including a rise to 16th in the *Guardian* and 20th in the Table of Tables. We have been shortlisted for the *Times Higher Education* University of the Year.

We are fortunate to have two separate campuses in the UK, each with its own distinctive character. At Canterbury, the last year saw the completion of our latest college, Turing, and further progress in the extension to our magnificent Templeman Library. At Medway, we have seen a major investment in the Chatham Historic Dockyard, including the conversion of the Dockyard Church into a spectacular new lecture theatre. Work has also started on a new student social hub.

Our study centres in continental Europe have also continued to thrive, with our flagship centre in Brussels moving into a larger and more prestigious building. As the UK's European university, we have been pleased to offer strong support for the Universities UK campaign, Universities for Europe. At the same time, however, we take pride in our wider international engagement. The *Times Higher* has rated us as the 66th highest ranked university in the world for our international outlook. As part of our 50th anniversary celebrations, I was able to strengthen links with leading universities around the globe.

The University's strength continues to lie in our staff and students. We have again been rated highly in scores of student satisfaction and our innovative 'Employability Points' scheme, designed to help students prepare for the world of work, has been shortlisted for a *Times Higher Education* award. Our annual Kent Student Awards have highlighted the outstanding range of student achievements. Our staff have helped to shape some of our aspirations for the future with 12 highly innovative 'Beacon Projects', each with its own distinctive profile.

I look forward with confidence to the coming years. I was honoured to have been elected as the President of Universities UK, with effect from 1 August 2015, and as such I am acutely aware of the challenges facing the Higher Education sector overall. This report shows that Kent is financially sound and that we are well placed to confront these challenges across the board: in our research, our teaching, our internationalisation and our engagement with the local community.

Professor Dame Julia Goodfellow
Vice-Chancellor





HIGHLIGHTS OF THE YEAR/ 2014/15 A YEAR TO REMEMBER



2014/15 has been a momentous year for the University of Kent in more ways than one.

Not only has the University celebrated its 50th anniversary, but it has achieved its highest ever rankings in university league tables and received a national endorsement for the quality of its research.

The University was founded in 1965, with some 500 students and 150 staff on a greenfield site in Canterbury. Fifty years later, it has more than 19,000 students and more than 3,000 staff across campuses in Canterbury and Medway, as well as centres in Brussels, Paris, Athens and Rome – underlining its reputation as ‘the UK’s European university’.

50th celebrations

The 50th anniversary has been celebrated in a number of ways throughout 2014/15, starting with a bang (of fireworks!) at opening ceremonies in Canterbury and Medway and finishing with a flourish at our 50th Festival weekend, attended by more than 1,500 alumni and friends from across the world as well as staff, students and the local community. In between, there have been events ranging from a special edition of the BBC show *Q/ Live* to barbecues for staff, sponsored runs and cycle rides across Europe, and a chance to ride on a 33m high Kent Wheel.

Among lasting legacies of the anniversary year are donations of over £1.7m to the Kent Opportunity Fund, which supports University students, together with funding for 12 prestigious Beacon Projects underlining Kent’s existing strengths and inspiring future activities. These wide-ranging projects include an iconic Tensegritree structure, the first British stand-up comedy archive, an astronomical observatory, influential research on sporting endurance, and innovative online study materials.

2014/15 A YEAR TO REMEMBER (CONT)



High rankings

The success of the University's 50th anniversary year has been enhanced by its impressive ranking in the latest national assessment of the quality of UK universities' research. In the Research Excellence Framework (or REF) announced in December 2014, Kent was placed 17th in the UK for research intensity. It has been judged to conduct world-leading research in all subjects, with 97% of its research deemed to be of international quality.

During 2014/15, the University also celebrated its highest ever rankings in national university league tables, including a rise to 16th in the UK in the *Guardian University Guide 2016* and 22nd in the *Complete University Guide 2015*. The University's strong international reputation and research citations contributed to its success in the 2015 QS World University Rankings by Subject, with Kent among the world's elite institutions in eight of the 36 featured subjects.

International and local impact

The far-reaching impact of research at the University has also been underlined by international and national media coverage for studies across its three Faculties. These included anthropologists discovering that pre-Homo human ancestral species used human-like hand postures much earlier than was previously thought, bioscientists investigating heart mutations that cause sudden cardiac arrest, a public health expert suggesting that water fluoridation in England is linked to higher rates of underactive thyroid, and a historian chronicling secret military experiments conducted in the name of military research during the 1950s and '60s.

The University's importance on the world-stage has been highlighted too during 2014/15 with not only research across the globe, but continued links with over 350 universities around the world and a student community drawn from over 140 countries. Kent also has a significant role to play at regional level and this has been underlined in 2014/15 by the results of the latest regional impact survey. Key findings included that the University is worth £0.7bn to the economy of the south east and supports more than 5,500 FTE jobs in the region. Students' spending off-campus contributes £249.3m and 2,462 full-time-equivalent jobs to those totals.

Excellence in teaching

Innovation and excellence in teaching and the student experience have continued to be at the heart of Kent's successes. In the *Times Higher Education (THE) Awards 2014*, the University was shortlisted for 'Most Improved Student Experience' and, in the 2015 National Student Survey (NSS), it achieved the fifth highest score for overall student satisfaction.

Investment in enhanced teaching facilities has continued during 2014/15 with, for example, the £27m extension and enhancement of the Templeman Library, 400-plus student rooms and catering outlet in the new Turing College, a £3.8m investment at The Historic Dockyard, Chatham, and the new £5.5m Kent Law Clinic and Mooting Chamber, partly funded by £2.5m in fundraising and donations. Work has also started on a prestigious new building for Kent Business School and the School of Mathematics, Statistics and Actuarial Science, and a new social hub for Kent and Greenwich students at the Medway campus.



Kent people

Behind all of these milestones, the University's people play an indispensable part. During 2014/15, Kent has been able to celebrate the appointment of its Vice-Chancellor, Professor Dame Julia Goodfellow, as President of Universities UK, the national body representing university vice-chancellors.

A number of Kent staff have also received national and international recognition. In the New Year's Honours List 2015, Professor Sarah Spurgeon, Head of the School of Engineering and Digital Arts, was appointed an Officer of the Order of the British Empire (OBE) for her services to engineering and Jenny Rafferty, Research Accounts Manager, was appointed a Member of the Order of the British Empire (MBE) for her services to higher education. In the Queen's Birthday Honours in June 2015, Dr Janet Carr, Honorary Senior Lecturer in the Tizard Centre, was awarded an OBE for services to people with Down's Syndrome and their families.

There were team successes too in the *THE* Leadership and Management Awards 2015. The administrative team in the School of Arts was highly commended in the Outstanding Departmental Administration Team category, while the people behind the Kent Law Campaign, fundraising for new Law facilities, were shortlisted in the Outstanding Development/Alumni Relations Team category.

Kent students have been making their mark too during 2014/15. The University once again celebrated outstanding extracurricular student achievement at the 2015 Kent Student Awards. Students were nominated in 13 categories covering, for example, outstanding contribution to the local community, college life, and equality, diversity and inclusivity. Overall 'Student of the Year' winner was April-Louise Pennant, an exceptional student who promoted racial equality and Black culture on campus and beyond.

Looking ahead

As the University reflects on all its successes during 2014/15, it is already planning ahead. Its latest University Plan, covering the period 2015-20, emphasises a continued investment in Kent people and building on its many research and teaching achievements. Over the next 50 years, the University looks forward to providing many new opportunities for future generations of students and staff.

News update

Since compiling this review for the 2014/15 academic year, the University of Kent has already started the next year on a celebratory note. It has been shortlisted for both the *THE* University of the Year 2015 and the University of the Year Award in the *Times and Sunday Times Good University Guide 2015/16*, and has been ranked 20th, its highest ever position, in the *THE* Table of Tables 2016.



MEMBERSHIP OF THE COUNCIL

Chancellor

Dr Gavin Esler (from 1 August 2014)

Membership of the Council

Chair of the Council

Sir David Warren (from 1 August 2014)

Deputy Chair of the Council/

Chair of the Finance and Resources Committee

Bob Scruton (from 1 August 2015)

Anthony Quigley (to 31 July 2015)

Professor Dame Julia Goodfellow

David Nightingale

Denise Everitt (from 1 August 2014)

Thamerei Naidoo (from 1 August 2014)

Vice-Chancellor

Senior Deputy Vice-Chancellor

Deputy Vice-Chancellor

President of Kent Union

External members

John Bowers (to 31 July 2015)

Colin Carmichael

Peter Clokey

Elaine Colville

Neil Davies

Lord Hannay of Chiswick (to 31 July 2015)

Richard Honey

Angela McNab (from 10 October 2014)

Ann Sutton

Dr Harshad Topiwala

Stevie Spring (from 1 March 2015)

Dame Ursula Brennan (from 1 August 2015)

Ashley West (to 31 July 2015)

Her Honour Judge Adèle Williams (to 31 July 2015)

Her Honour Judge Heather Norton (from 1 August 2015)

Andrew Newell (from 1 November 2015)

Martin Coleman (from 1 November 2015)

Sarah Gibson (from 1 November 2015)

Staff and Student representatives

Nabeel Ahmed (to 31 July 2015)

Lewis Cogger

Dr Louise Naylor (to 31 July 2015)

Loba Van der Bijl

Dr Mario Weick

Mark Ellis (from 1 August 2015)

Megan Wells (from 1 August 2015)

Total Membership

25

Secretary of the Council

Dr Keith Lampard

The Chairs of Council committee were as follows:

Audit Committee

Peter Clokey (from 1 August 2015)

Bob Scruton (to 31 July 2015)

Finance and Resources Committee

Bob Scruton (from 1 August 2015)

Anthony Quigley (to 31 July 2015)

Lay Nominations Committee

Sir David Warren

Remuneration Committee

Sir David Warren

Safety Health and Environment Executive Committee

Denise Everitt

PRINCIPAL OFFICERS

Visitor
 Chancellor
 Chair of the Council
 Vice-Chancellor
 Deputy Chair of the Council
 Senior Deputy Vice-Chancellor
 Deputy Vice-Chancellor
 Pro-Vice-Chancellors

 Director of Finance
 Dean of the Faculty of Humanities
 Dean of the Faculty of Sciences
 Dean of the Faculty of Social Sciences
 Dean of the Graduate School
 Dean for Internationalisation
 Dean for Europe
 Dean for Medway
 Secretary of the Council (and the Court)
 Senior Master
 Master of Darwin and Woolf Colleges
 Master of Eliot College
 Master of Keynes College
 Master of Rutherford College
 Master of Turing College
 College Master for Medway

The Lord Archbishop of Canterbury
 Dr Gavin Esler
 Sir David Warren
 Professor Dame Julia Goodfellow
 Bob Scruton
 David Nightingale
 Denise Everitt
 Professor John Baldock
 Professor Philippe De Wilde
 Jane Higham
 Dr Simon Kirchin
 Professor Mark Burchell
 John Wightman
 Professor Diane Houston
 Dr Anthony Manning
 Professor Roger Vickerman
 Professor Nicholas Grief
 Dr Keith Lampard
 Dr Wayne Campbell
 Dr Jonathan Friday
 Stephen Burke
 Chloé Gallien
 Dr Peter Klappa
 Dermot O'Brien
 Jane Glew



UNIVERSITY STATUS AND MISSION

Status

The University of Kent ("the University") was incorporated by Royal Charter in 1965 and is an exempt charity within the meaning of the Charities Act 2011.

Mission

The University's mission and institutional plan for the period 2012-15 are based around seven key messages.

- The University of Kent – the UK's European university – will:
- Proactively develop distinctive attributes that others seek to emulate, in particular for:
 - our inspiring and distinctive education that prepares students to make a positive contribution to help shape a better world
 - our innovative and world-leading research
 - our positive impact regionally, nationally and especially internationally;

- Promote diversity and inclusivity in the University community by offering fair treatment and equality of opportunity to every member of the University (staff and students), keeping morale high;
- Work with partners in whom we have confidence (internally and externally) for mutual benefit;

and:

- Communicate well (internally and externally);
- Recruit well (staff and students);
- Understand our external context, and be agile in responding to it; and
- Be efficient and effective throughout our internal operations.





UNIVERSITY'S PUBLIC BENEFIT STATEMENT

The University of Kent is an exempt charity regulated by the Higher Education Funding Council for England (HEFCE) on behalf of the Charity Commission for England and Wales.

The University's Royal Charter of 1965 established the University Council as the supreme governing body of the institution. The University Council serves as the University's board of trustees and has overall responsibility for the University's strategic aims and direction in the furtherance of the objects defined by the Charter.

Members of the University Council give due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant and also refer to the guidance issued by HEFCE in its role as principal regulator on behalf of the Charity Commission.

From the Royal Charter, the objectives of the University are;

"to advance education and disseminate knowledge by teaching, scholarship and research for the public benefit."

The University's Vision, set out in its Institutional Strategic Plan 2012-15, is as follows:

"The University of Kent has a distinctive mission. We are the UK's European university with an international reputation in which Europe meets the world."

We are a leading research-intensive UK university creating a global student and staff community that together advances knowledge and stimulates intellectual creativity, and performs at the highest levels in all our activities."

We believe in the unity of research and teaching, in the freedom and responsibility that staff have to question and test received wisdom, in the transforming power of higher education to change for the better the lives of individuals and our society, in acting with integrity, and in the value of an inclusive and diverse university community."

We are committed to growing, shaping and supporting the regions in which we operate by investing our research and intellectual value in these regions, by improving our national and international competitiveness, and by developing our students and staff as professional and academic leaders with broad horizons, so that we may have a positive impact regionally, nationally and internationally."

The University celebrated its 50th anniversary year in the academic year 2014/15 which offered a chance for staff, students, alumni and friends of the University to come together to celebrate the University's achievements thus far and to create a lasting legacy that will shape the University for the next 50 years. The University started with some 500 students and 150 staff on a greenfield site in 1965 and has grown into a mature institution of over 19,000 students and over 3,000 staff, with an enviable reputation for the quality and distinctiveness of its academic

activities and the environment in which they take place. As part of the University's 50th anniversary celebrations, the University has undertaken twelve Beacon Projects, which illustrate some of the University of Kent's distinctive strengths and provide a platform for future activities and aspirations. Some of these projects are referred to in this statement.

The text below shows how the University has worked towards these objectives and how it has delivered its charitable purposes for the public benefit.

"We are a leading research-intensive UK university creating a global student and staff community that together advances knowledge and stimulates intellectual creativity, and performs at the highest levels in all our activities."

The University of Kent is active in research across its range of disciplines and contributes to the public good through scientific discovery and an enhanced understanding of economic, social, political, philosophical, ethical, artistic and cultural areas of the human experience.

The Research Excellence Framework (REF) 2014 ranked Kent 17th in the UK for research intensity with particular strengths in Architecture, Biological Sciences, English Language and Literature, History, Law, Pharmacy and Social Work and Social Policy. The 591 research staff submitted for the REF 2014 represented an increase of 38% compared with the Research Assessment Exercise of 2008. The REF exercise concluded that 97% of Kent's research is of international quality, with 73% classed as world-leading or internationally excellent. Contributing to the University's REF success were the number of Kent's world class publications, the number of research active staff and the demonstrable impact that the University's research has made to the sciences and to economic, social and cultural understanding.

The University's research is openly published and disseminated, and active steps are taken to apply research where economic and social benefits are identified. A few examples of this are listed below.

The work of specialist research units at the University of Kent, such as the Personal Social Services Research Unit and the Centre for Health Services Studies, contributes to public policy development at national level and the University's contribution to health has been enhanced by the establishment of 'KentHealth', an agency within the University for overseeing, co-ordinating and communicating the University's health-related activities, to enable the University to engage more effectively with the external health community and to increase the University's collaborative research and training provision.

The University's Centre for Cyber Security has published research on a 'high throughput machine learning algorithm' to 'read' the computer information behind eBay listings to detect potentially illegal eBay sales of elephant ivory. The system is intended to help law enforcement agencies and conservationists in their ongoing battle against illegal ivory sales by reducing costs and the time taken to identify illegal activity.

Researchers from the School of Psychology conducted a controlled study about firesetting, which is a common, costly and tragic offence, causing 65 casualties or deaths per week in the UK and costing over

UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)

£40m. The study found that firesetters have particular psychological characteristics and the team has developed the first comprehensive theory of firesetting. A standardised treatment programme was also developed for offenders within mental health services and prisons. This is being used in the UK to provide treatment for firesetters in secure establishments and community settings. It is also being used to guide decisions on care, sentence planning and parole. Both the US and Australia have drawn on the research to inform and train their own clinicians.

A Professor at the University of Kent has been a member of the team that has developed a new drug that blocks cancer's escape route from chemotherapy which could be used to treat deadly lung and pancreatic cancers. The drug, discovered at the Institute of Cancer Research, London, is scheduled to begin first in-human clinical trials in patients with lung and pancreatic cancers, two cancers with low survival rates that continue to resist currently available treatments.

When plans were announced to close Canterbury Roman Museum, a Professor from the University's School of European Culture and Languages, drew on research to offer an alternative. He demonstrated the potential for research related to the museum's collection, as well as novel ways to engage with its visitors. The Professor's academic work includes the study of Roman children in public spaces, which informed his suggestion that the museum lacked positive portrayals of women and children. Canterbury City Council reversed its decision to close the museum, instead making its development a priority. The Professor continues to collaborate with the museum by developing related research and delivering talks. He has also worked with the company Cognitive to develop animated content, based on the University's 3D laser-scan of a figurine from the museum's collection.

A Professor from the University's School of History with an international reputation in the history of medicine and medical ethics played a pivotal role in a high-profile legal case between the UK Government and the Porton Down Veterans' Support Group (PDVSG). The Professor's expert testimony was part of a legal case that revealed the Ministry of Defence's failure to seek informed consent from many of the experimental subjects. Over £10m was granted in compensation (including legal costs) to about 700 veterans who received a public apology from the UK Government.

Three of the 50th anniversary Beacon Projects with a particular focus on research are Kent's Culture of Philanthropy, the Beacon for Endurance Research and the British Stand-Up Comedy Archive. Kent's Culture of Philanthropy, led by staff in the University's Centre for Philanthropy, is shedding light on the history of philanthropy at Kent and its contemporary role in higher education and beyond. The Beacon for Endurance Research project builds on the world-leading research produced by the Endurance Research Group (ERG) at the University of Kent and consists of coherent activities aimed at establishing the University of Kent at Medway as the beacon for endurance research in the UK, Europe and beyond. The British Stand-Up Comedy Archive has been set up within the Special Collections department of the Templeman Library to preserve the records of this ephemeral art form, already successfully taught and researched as part of Drama and Theatre Studies at Kent. This unique new archive complements the British Cartoon Archive, established at the University forty years ago.

As a leading research-intensive University, the University of Kent is keen to work with other well-established universities at the highest level, for example the University of Kent has joined the University of East Anglia and the University of Essex to form a significant force in research collaboration and doctoral training known as the Eastern Academic Research Consortium (Eastern ARC). Collaboratively sharing knowledge, skills and expertise has improved the scale, range and quality of research produced and has enabled the three universities to attract new regional funding that would have been unachievable as single institutions. This has created opportunities to share large pieces of equipment, better utilise capital budgets and add greater value to the public purse. Moreover, the improved range and quality of collaborative, postdoctoral training will significantly enhance the resultant output of skills and knowledge and create new opportunities for enterprise.

Other constructive partnerships with leading universities include the South-East ESRC Doctoral Training Centre (DTC), a partnership between the Universities of Kent, Reading, Royal Holloway and Surrey to establish a centre of excellence in social science postgraduate research training, and CHASE, Consortium for the Humanities and the Arts South-East England, a consortium formed to bring together nine leading institutions engaged in collaborative research activities, including an AHRC doctoral training partnership, with the Courtauld Institute of Art; Goldsmiths, Birkbeck and SOAS, University of London; the Open University; and the Universities of East Anglia, Essex, Kent and Sussex.

The student population of the University of Kent in 2014/15 was 19,079 students. The University has a long tradition of welcoming international students from around the world and of the total student body, over 28% are from outside of the UK, from over 149 different countries, studying at campuses and centres in Canterbury, Medway, Brussels, Paris, Athens and Rome. There are 97 different nationalities represented within the University's community of staff, which is an indication of the range of cultural diversity and understanding at the University.

The University has a strong international impact, based on its external networks, partnerships with leading universities in Europe and around the world, and its staff, students and alumni. The University has partnerships with over 100 different universities across Europe, involving exchanges of staff and students, the awarding of 'double degrees' to students and collaborative projects with European institutions. The University receives support from the European Union's Erasmus+ programme (formerly the Lifelong Learning Programme), Framework programmes, Horizon 2020, and the European Research Council. This internationalisation of the curriculum prepares students for employment in a more globalised environment, and enhances their employability. The University also co-ordinates two prestigious Erasmus Mundus Joint Doctorates, which provide bursaries to cover fees and living costs for doctoral study split between leading European universities. These programmes are designed to train the leading international scholars of the future.

The University of Kent has a number of centres throughout Europe for both teaching and research, enhancing the University's function as a global community. The University's Brussels School of International Studies offers postgraduate programmes taught by world-leading academics and experienced practitioners and also provides valuable internship opportunities. The University's Centre in Paris provides

opportunities for postgraduate students to experience the teaching of humanities and arts-based programmes enhanced by cultural, linguistic and experiential immersion. An MA in Heritage Management, combining the study of archaeology and business, is offered at the archaeological site of Eleusina in one of the world's most ancient cities, Athens and Kent's postgraduate Centre in Rome combines specialist teaching and research with the facilities of the American University of Rome and the cultural and learning opportunities that the city offers. As part of the 50th anniversary scholarships project, 35 undergraduates spent two weeks living and studying at the University's European centres in Brussels and Paris. These students had the opportunity to participate in academic sessions as well as cultural activities in two iconic European cities.

As a global community, the University of Kent has developed extensive links with partners outside Europe. In particular, Kent is actively involved in strategic partnership development work in South East Asia, the USA, Canada and Australia with a view to strengthening opportunities for student and staff exchanges, student work placements, research collaborations and alumni participation. Kent is also establishing partnership connections with prestigious institutions in Latin America, and is an active participant in international Higher Education Institution networks.

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the lives of individuals and our society, in acting with integrity, and in the value of an inclusive and diverse university community."

The University of Kent is a research-intensive university with a reputation for teaching excellence. The engagement of teaching staff with research provides benefits for students, the curriculum is informed by the latest developments and teachers are able to provide an emphasis on methodological issues, critical thinking and creativity. All of the University's programmes of study provide graduates with generic intellectual and transferable skills that enhance their employability and ability to contribute to society. The University also provides a range of programmes that prepare students for specific professions, for example, Architecture, Law, Pharmacy, Accountancy, Computing, Journalism, Marketing and Business.

Success in National Student Surveys and national league tables provides evidence of the excellent student experience delivered by the University. The University was, for example, 16th in the latest Guardian university league table and achieved the joint fifth highest score in the country among publicly funded multi-faculty institutions for overall student satisfaction with an overall satisfaction score of 89%.

Kent has been selected to be just one of 15 prestigious Q-Step Centres in the UK, funded by HEFCE, the Nuffield Foundation and the Economic and Social Research Council. Q-Step is a nationwide programme designed to promote quantitative skills in undergraduate social science teaching. Q-Step at the University of Kent spans the Schools of



UNIVERSITY'S PUBLIC BENEFIT STATEMENT (CONT)

Sociology, Social Policy and Social Research, Politics and International Relations, Kent Law School and Kent Business School. It is the only Q-Step Centre in the south east outside London.

The University's 50th anniversary Beacon Projects with benefits for teaching and learning include: Diplomacy@Kent, a project to establish the University at the centre of a set of linkages, using the University's European campuses and strategic partners to position the University as the hub for activities focusing on the contemporary practice of diplomacy in Europe and beyond; and Tensegritree, an innovative and iconic new architectural structure that will form the heart of a new outside teaching resource and social space.

The University believes in the transforming power of higher education to change the lives of individuals and our society for the better. The University has made significant progress towards the objective of widening participation and it continues to meet HEFCE Key Performance Indicators and strategic widening participation targets for OFFA.

The University of Kent's admissions policy states that it; 'has taken positive steps to recruit from as wide a range of candidates as possible and is actively following strategies to widen participation to higher education within the local community'. The University works via a series of collaborative arrangements with organisations such as the Kent and Medway Progression Federation (KMPF), through an Access Programme run at our sponsored school, Brompton Academy, and in partnership with local schools and our Partner Colleges.

The University has continued its work with partner secondary schools in Kent and Medway and schools within the KMPF to help raise the aspirations of those from non-higher education backgrounds. In the last year contacts have been made with over 10,000 pre-higher education students and over 350 Student Ambassadors have been recruited, employed and trained to support this work. Within the 2015 publication on the regional economic impact of the University it was calculated that the social value of the student ambassador scheme is £220,000 per annum, based upon the contribution to a wide range of activities by the University's undergraduate and postgraduate students.

The University's Medway Campus has provided new opportunities for young people in the region and had 2,737 students in 2014/15. The University has worked with colleges in its region (MidKent College, Canterbury College, Ashford College and West Kent College (formerly K College)) to offer a range of vocationally related higher education qualifications. 200 students were registered on such programmes in 2014/15.

The University is the lead sponsor of the Brompton Academy in Medway. Academy students benefit from the knowledge, experience and resources that the University has to offer and the University is committed to supporting the Academy in designing and delivering a range of courses for adults as well as family learning programmes for parents/carers and their children.

Since 2001 the University of Kent has run an annual Space School, providing an intensive two day experience aimed at introducing 11 to 18 year olds to the many different fields of space activity and giving them an awareness of the course and career profiles on which they could embark to become tomorrow's space professionals. Another activity for

school children was the FIRST LEGO League (FLL), with over 200 pupils from schools across Kent taking part in the FLL regional finals at the University's Canterbury Campus. The FLL is an international programme and competition designed to bring science and technology to life for teams of children aged 9 to 16 through themed activities, including a hands-on LEGO robot challenge, scientific research, teamwork and a presentation. The theme of the 2014 World Class challenge was access to education.

The University has provided over £13.5m for scholarships from its own resources and raised a further £5.4m from other sources to provide significant financial help to students to ensure that the costs of being a student were not a barrier to participation in higher education at the University. The University of Kent was part of the Government's National Scholarship Programme which was established in order to support students whose household incomes are £25,000 (or less) as they commence their studies. Kent has allocated additional funds to extend this package of support to include a wider range of students from areas of low participation in higher education. Other University of Kent scholarships and bursaries are available, for academic excellence, studying abroad, sport, music and for international students. 1,182 awards were made under the National Scholarship Programme for the 2014/15 academic year and just over 1,400 further awards were provided from University and other sources. The University makes further extensive provision for students experiencing financial hardship during their studies.

The University of Kent is dedicated to the creation and support of a balanced, inclusive and diverse community, a friendly, supportive environment, helping students get the most out of the challenges and opportunities university study brings. The University works closely with Kent Union and both the Union and the University provide a wealth of support services for students. There are many Equality, Diversity and Inclusivity initiatives for members of staff, one of which is the University's commitment to the principles of the Athena SWAN Charter for the advancement and promotion of the careers of women in science, engineering and technology, which was recognised in 2013 with an Athena SWAN Bronze Award for the University as a whole and in 2014 for the School of Mathematics, Statistics and Actuarial Science. In April 2015 the Schools of Biosciences, Computing, Engineering and Digital Arts, Pharmacy and Physical Sciences all received Athena SWAN Bronze Awards. The University supports staff network groups, the Lesbian, Gay, Bisexual and Transgender Staff Network, the Disability Staff Network and the Women's Network Group and in 2015 has entered the top 150 in the Stonewall Workplace Equality Index for the first time.

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The University's impact on its regional community is immense. The University commissioned Viewforth Consulting to carry out an economic impact study for the financial year 2012/13 as part of the University's 50th anniversary celebrations. Overall the University of Kent and its students generated £0.7bn for the south-east region during the financial

year 2012/13. The number of members of staff employed at the University has grown from 150 in 1965 to 3,400 today.

The University's 50th anniversary Beacon Projects that particularly enhance the region include: the Beacon Observatory, which will strengthen the University's astronomical practice and allow local schools, interested local amateur astronomy groups and members of the public to make observations to improve our knowledge of the solar system; and the K-MOOCs project which will develop online courses to promote expertise, scholarship and research at Kent for a global audience.

The University's has a commitment to volunteering, by both students and staff, which has a positive influence on the wider community. Volunteering plays a crucial role in the University experience, from welcoming students over arrivals weekend, to taking up one of the 2,700 Kent Union volunteering roles. In 2014/15 over 1,100 students logged 94,000 hours of volunteering both on campus and in the local community. Kent Union coordinates the KSCV scheme (Kent Student Certificate for Volunteering), which recognises the volunteering that students complete, as well as supporting them in recording their development through the Higher Education Achievement Report and Employability Points scheme supported and endorsed by the University.

The University's Employability Points scheme, to engage students in skills development to enhance their future employability, has been nationally recognised as a case study for best practice within business/university collaborations. 130 companies have been involved in this project and over 5,100 students participated in 2014/15 with 567 employability rewards offered.

The University has approved arrangements which allow members of staff registered as volunteers to apply for up to 25 hours' paid leave a year to support this initiative. There are certificates for staff who have registered and logged hours of volunteering each year which are presented at the annual Learning and Development Awards Ceremony.

The University's students make a difference by raising money for charity. Kent RaG (Raise and Give) is the official fundraising body of Kent Union at the University of Kent, and aims to support and fundraise for charities locally, nationally and internationally, as well as offering incredible challenge experiences such as climbing Kilimanjaro or Skydiving to raise money. In the 2014/15 academic year, Kent RaG raised just over £166,000.

The Kent Law Clinic has continued to provide free legal advice and help to individuals and community groups who are unable to afford to pay for legal advice at the same time as providing invaluable practical law experience for the University's law students.

4,881 UK and EU students completed their degrees in 2014. 66.2% of responders to the Destination of Leavers from Higher Education Survey reported that they were in paid employment in a wide range of careers within 6 months of graduation. A further 21.4% reported they had progressed to further study.

The University offered a wide range of opportunities for students to gain work experience during their period of study: 838 students undertook either a work placement year or year abroad as part of their academic

programme while a further 1,290 had short term placements. The Kent Experience of Work Bursary scheme provided 92 students with financial support enabling them to undertake high quality work experience and the Work-Study Scheme supported over 500 students with training and provided 199 of them with work opportunities.

The University of Kent also provides innovative and creative solutions to the business community through Kent Innovation and Enterprise (KIE). KIE builds strong links between research and business, to better develop, support and create high-growth enterprise. Some of its initiatives are detailed below.

The Innovation, Creativity and Enterprise (ICE) initiative has continued to be a successful platform for engagement with the business community with enhanced links with businesses of all sizes and the public sector, to support innovation and development.

The University's dedicated start-up incubator supporting innovative and high-growth businesses has moved to a dedicated space based at the Canterbury Innovation Centre, a centre for innovative business and high technology companies located on the Canterbury Campus. The Hub for Innovation & Enterprise (HIVE) provides a focus to enable the growing number of students, staff and alumni to set up and grow their business ideas. The essence of HIVE support lies within the generation of early stage ideas with a range of services and dedicated business advisors providing strategic entrepreneurship advice. The University has submitted an £8.5m bid for external funding to grow HIVE into a 2,500 square metre incubation facility. HIVE is also home to the University's dedicated support for Student Enterprise, stimulating ideas generation and the Employability Points Scheme, supporting extra-curricula employability skills.

Local and regional engagement has continued to grow with the University playing a key role in many stakeholder networks. The University has been actively involved in working with new businesses locating at Sandwich Discovery Park (Enterprise Zone) and has a dedicated space within the Park to ensure the University provides a first point of contact for partnership development on research and innovation. The University continues to support the South East Local Enterprise Partnership and the University's Director of Innovation and Enterprise is President of the Kent Invicta Chamber of Commerce.

Many of the University's facilities are open to the general public, attracting visitors from Kent and further afield, covering a breadth of activities including: events offered by the Gulbenkian Theatre and Cinema, musical performances at the Colyer-Fergusson Music Building by students, staff and the local community, art exhibitions, sports facilities and open days. The Gulbenkian Theatre has been accepted onto Arts Council England's national portfolio programme which means that in addition to the current support from the University, the Gulbenkian will receive an Arts Council England grant of £220,000 for each of the next three financial years (starting in April 2015), which it plans to use to make the Gulbenkian the pioneer and leader of work with, for and by children and young people. bOing, Kent's International Family Festival is an initiative started by the Gulbenkian in 2014. It is a weekend festival of the very best theatre, dance, music and film to excite and inspire all ages. Attendance in August 2015 was 6,000 and included many first time visitors to the Gulbenkian and the University.



FINANCIAL STATEMENTS/ OPERATING AND FINANCIAL REVIEW

Financial highlights for the year to 31 July 2015

Financial performance and investment:

- Surplus for the year of £11.7m (2013/14: £6.7m) representing 5.0% of income (2013/14: 3.1%);
- Income up £19.9m (9.3%) to £234.3m compared to 2013/14;
- Increased residences and catering income at £31.3m (2013/14: £29.0m);
- Staff costs representing 53.1% of income (2013/14: 54.3%);
- Cashflow from Operating Activities of £22.2m (2013/14: £28.3m);
- Capital expenditure of £43.6m (2013/14: £31.0m);

Liquidity, debt and financial viability:

- Current asset ratio¹ of 2.15 (2014: 1.40);
- Available 'cash reserves'² representing 132 days expenditure (2014: 85 days);
- Net debt (Outstanding loans less cash held) of £36.7m (2014: £18.9m);
- Net assets of £191.5m (2014: £179.8m).

- 1 a liquidity measure of ability to pay short term debts, calculated as the ratio between current assets and current liabilities
- 2 measured as cash in hand, short-term deposits and 90% of the market value of the current asset investments

Summary of the financial and academic year

The University celebrated its 50th year with confidence and continuing success, reflecting on the progress made since welcoming its first ever cohort and looking forward to a future as the UK's European university, with two major campuses in the UK and a range of centres across Europe. Kent continues to enjoy a proud reputation for teaching, learning and student experience with such strong performance being recognised in its best ever placings in international and national league tables. In the *Guardian* league tables the graduate employment indicator for Kent has risen from 65% in 2011 to 75.6% in 2015. In the 2015 National Student Survey, Kent achieved the fifth highest score in the country for overall student satisfaction (of all publicly funded, multi-faculty institutions), with sound scores across all areas. 24 of Kent's 44 subjects were ranked in the top 20 for overall satisfaction. Kent's nomination for the award of *Times Higher Education* University of the Year was also an impressive hallmark.

Kent's research strength was also recognised in the 2014 Research Excellence Framework, which saw the University placed 17th for Research Power, a measure of both quality and intensity of our world-leading research.

Kent benefits from a sound financial performance in 2014/15 and a robust financial position at year-end. The surplus achieved of £11.7m was ahead of the budget for the year of £7.5m and reflects income growth and effective cost control. The University's balance sheet remains strong, and the arrangement and initial drawdown of £50m of a £75m loan facility from the European Investment Bank (EIB) has enabled the University to progress plans for major capital developments which will further enhance the experience of our students. In 2014/15 alone the University spent £43.6m on capital works. Further detail on Kent's financial performance, position and capital programme is given below in the "Financial Summary".

There are financial challenges ahead, with known and further anticipated cuts in Government funding, inflationary pressure on costs and significant strain as a result of funding shortfalls in the two main pension schemes in which the University and its staff members participate. These are explored further in the section "Future Outlook and Risks."

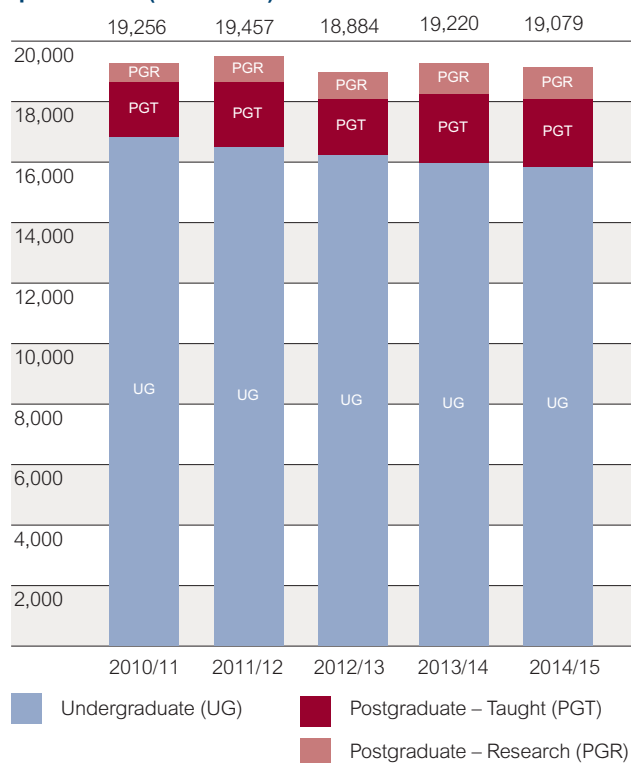
Teaching and the student experience

Despite increased competition between institutions as a result of changes to student number controls, student recruitment at Kent remains strong, although overall numbers fell marginally in-year. In 2014/15, 19,079 students attended Kent's UK and overseas campuses to study for a Kent qualification. 83% of these students were based at the Canterbury campus with a further 14% at Medway. A number of academic schools, particularly in the Faculty of Science, experienced high demand and took the opportunity to grow, in line with the University's strategy to increase its STEM provision.

New entrant numbers increased in 2014/15 at both undergraduate and postgraduate level (2% and 6% respectively). The proportion of postgraduate students as a total of all new entrants now exceeds 18% and it remains the University's strategy to continue to grow this further.

Kent remains a popular choice for overseas students, particularly in Social Science disciplines. International students, from outside the EU, now comprise 17% of the University's population up from just under 16% in 2013/14. Plans are in place to expand provision to overseas

Five year analysis of students studying for Kent qualification (headcount)



OPERATING AND FINANCIAL REVIEW (CONT)

students, although this is highly dependent on the Government's approach to immigration and any further tightening of these regulations may prevent these plans from being fully realised.

At Medway, further development of the portfolio is underway and already there is a distinctive offer which plays to Medway's ethos and strengths whilst delivering the Kent brand. A priority now is to increase overall student numbers by around 1,000 over the next 3-5 years to ensure the long-term sustainability of the campus.

The University aims to provide an inspiring and challenging student experience that prepares its students for the future. There is a strong emphasis on graduate employability and skills acquisition. This is enhanced through a wide range of extra-curricular activities, support and services, including student volunteering, the Kent Experiences of Work Framework, Employability Week, the Work Study scheme and Kent EXTRA, an extra-curricular non-credit-bearing course. The Kent Student Awards scheme recognises this and the achievements of award winners are recorded on the Higher Education Achievement Report (HEAR).

The University continues to improve the student experience through the provision of exciting new buildings, excellent resources and enabling access to help students achieve their full potential. Highlights this year include:

- The £18m extension to the west wing of the Library was completed and welcomed its first students to the new study, social and exhibition spaces in September 2015. The Templeman Development project is continuing with the refurbishment of existing space to the same high standards of design seen in the first phase.
- The Templeman Library opened its doors 24/7 for the last four weeks of the autumn term and continuously throughout the spring term, spring vacation and summer term and this was very well received by students. 24/7 library opening is also in place at the Medway campus.
- Continued investment in library resources has resulted in a range of excellent assets being made available to students and staff including, for instance, digital access to the full archives of the journals *Nature* and *Scientific American*.
- Kent is improving customer service using technology. 'Chat to us', an online enquiry system, was launched and provides support to students with Library and IT queries during serviced hours at any location. The 'Print Plus' service enables students to print, scan and copy on any printer in the Library.

Student satisfaction scores in the 2014/15 NSS improved for the Library and were maintained for IT services. The University continues to plan further enhancements by increasing support to research, by safeguarding the ambitions of the University by providing a mirrored data centre at Canterbury Christ Church University and by continuing to pursue a vision for a university with knowledge exchange and stimulation of creativity at its heart.

The University is committed to a major capital programme, with £352m of new capital budgets envisaged by 2025/26 in order to realise the vision articulated in the University's new Estates Strategy. Notable updates to the estate in 2014/15 include:

- The new £8.3m Cornwallis East building for the School of Social Policy, Sociology and Social Research and the Graduate School is complete and in use;

- The completion of a transformational project to over-clad the Ingram building, which houses the University's School of Physical Sciences. This has improved the appearance of the building and its thermal properties, providing a more stable and comfortable working environment;
- Construction commenced on the new £35m building to co-locate the Kent Business School and School of Mathematics, Statistics and Actuarial Science. This high quality learning environment will allow expansion of both schools and closer collaboration. It is being part-funded by a £5m HEFCE STEM Teaching Capital grant awarded in recognition of past and future planned growth in the University's sciences provision;
- Work has begun on a new £5.5m facility for the Kent Law School to house the University's esteemed Law Clinic and a mooted chamber to best equip students with a realistic environment in which to learn. The facility, which will be known as "The Wigoder Building" has been part-funded by some significant donations received largely from Kent alumni, with matched funding provided by the University;
- At the Medway Campus, a £4.8m project, jointly funded with the University of Greenwich, will convert a historic naval building into a Student Hub, to provide flexible social space and a centre of activity and engagement for students from Kent, Greenwich and Christchurch. This facility will be operated by student unions for students and will improve the campus experience; and
- The Medway campus continues to expand with the Royal Dockyard Church being converted into a large lecture theatre and the Sail & Colour Loft refurbished to accommodate Kent Business School at Medway. The space vacated by this move will allow further expansion for the School of Computing and the School of Sport and Exercise Sciences.

The University offers significant financial support to students. In 2014/15 bursaries, scholarship payments and fee waivers to undergraduate and postgraduate students totalled £18.9m. Kent continues to attract an increasing number of students achieving top grades at A-levels and throughout their academic undergraduate career, thus qualifying for the University's Academic Excellence Scholarship of £2,000 per annum.

The University continues to work closely with secondary schools and colleges in the surrounding area to increase access. This work has attracted national praise from HEFCE and the Office For Fair Access (OFFA). The University has started to roll out the £3m HEFCE Catalyst funded Higher Education Access Tracker (HEAT) database, used for tracking participation in outreach and measuring impact, working with 40 HEI partners. The successful student ambassador scheme has continued to grow with undergraduate and postgraduate students working to engage in outreach activities with over 10,000 pre-Higher Education students. The ambassador scheme is a key contributor to a positive 'student experience' at Kent and impacts positively on their employment chances. The University has also funded pilot activity to improve student success and equality across nine academic schools.

Further support is provided to students through Kent Union, the Students' Union, a separate legal entity with its own governance arrangements. Kent Union aims to empower students to have a voice at University, fulfil their potential, and get the most from their experience at Kent and provides a wide range of advisory and welfare services and student activities. The Union campaigns nationally, locally and to the

University representing the views of over 19,000 students. During the year 7,695 students directly participated in Union life through one or more routes of being an elected officer representing their fellow students, joining one of 250 sports clubs or societies, volunteering within Kent Union or in the community, being a course rep, or working within student media. Through its trading activities and temporary staff agency, JobShop, it also provides students with employment opportunities, paying over £0.9m to students in 2014/15. A Kent Union toolkit helps students understand and track the transferable skills they are developing through working or volunteering for the Union. The high quality services the Union operate support the University's aims of student recruitment, retention and enhancing graduate employability.

Kent Sport, the University's sports department, provides a wide range of facilities and student demand for sport, physical activity and recreation continues to increase with membership numbers having increased by 18% in the last two years. New programmes and services have been added including a sports physiotherapy clinic, personal training and a wider choice of activities to encourage participation. Kent Sport provides support in a variety of ways to the Kent Union Sports Clubs (Team Kent). This includes the annual Varsity competition, annual colours ball (awards evening) and the regular weekly fixtures against other universities.

Kent Sport has hosted a wide range of successful events and initiatives throughout the year, particularly focusing on the University's 50th anniversary. Particularly well received events included 50 sports events

in 50 weeks, 50 weekly fitness/dance classes, Fitness Fest (part of World Fest), 'Tour de Spin', The Cube, and the Ultimate Karate Fighters Boot Camp hosted by 9 times World Champion and Kent Alumnus Wayne Otto OBE.

The University recognises the importance of meeting student expectations and work is underway to further increase sporting facilities available at the Canterbury campus, including an additional artificial pitch and a cycle hub.

Research and postgraduate activity

Kent's reputation for international research excellence was confirmed by the results of the UK Research Excellence Framework (REF), published in December 2014. Kent's inclusive approach resulted in a larger proportion of staff being submitted than in the 2008 exercise and an increase in research quality with 73% judged to be of internationally excellent or world-leading quality. All subject areas were judged to be conducive to producing internationally excellent research. Overall this resulted in Kent being ranked by the Times Higher Education as 17th nationally for research intensity of the 122 multi-subject universities. This excellent outcome also resulted in a sizeably increased annual Quality Research (QR) grant allocation from HEFCE of £14m from 2015/16, reflecting an increase of 27%.



OPERATING AND FINANCIAL REVIEW (CONT)

The University aims to increase the volume of research activity further, despite strong competition. In 2014/15 externally funded research project income increased to £13.9m, representing an 8% increase on the 5-year rolling average. This trend is set to continue with the value of new research awards also increased by 31% from the 5-year rolling average.

Postgraduate research and taught student numbers continue to rise, reaching nearly 3,700, an increase of 67% since 2006/07. An active postgraduate community is brought together through the University's Graduate School which helps enhance the experience for Kent postgraduates and deliver to them the support and facilities for their duration of study. The March 2015 Higher Education Review, performed by the Quality Assurance Agency (QAA), identified areas of good practice in postgraduate education at Kent including '...the range of informal and formal opportunities provided ... create a vibrant and interdisciplinary academic community' and the Global Skills Award Programme was recognised as a valuable development and networking opportunity for postgraduate taught students.

Kent collaborates with other research intensive universities across the UK through membership of three prestigious Research Council-funded Doctoral Training Partnerships. In March 2015 it secured its place as a member of a new research consortium to promote the social sciences.

The University allocates around £6.6m from its own funds and attracts an additional £4.8m to provide a variety of financial support opportunities for its postgraduate students. Additionally, for 2015/16 the University is offering 233 bursaries of £10,000 for new postgraduate students under a HEFCE match funding scheme.

The postgraduate landscape at Kent remains positive with the results of Postgraduate Taught and Research Experience Surveys continuing to show high levels of student satisfaction, but the recruitment environment may prove challenging.

Innovation, enterprise and creativity

Kent's focus on innovation and enterprise has been embedded within the University's structure and Institutional Plan. The University has directed its innovation and enterprise activities across themes including Security and Human Capability, Health and the Green Economy and continues to deliver a high level of service and success, working with the business community and the public sector. Despite a difficult climate for business funding, the University's income from consultancy and development remains steady.

Kent Innovation and Enterprise provides a range of high profile, well regarded activities for the local business community and in conjunction with partners and sponsors including the South East Local Enterprise



Partnership, aims to foster innovation and creativity in our students. These activities include providing the Hub, a dedicated incubation facility, and a successful innovation voucher scheme for small and medium sized enterprises. The University also runs a unique Employability Points scheme, which reached out to over 5,000 students in 2014/15, made 560 student awards and has been recognised as best in sector, being shortlisted for the 2015 Times Higher Education Award for Outstanding Support for Students.

Internationalisation at Kent

The University prides itself on its European and international reputation. Internationalisation is recognised as a key value and a strategic priority and the international flavour and appeal of the University will be further developed in the forthcoming years. In 2014/15 the University appointed its first Dean for Internationalisation to lead this area and focus activity. Key activities in the year have included Summer school events in Europe and Canterbury, delegation visits to South America, Asia and Turkey and the launch of Kent's first MOOC (Massive Open Online Course) dealing with Computer Programming, available for participation across the world.

Student mobility continues to thrive with strong numbers of students on overseas exchange programmes and placements globally, and with indications that 2015/16 will see further increases in this type of activity. New exchange agreements have been signed with institutions in Canada, Singapore, South Korea, and the USA and the extension of agreements with institutions in China, Hong Kong and Japan will widen study abroad opportunities. Our students continue to have the opportunity to learn a range of languages through the Language Express provision. In 2014/15 more than 780 students studied an international language. Students are also engaging to further enhance their intercultural communication skills through the Talking Cultures short course.

Enhancing people management, resourcing and communication

Kent has modernised its employment policies and processes to line up with contemporary practice and statutory codes. This will establish a common platform of arrangements for all staff and will help strengthen our collegial and team based culture. Changes have also been made to improve appraisal processes and to respond to emerging good practice, especially with regard to shared parental leave and flexible working. The University has also met the challenge of complex changes to the USS and SAUL pension schemes. A culture of consultation, combined with a significant investment in communication, has ensured that employee relationships remain strong.

A new People Strategy is being developed and will be implemented from 2015/16 onward with the aim of improving the University's ability to compete for staff in a competitive environment, strengthening internal communications and enhancing Kent's ability to respond to increasingly complex relations issues.

Work on implementing a new integrated HR and Payroll system is underway. The new system will enable staff and managers to have access to, and where appropriate amend, personal data and carry out basic HR related tasks. The new system will also enhance management information and reporting capability.

Developing leadership and organisational capabilities

Kent was ranked in the top 5 employers in the *Times Higher Education* workplace survey 2015. This reflects our ongoing investment in leadership development and other initiatives which continue to evolve to reflect emerging needs.

Work has started on developing a Leadership Behavioural competencies framework to underpin our leadership development and succession planning work and to expand our Leadership programmes to equip managers to best support our staff through change.

Promoting equality and diversity

2014/15 was a year of achievement for the University. The University was ranked 15th out of 47 Higher Education Institutions in the Stonewall Workplace Equality Index and 5 of our Science Schools achieved Athena SWAN Bronze Awards. Over 1,500 staff took part in the Valuing Everyone programme – an ambitious programme of workshops that explores issues of inclusivity and team dynamics.

In 2015/16 Kent will review the results of an equal pay audit and will extend the Athena Swan Charter across the Humanities and Social Sciences faculties. Two of the University's academic schools have already expressed preliminary interest in applying for accreditation in 2016. In Sciences the focus will be on working towards Silver Awards.

Environment

The University's Carbon Management Plan for the period to 2020 sets an absolute CO2 reduction target of 23% measured against a 2005 baseline. Recent data shows good progress with an absolute reduction of 16% in carbon emissions. Our participation in the HEFCE / Salix Revolving Green Fund alone has resulted in an investment of over £0.6m in energy efficiency projects since inception.

During 2014/15, ISO 14001 internal audits were undertaken which revealed good progress in embedding sound environmental practices into the University's business. An external audit of the University's Environmental Management System (EMS) commented that it is mature and well managed.

The latest phase of Kent's Green Impact programme culminated in the presentation of awards at a ceremony in April 2015. The scheme challenges staff teams to adopt sound environmental practices in their workplace. University students are encouraged to participate through the employability scheme and are trained to fulfil the roles of Green Impact project assistants and auditors.

In 2015/16 the University will renew its Carbon Trust Standard certification and its Fairtrade accreditation as they fall due.

OPERATING AND FINANCIAL REVIEW (CONT)

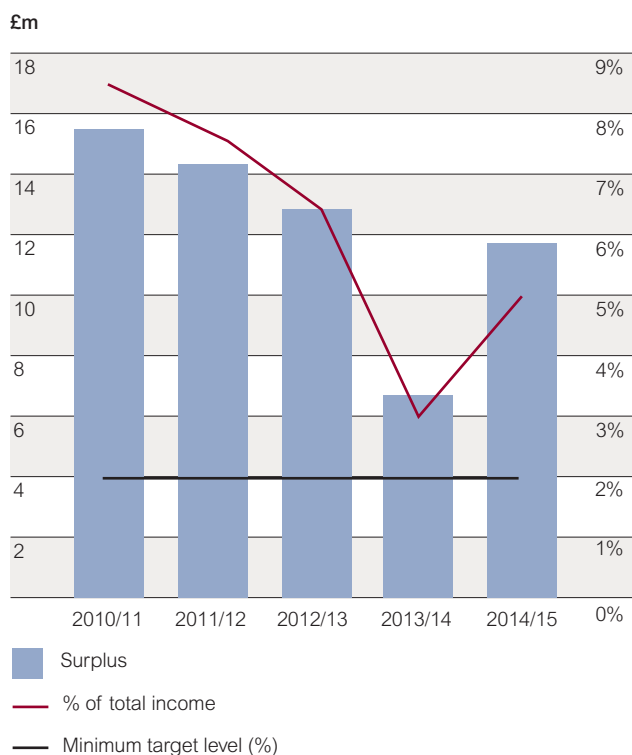
Financial summary

The University's consolidated results for the years ended 31 July 2015 and 31 July 2014 are summarised as follows:

	2014/15 £000	2013/14 £000	Change %age
Income	234,297	214,366	9.3
Expenditure	(222,957)	(208,056)	7.2
Transfer from Accumulated Income in Endowment Funds	380	346	9.8
Surplus for the Year	11,720	6,656	76.1

The University performed well in 2014/15 with a retained surplus for the year of £11.7m. This represents 5.0% of total income and exceeds the 2% minimum required level set in the University's Financial Framework which is designed to ensure that sufficient cash is generated for the maintenance of the estate and new capital investment. The result also compares favourably to the budgeted surplus for the year of £7.5m and the surplus achieved in 2013/14 of £6.7m. This positive result has been achieved, despite increased competition for students, by the continued growth of income streams and by maintaining good control over expenditure.

Operating surplus 2010/11 – 2014/15



Income

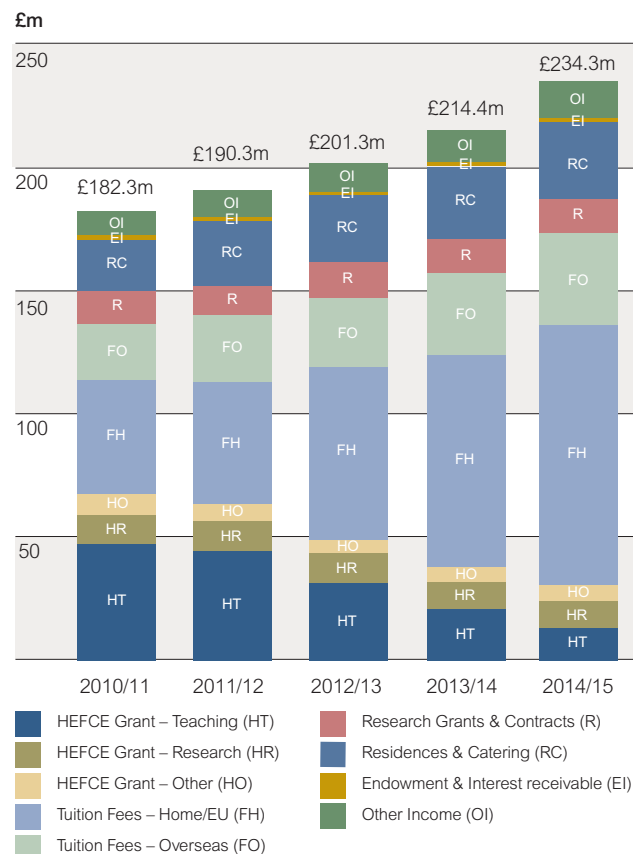
Total income grew by 9.3% to £234.3m, including an additional £24.4m tuition fee income. The majority of growth relates to the start of the third cohort of Undergraduate students under the £9,000 fee regime (£20.3m), although this is partly offset by the associated reduction in teaching grants from HEFCE (£7.2m). Tuition fee income from overseas students continues to grow as student numbers grow, with an increase of £3m (9%) compared to 2013/14 year. This reflects Kent's continued internationalisation strategy and the growing global reputation of the University.

Income from Residences and Catering operations increased by £2.3m. This is largely due to the opening of a new residential college at the Canterbury campus – Turing College, but also reflects the continued growth in catering and conference activities at all University campuses.

Income from Research Grants and Contracts increased slightly in the year to £13.9m. This continues the upward trend in this area, although the slow rate of growth reflects the increasing level of competition for limited research funding across the sector.

Income from all other activities remained strong during the year, increasing by £1.4m to a total of £15.4m.

Analysis of income 2010/11 – 2014/15



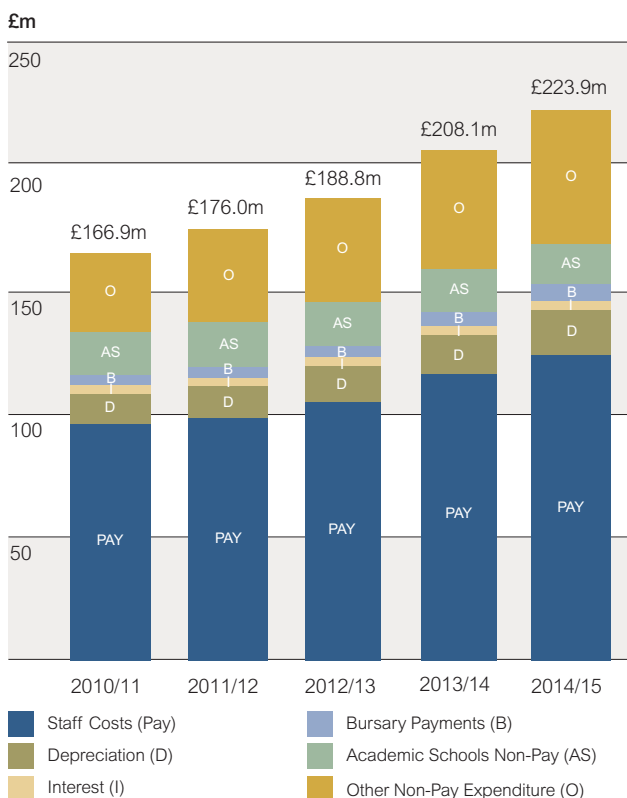
Expenditure

Staff pay increased by 6.9% in the year to £124.3m, inclusive of a national pay award of 2% and increments and promotions. The underlying rise in staff costs reflects the full impact of prior years' investment in research excellence and the investments made in new positions in 2014/15.

The University monitors its staff costs as a percentage of income with a financial framework upper limit of 60%. During the year, this measure fell from 54% to 53% with the higher staff numbers, which on average increased by 144 full-time equivalents (5.9%) in the year, being more than offset by the increase in total income.

Other Operating Expenses increased by £6.2m (8.6%), reflecting further investment in student support and facilities. £1.5m of this increase relates to an increase in payments to students in the form of bursaries, which now total £7.7m, with a further £3.1m of fee waivers reducing the total reported income from tuition fees. This reflects the continued commitment of the University to widening access to higher education. Administration costs have increased by £2m to £16.9m. £1.5m of this increase relates to the expenses of overseas agents in recruiting students, which was treated in 2013/14 as a reduction to fee income.

Analysis of expenditure 2010/11 – 2014/15



The opening of the new Turing College has resulted in an increase in Residences and Catering facilities expenditure of £1.5m in the year, largely in relation to rental payments to the third party provider for the residences.

Depreciation charged in the year was £1.1m higher than in 2013/14 largely as a result of some significant capital expenditure during the year and a number of major refurbishments of student accommodation over the 2014 summer vacation.

Interest payments have fallen by £0.2m during the year, as existing loans are repaid. Additional interest charges of £0.4m in relation to the £50m tranche of the EIB loan drawn down in the year have been capitalised during the construction of major projects, and will be charged to expenditure in future years as funded facilities come into use.

Balance Sheet

The University's Consolidated Balance Sheet continues to be strong with Net Assets of £191.5m (2014: £179.8m), Net Current Assets of £49.9m (2014: £17.6m) and a current asset ratio of 2.15 (2014: 1.40). Net Current Assets are significantly higher than last year, largely in relation to the increase in cash from the receipt of the first instalment of the EIB loan during the year of £50m. As at the year-end £29m of this has been used to fund capital expenditure, with the remaining expected to be utilised during 2015/16. Significant progress has been made on some major capital projects during the year and this high level of expenditure will continue into 2015/16 and 2016/17 as projects are completed. Debtor balances have increased by £2.0m during the year, although student debtor balances have remained at the same level as last year reflecting sound credit control processes. The increase in debtors largely relates to the reorganisation of administration of the Medway School of Pharmacy shared with the University of Greenwich and this is expected to be fully recovered within the next year. Current liabilities have fallen slightly during the year (-£0.5m) partly due to the reorganisation referred to above.

The University's main pension schemes, Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL), are multi-employer schemes and continue to be accounted for as defined contribution schemes in accordance with Financial Reporting Standard 17: Retirement Benefits (FRS17) as the University is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. During 2014/15 the draft results of March 2014 triennial actuarial valuations have been published in respect of both schemes. In both instances the funding position has significantly worsened and the schemes have undergone an extensive period of consultation with members on implementing benefit reform, alongside increased employee and employer contributions. Specifically, employer pension contributions will increase from 16% to 18% in USS and are proposed to increase from 13% to 16% in SAUL, increasing the University's staff costs by over £2.2m per annum. The reforms to USS have now been agreed and will be implemented in two stages in April and October 2016. The proposed changes to SAUL, once agreed, are due to take effect at the same time. The University follows the full accounting and disclosure requirements of FRS17 in relation to the accounting for the Local Government Pension Scheme for which it has one remaining active

OPERATING AND FINANCIAL REVIEW (CONT)

member and the pension deficit can be seen on the balance sheet; during the year the deficit decreased slightly and now stands at £0.3m. Full details of the pension schemes and their annual funding position can be found in Note 29 to the financial statements.

Cash flow

Cash received from Operating Activities during the year was £22.2m, a reduction of £6.1m from last year. The high cash inflow in the previous year included the receipt of a £6m lease premium in respect of University land provided to a third party for the construction of the new Turing College. Excluding this one-off amount, the operational net cash flow for 2014/15 is in line with the previous year, with the increased surplus being offset by movements in working capital. Liquidity levels have however increased during the year, as the first £50m tranche of a new loan from the European Investment Bank (EIB) has not yet been fully spent on capital developments. The University monitors its available liquid reserves and requires a minimum of 40 days expenditure to be held at any time. At the year end, these liquid reserves, measured as cash in hand, short-term deposits and a percentage of the market value of the current asset investments, represented around 132 days expenditure, excluding depreciation (2014: 85 days). At its lowest point, in January, the value of liquid reserves held by the University represented around 60 days expenditure (2014: April - 77 days) but was followed by the receipt in March of the EIB loan funding and the majority of Home/EU undergraduate fee income from the Student Loans Company, which was received in February and May.

Total Cash, Short-Term Deposits and Current Asset Investments as at 31 July 2015 have increased by £29.4m as follows:

	2015 £000	2014 £000	Change %age
Cash and Short-Term Deposits	58,961	29,679	98.7
Current Asset Investments	16,768	16,570	1.2
	75,729	46,249	63.7

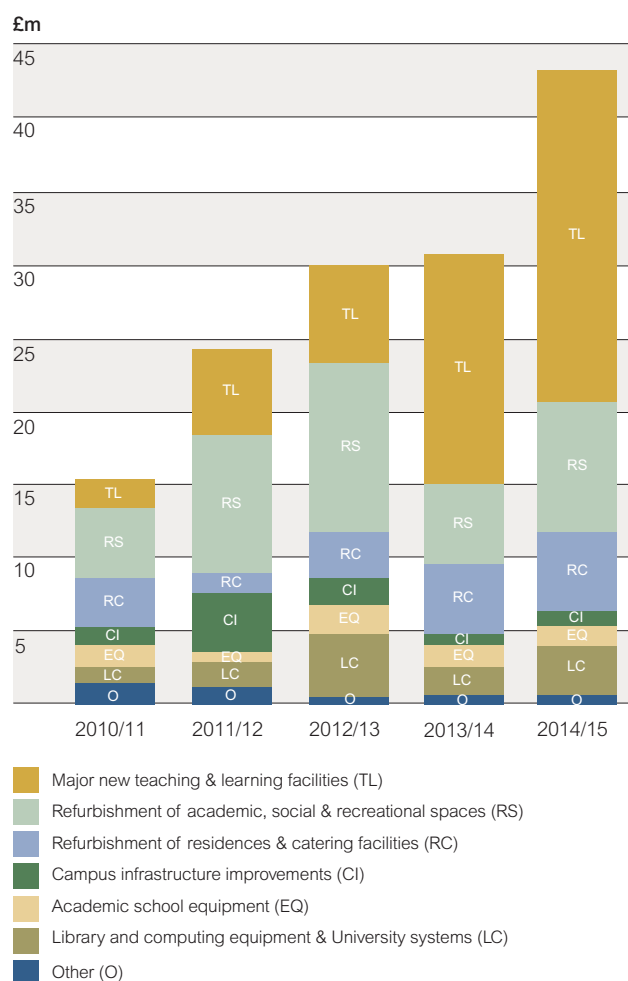
Although the above shows that the University had a strong cash position at the end of the year, much of this increase is due to the new loan funding for capital expenditure, meaning that a net debt position continues to be reported. This means that the cash and investments held, as shown above, are lower than the outstanding value of loans held by the University at the year end.

Capital expenditure and long-term borrowing

Capital expenditure amounted to £43.6m in the year, reflecting the continued investment into the University's estate and systems. The chart below provides a breakdown of expenditure against different elements of the capital programme over the past five years.

The capital programme for the next five years was agreed by the University Council in June 2015 and has been developed in conjunction with the University's Estates Strategy. The programme includes a further investment of £238m to be spent on significant refurbishment and infrastructure developments to ensure facilities are at a standard that

Capital expenditure 2010/11 to 2014/15



meets students' expectations. In addition, it addresses space utilisation issues which have arisen due to the high growth in student and staff numbers experienced by the University in recent years and includes major strategic building projects including additional new academic teaching and learning spaces and a one-stop shop facility for student administration and services.

The associated funding strategy utilises current borrowing capacity whilst ensuring that borrowing costs remain affordable, in addition to the implementation of plans to grow surpluses and operational cash flow. As existing loans are repaid in forthcoming years, they will create capacity for additional borrowing to address new opportunities.

Long-term bank loan debt has increased during the year by £46.9m with borrowing levels increased to 41% as a percentage of income (2014: 23%). This increase relates to the drawdown of the first £50m instalment of the £75m facility signed with the EIB in 2014. The remaining £25m is expected to be drawn down in March 2016.

Future outlook and risks

2015/16 has started well with provisional registration data suggesting that Kent has maintained and increased its Home/EU student admissions at undergraduate and postgraduate level, despite a competitive environment, and has made some progress toward achieving longer term plans for growing the number of International students. This is a testament to Kent's reputation, which is increasingly well reflected in national and international league tables.

Despite this confidence, the next few years will see significant financial challenges as the real value of Home/EU tuition fees continues to decrease while staff costs rise. Resources, including the cash reserves, are being managed carefully so as to put the University into the best position for a challenging and uncertain future, whilst ensuring that the longer-term cost base of the University remains sustainable. Investment into academic schools, the library and IT services is selectively made to ensure that all students receive the best teaching, facilities and support throughout their time at Kent. The newly published Estates Strategy and accompanying capital programme will provide new teaching and learning facilities, improved student administration services and improved lifestyle facilities, while bringing efficiencies through the design and implementation of major systems.

The budgeted surplus for 2015/16 of £6m is lower than that set and achieved for 2014/15 and reflects the past and ongoing strategic investment in new resources and the financial pressures that are beginning to take hold, especially now that the new funding regime is fully in place for all cohorts. In the absence of inflationary increases, the real value of tuition fee income will continue to fall against a backdrop of increasing staff costs. The strain on the University's financial position from increased staff numbers, past and future pay awards and newly implemented increases in pension and national insurance contributions will become more apparent in the coming years. This will require the University to achieve further income growth from expansion or deliver efficiencies in its operating activities if it is to remain on track with capital expenditure plans and the realisation of the new five-year Institutional Plan which takes effect this year. It is likely to be a challenging time but the University enters into this period from a strong financial and reputational base.

The level of cash reserves and the current asset ratio are budgeted to fall over the year as cash balances are utilised in funding major capital developments which are currently underway. In 2015/16 the University anticipates drawing down the final £25m tranche of the £75m loan facility agreed with the European Investment Bank (EIB). Debt levels are therefore projected to increase to up to 46% of total income by 2015/16 but this will ensure operating cash reserves remain at healthy levels and in line with the Financial Framework, established to ensure long-term financial viability. Debt levels are then projected to fall over subsequent years as existing loans are repaid.

The recruitment environment for Home and EU undergraduate students is expected to remain intensely competitive alongside a demographic reduction in the numbers of 18-24 year-olds. Although the University has fared well in the 2015/16 recruitment round there is no scope for complacency. The University continues with its strategy of trying to grow overseas and postgraduate student numbers as a means of mitigating any potential impact of lower Home/EU undergraduate recruitment.

The election in May 2015 of a Conservative Government resulted in greater stability to the funding regime for universities than may have otherwise been the case. However, the likely announcement of wide-ranging cuts in the November 2015 Comprehensive Spending Review may have a significant impact on the Higher Education sector and its funding, as may the Government's already announced plans to cut maintenance grants to students, in favour of offering higher value loans. The Minister of State for Universities and Science has also announced the implementation of a new Teaching Evaluation Framework (TEF). Although this represents an opportunity for the University to seek recognition for its high quality teaching and student engagement, its rapid evolution and implementation and its linking to the possibility of fee increases in future years may introduce increased risk.

In addition to these funding and recruitment and regulatory risks, other specific risks facing the University and the Higher Education Sector in 2015/16 and beyond include:

- The proposed referendum on the UK's renegotiated EU membership may result in the UK leaving the EU. This will impact on universities' ability to recruit EU students, as they will face higher fees and reduced access to student loans. The overall climate engendered by the debate may also deter EU and International students from coming to the UK. This is particularly of concern at Kent, the UK's European University, where EU admissions comprise 12% of the student population;
- An ongoing compliance burden and increased information requirements for overseas students, may result in these students being deterred from applying to UK Higher Education providers. Similarly, the proposed implementation of plans to increase the English language attainment levels that are required to be demonstrated by overseas applicants, could lead to a significant fall in the number of international students being able to study at UK Higher Education (HE) Institutions. A reduction in the overall numbers of overseas students would have a detrimental effect on the UK HE economy, both nationally and locally;
- Nil or low inflation on regulated Home/EU tuition fees until at least 2017/18 and possibly beyond may impact on the levels of investment into student facilities and ultimately the student experience. Although the TEF may offer a solution is not yet clear when and how inflationary increases might be implemented;
- Increased individual graduate debt levels under the new teaching funding regime may result in potential decline in the demand for postgraduate qualifications;
- A continued squeeze on research income as a result of Government funding cuts and increased global competition may hinder ability to sustain and grow income from research grants and contracts;
- Instability in the financial economy may put further pressure on pension schemes, notwithstanding recovery and benefit reform plans already being put in place to deal with current funding issues for both USS and SAUL. These schemes have seen increases in the reported funding deficits to £5.3 billion and £59m respectively since the last actuarial valuations. More information on the funding position of the pension schemes in which the University participates is provided in Note 29 to the accounts; and
- The implementation of new accounting standards, under FRS 102 and the 2015 Higher Education Statement of Recommended Practice (HE SORP) from 2015/16 is anticipated to result in increased volatility in reported financial performance, reduced comparability between institutions and a perceived reduction of

OPERATING AND FINANCIAL REVIEW (CONT)

financial strength of the sector. This may impact on relations with key stakeholders including banks. The University is well advanced in its implementation programme and is exploring mitigating actions, while working to keep stakeholders informed.

The University also faces a range of additional risks specific to its strategic intentions and future plans. These risks are subject to mitigating action plans and are kept under review. They include:

- Ensuring that the University's estate continues to meet student expectations and requirements, that the major capital investment planned in the University's capital programme can be funded and that individual priority capital projects within this programme are completed to time, cost and quality;
- Ensuring that the implementation of major new IT systems for student administration, staff administration and payroll deliver anticipated benefits and are achieved on time and within budget; and
- Ensuring that targeted student number growth in specific academic schools within the University is achieved.

Management of performance and risks

The University measures its performance in four key areas and reports annually on relevant key performance indicator (KPI) data to the University's Council. Super-KPIs have been established focusing on institutional sustainability, academic profile and positioning, learning and teaching and research performance. Monitoring is performed over baskets of individual KPIs. Specific areas of sustainability assessed include student recruitment, income diversity, financial sustainability, efficiency, adequacy of the estate and staff recruitment and retention. Other areas monitored include sector positioning, student satisfaction, achieving employability, research income generation and research excellence. KPIs are measured against a benchmark peer group and in the case of financial KPIs, against internally set targets, with each individual KPI reported using a traffic light system to determine whether performance is on target or whether intervention or remedial action is required to improve performance. This information is consistent with data reported in returns submitted to HEFCE in the annual accountability process. Throughout the year, Council members received reports across the range of the University's activity, summarising performance in these areas. These included updates on student applications and registration, national and international league table rankings, research awards and partnerships and equality, diversity and inclusivity. The University also reports progress made against objectives set out in the Institutional Plan and detailed analysis on the management of contingent and significant risks.

In October 2015 the University's Council agreed the new Institutional Strategic Plan to 2020. Action is now underway to embed the strategy into supporting plans, to refresh KPIs to reflect strategic priorities and to update the University's risk register.

Investment management

During the year the Investments Committee monitored the returns achieved on cash deposits and on those funds invested in and managed by Cazenove Charities.

The permanent endowment is invested in UK equities and bonds through the Schroder Charity Equity and Fixed Interest Funds and also holds a cash deposit. Over the year these funds generated a total return of 8.0%, 8.5% and 0.7%, respectively. The Michael Ramsay Appeal Fund is subject to investment considerations set by the donor and as such is invested in the CBF Church of England Investment Fund and the CBF Church of England Fixed Interest Fund. Over the year these funds generated a total return of 10.1% and 8.7%, respectively. The medium and long term assets are invested in the Charity Multi-Asset Fund, managed by Cazenove Charities which generated a total return of 4.5%. The shorter term assets are invested in cash deposits using Schroders Charities' cash management service. These are placed out with counterparties, to gain a spread of maturities and an attractive rate, as well as diversification of counterparty risk. Over the year, the cash portfolio has returned 0.7% (net of fees) which compares favourably to base rates of 0.5% and other cash funds.

Payment of creditors

It is the University's policy to obtain the best terms for all business and, consequently, there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms. The University is aware of the impact of delayed payments on small and medium businesses and, where possible, seeks to process payment as soon as invoices are presented, rather than waiting for the settlement date.

Going concern

After making appropriate enquiries, which include the review of medium term forecasts and the consideration of the availability of funding in this period, the Council considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements have been prepared on a going concern basis.

Conclusion

As the celebrations of the University's 50th anniversary year draw to a close, Kent looks forward to an updated and ambitious strategic vision for 2020. Building from a strong foundation of esteem from students, the NSS and the REF, as reflected in national and international league tables, Kent will seek to maintain and further enhance the student experience, boost its research credentials and grow its international reputation as a leading teaching and research focused University.

The University has a sound financial base from which to ensure ongoing continued success and to deliver the capital enhancements necessary to meet our ambition. Although there are risks ahead to the sector, the University's confidence and responsiveness should ensure a bright future as one of the UK's leading higher education institutions.

Professor Dame Julia Goodfellow
Vice-Chancellor
27 November 2015

CORPORATE GOVERNANCE STATEMENT

The Statement which follows is provided to enable readers of the Annual Review and Financial Statements of the University to obtain a better understanding of its governance and legal structure.

Values

The University of Kent is committed to providing high quality teaching, scholarship and research for public benefit. It believes that this is best achieved by a collegial approach that engages and motivates its staff and students. It is committed to a wide participation in governance and management, as manifested by its approaches to budgetary devolution and planning as well as the organisation of its teaching and research. The University is outward looking and is committed to working in partnerships with others, notably European and international institutions, to enrich its teaching and research. The University is committed to promoting equality, diversity and inclusivity among its staff, students and Council members.

The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities given in The Higher Education Code of Governance published by the Committee of University Chairs (CUC) in December 2014. The University conducts its affairs in an open and transparent manner. Its constitutional documents,

its financial statements (including the corporate governance statements) and details of its governance structures (including membership of the Council and all related committees) are publicly available on the University's website (www.kent.ac.uk/governance/charity.html). The agendas and minutes of Council meetings are published on the University's intranet and are available to all staff and students of the University. The University is committed to achieving best practice in all aspects of Corporate Governance.

Constitution

The University is an independent corporation whose legal status derives from a Royal Charter originally granted in 1965 and subsequently updated. The University's objects, powers and framework of governance are set out in the Charter and supporting Statutes and Ordinances. The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

The Council is the supreme governing body, responsible for the exercise of the University's powers, oversight of the management and administration of the revenue and property of the University and its affairs. Council is responsible for ensuring the sustainability of the University and the protection of its reputation. It has overall responsibility for the mission and strategic vision of the institution and for ensuring that the interests of key stakeholders are met. Council has 25 members with a majority appointed from outside the University (16 members comprising 64% of its membership), from whom its chair and its deputy chair must be appointed. Other members include representatives of the staff of the University and the student body.



CORPORATE GOVERNANCE STATEMENT (CONT)

Members do not receive any payment for their work in relation to the Council. External members may, however, claim reimbursement of associated travel costs and expenses.

A Statement of the Council's Primary Responsibilities may be found on the University's website at (www.kent.ac.uk/governance/council/documents.html). This encompasses matters relating to the University's mission, vision and strategic aims; the appointment of senior officers and external members/officers; amendments to the University's Royal Charter, Statutes and Ordinances; corporate level financial matters and decisions; institutional performance and other requirements arising from the University's constitutional framework, institutions such as the Funding Council and legislation.

The Senate is the academic authority of the University and draws its membership (currently 48 members) mostly from the academic and research staff and students of the University. Senate is responsible for the teaching and research work of the University. The Vice-Chancellor is ex officio Chair of Senate. The Senate has a range of boards to undertake much of the detailed work including the Learning and Teaching Board, the Graduate School Board, the Research and Innovation Board and the Faculty Boards.

The Court is a large formal body comprising about 450 members, chaired ex officio, by the Chancellor. Many members of the Court are external, representing the regional community and other bodies with an interest in the work of the University. Other members include professorial staff and representatives of academic and non-academic staff and the student body. It provides an opportunity for the region to have an association with the University and provides a forum where members can be briefed and comment on key University activities and developments. The Court meets once a year and receives an annual review of the University and its annual accounts.

The Vice-Chancellor, the University's principal academic and administrative officer, has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England (HEFCE), the Vice-Chancellor is the Accountable Officer of the University and in that capacity can be required to appear before the Public Accounts Committee of the House of Commons. The Vice-Chancellor is required to provide an annual report to Council each Autumn on matters delegated from by Council and those arising from the Statutes.

As chief executive of the University, the Vice-Chancellor advises the Council on the development of institutional plans, policies and strategy, the identification and planning of new developments and shaping of the institutional ethos. The Deputy and Pro-Vice-Chancellors, Director of Finance and other senior academic and administrative officers all contribute in various ways to aspects of this work but Council, as the University's governing body, has ultimate responsibility for University activities, for determining its future direction and for fostering an environment in which the University's mission is achieved.

The Secretary of the Council (and of the Court) is appointed by the Council under the provisions of the University Statutes. The Secretary has a key role in supporting governance processes and ensuring good governance. The Secretary maintains a Register of Interests of members of the Council and other staff which is available for consultation.

The Work of the Council and its Committees

Council has four business meetings and one strategy meeting each academic year. Key activities in 2014/15 included the development of an institutional plan for 2015-2020, the development of the Estates Strategy, consideration of the University's requirements to protect freedom of speech within the law, and the monitoring of institutional performance through Key Performance Indicators and in external reviews and league tables. Council is committed to promoting equality diversity and inclusivity. It has received an update on its responsibilities, approved the University's annual report on equality diversity and inclusivity and made recommendations for future action. It has maintained an oversight of donations and fundraising through the consideration of the annual report from the Fundraising Coordination Committee.

Council has maintained an oversight of academic governance. It has received regular reports of the meetings of Senate, including the outcome of a Quality Assurance Agency Higher Education Review and summaries of the outcomes of a Senate effectiveness review. It has also received reports on student recruitment, the National Student Survey and the outcome of student complaints to the Office of the Independent Adjudicator.

Much of Council's detailed work is initially handled by committees. These committees, listed below, have written terms of reference and specified membership, including external members (from whom Council generally appoints chairs), designated quorums and generally meet two or three times per year.

The Finance and Resources Committee oversees all financial matters of the University and reports regularly to Council. It uses an agreed Financial Framework to guide its deliberations. It is responsible for scrutinising the University's budgets and financial forecasts and makes recommendations to Council for approval. It reports on the financial performance of the University on a quarterly basis and scrutinises the end of year financial statements in the light of comments from the External Auditors and the Audit Committee before making a recommendation to Council. University expenditure is governed by a scheme of delegation. The Finance and Resources Committee considers proposals for large items of expenditure and makes recommendations for items over £2 million to Council for approval.

The Audit Committee has responsibility for making recommendations to Council for the appointment of the External and Internal Auditors. The Committee regularly considers reports from Internal Audit and the views of the External Auditors. It considers the annual update of the Risk Register and reviews the Risk Register each term. It considers regular reports on Value for Money and oversees the University's Corporate Standards for Data Quality. The Committee submits regular reports to Council summarising key aspects of its work. On the basis of its work throughout the year, the Committee makes an Annual Report to Council where it provides an opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; for promoting economy, efficiency and effectiveness (value for money) and the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), HEFCE and other funding bodies. The Audit Committee has conducted a review of its effectiveness in 2014/15 and also considered a review of the effectiveness of Internal Audit.

The Lay Nominations Committee is responsible for making recommendations to Council for the appointment of lay members. In fulfilling this responsibility it takes account of the balance of skills across the membership and the need for Council to be effective as the governing body. It also takes account of the University's policy on equality diversity and inclusivity and has made a particular effort to improve the gender balance of Council membership. It has used a mixture of targeted recruitment and public advertisement to recruit new members.

The Remuneration Committee is responsible for considering the remuneration of the University's Vice-Chancellor, Deputy Vice-Chancellors, Pro-Vice-Chancellors and the Director of Finance. In fulfilling this responsibility it considers the outcomes of appraisal, performance against targets and benchmarking information against peer group institutions. The Committee reports to Council and provides a note of its methodology and the rationales of its decisions.

The Safety, Health and Environment Executive Committee is responsible for the University's safety health and environment policies, their effectiveness and how they might be enhanced, setting performance standards and determining action where standards are not met. It provides an Annual Report to Council and reports regularly on issues as they arise. In 2014/15 Council received a presentation from the Director of Health, Safety and Environment briefing members on their corporate responsibilities for health and safety.

Effectiveness of Council and its Committees

Council has conducted annual effectiveness reviews. In 2014/15, the Secretary of the Council conducted a detailed review including interviews with all Council members and an analysis of compliance with Higher Education Code of Governance published in December 2014. Recommendations have been taken forward including: the enhancement of dialogue between the Executive and Council to provide more opportunities to discuss strategy and for early input into strategic discussions; the enhancement of Council's oversight of academic governance; a better integration of the effective control and due diligence of academic partnerships into the governance framework; the development of a more comprehensive written scheme of delegation; and further consideration of how Council might oversee the requirements to ensure the consistency and accuracy of information for students.

In 2015/2016 there will be an externally led effectiveness review of Council.

Any enquiries about the constitution and governance of the University should be addressed to the Secretary of the Council.

Statement of Internal Control

The University Council is responsible for ensuring the maintenance of a sound system of internal control that supports the achievement of the University's mission and strategic aims and objectives while safeguarding the public and other funds and assets for which the University is responsible, in accordance with the responsibilities assigned to the Council in the University's Charter and Statutes and the requirements of the Memorandum of Assurance and Accountability with HEFCE.

The University's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve institutional mission, strategic aims and objectives. It seeks to identify the principal risks to the achievement of the University's mission, strategic aims and objectives, to evaluate the nature and extent of those risks and to manage them by appropriate controls and mitigation. Risks are monitored regularly so that any necessary remedial action can be taken. This process was in place for the year ended 31 July 2015 and up to the date of approval of the Financial Statements for 2014/15 and it accords with HEFCE guidance.

In summary key aspects of the University's overall system of internal control, for which the Council has overall responsibility, are as follows:

- Every five years Council approves a new University Plan; the version in effect for the period of these accounts was that for 2012-15 (and may be seen on the University's website);
- Council meets regularly to consider strategic, policy and oversight matters, these include the annual approval of a Risk Register (based on the institutional Plan and compiled on an objective scoring basis); the annual report on risk management and annual reports from the Audit Committee and the Head of Internal Audit, each including an evaluation of the assurance provided by internal controls;
- The Vice-Chancellor and her Executive Group are responsible for the management of the University, including oversight of risk management and consideration of termly monitoring reports (and the same in relation to value for money (VfM));
- Internal Audit's work, based on risk assessment, plays a valuable role in providing assurance on the adequacy and effectiveness of risk management, control and governance arrangements and VfM;
- The Audit Committee meets four times a year and receives regular reports from the Head of Internal Audit which include an independent opinion on the University's system of control and recommendations for improvement, and the termly monitoring reports on risk management and VfM; and
- The heads of academic schools and professional service departments are responsible for the identification and management of risks and the achievement of value for money in their areas of operation on a day-to-day basis and in relation to future plans.

Council's overall assessment of the effectiveness of internal control is informed by reports from the Audit Committee, the External Auditors in their Management Letter, the Internal Auditor and from the Vice-Chancellor and other executive officers and from HEFCE. The last includes HEFCE's institutional assessment of the University which indicated that in 2015 the University was 'not at higher risk' and the 2014 assessment by HEFCE's Assurance Service that the University's Internal Audit provided a high level of assurance. Council's assessment that the University's internal control was sound for 2014/15 and to the date of its approval of these Financial Statements is hereby confirmed for the record.

Signed on behalf of the University of Kent on 27 November 2015 by:

Sir David Warren
Chair of the Council

Professor Dame Julia Goodfellow
Vice-Chancellor

STATEMENT OF THE RESPONSIBILITIES OF THE UNIVERSITY'S COUNCIL

In accordance with the University's Charter of Incorporation, the Council is "the supreme governing body of the University and ... (is) responsible for the exercise of the University's powers" (extract from Section 6 of the Charter).

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 and other relevant accounting standards.

In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for England (HEFCE) and the Council of the University, the Council, through its accountable officer (the Vice-Chancellor), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- Suitable accounting policies are selected and applied consistently;
- Judgments and estimates are made that are reasonable and prudent;
- Applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements;
- There is no relevant audit information of which the auditors are unaware; and
- Each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the auditors are aware of that information.

The Council has taken reasonable steps to:

- Ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum agreed with HEFCE and any other conditions which HEFCE may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and prevent and detect fraud and bribery; and
- Secure the economical, efficient and effective management of the University's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and professional service departments;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and Resources Committee and the Council; and
- A professional Internal Audit Office whose annual programme takes into account matters included in the Risk Register and is approved by the Audit Committee in line with the Statement of Internal Control.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF THE UNIVERSITY OF KENT



Grant Thornton UK LLP, Grant Thornton House
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We have audited the financial statements of the University of Kent (the 'University') for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Council, as a body, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the University's Council 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 University and the University's Council, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Members of the University's Council and auditor

As explained more fully in the Statement of the Responsibilities of the University's Council set out on page 30, the University's Council are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the University's affairs as at 31 July 2015, and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated June 2014

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of assurance and accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, London

27 November 2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2015

	Note	2014/15 £000	2013/14 £000
Income			
Funding Council Grants	1	29,868	38,287
Tuition Fees and Education Contracts	2	143,165	118,757
Research Grants and Contracts	3	13,880	13,579
Other Income	4	46,699	42,954
Endowment and Investment Income	5	685	789
Total Income		234,297	214,366
Expenditure			
Staff Cost	6	124,295	116,316
Restructuring Costs	6	374	581
Other Operating Expenses	7	77,899	71,718
Depreciation	11	17,371	16,227
Interest Payable	8	3,018	3,214
Total Expenditure		222,957	208,056
Surplus on Continuing Operations after Depreciation of Assets at Cost and before Tax		11,340	6,310
Taxation	9	-	-
Surplus on Continuing Operations after Depreciation of Assets at Cost and Tax		11,340	6,310
Surplus for the Year Transferred from Accumulated Income in Endowment Funds	20	380	346
Surplus for the Financial Year Retained within General Reserves		11,720	6,656

There is no difference between the surplus stated above and the historical cost equivalent.

All income and expenditure recognised above is derived from continuing operations.

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2015

	Note	2014/15 £000	2013/14 £000
Surplus on Continuing Operations after Depreciation of Assets at Cost and Tax		11,340	6,310
Unrealised Gain on Endowment Asset Investments	20	46	44
New Endowments and Income Retained for the Year	20	245	319
Endowment Transferred to Grants	20	(12)	(310)
Actuarial (Loss)/Gain on Pension Scheme	29	(41)	(58)
Total Recognised Gains and Losses on Continuing Operations relating to the Year		11,578	6,305
Reconciliation			
Opening Reserves and Endowments		132,061	125,756
Total Recognised Gains and Losses for the Year		11,578	6,305
Closing Reserves and Endowments		143,639	132,061

BALANCE SHEETS

AS AT 31 JULY 2015

	Note	Consolidated		University	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed assets					
Tangible Assets	11	236,270	210,079	236,270	210,079
Investments	12	65	-	65	-
		236,335	210,079	236,335	210,079
Endowment assets					
	13	5,879	5,980	5,879	5,980
Current assets					
Stocks		939	662	939	662
Debtors	14	16,581	14,582	16,581	14,582
Investments	15	16,768	16,570	16,768	16,570
Short-Term Deposits		57	64	57	64
Cash at Bank and in Hand		58,904	29,615	58,777	29,488
		93,249	61,493	93,122	61,366
Creditors: Amounts Falling Due Within One Year	16	(43,364)	(43,845)	(43,373)	(43,853)
Net Current Assets		49,885	17,648	49,749	17,513
Total Assets Less Current Liabilities		292,099	233,707	291,963	233,572
Creditors: Amounts Falling Due After More Than One Year	17	(99,966)	(53,128)	(99,872)	(53,034)
Provisions For Liabilities	18	(319)	(413)	(319)	(413)
Net Assets Excluding Pension Liability		191,814	180,166	191,772	180,125
Net Pension Liability	29	(326)	(344)	(326)	(344)
NET ASSETS		191,488	179,822	191,446	179,781
Deferred capital grants					
	19	47,849	47,761	47,849	47,761
Endowments					
Expendable	20	4,570	4,722	4,570	4,722
Permanent	20	1,309	1,258	1,309	1,258
		5,879	5,980	5,879	5,980
Reserves					
Revaluation Reserve	22	8,431	8,431	8,431	8,431
Pension Reserve	21	(326)	(344)	(326)	(344)
General Reserve	23	129,655	117,994	129,613	117,953
		137,760	126,081	137,718	126,040
TOTAL FUNDS		191,488	179,822	191,446	179,781

The financial statements on pages 32 to 57 were approved by the Council on 27 November 2015 and signed on its behalf by:

Professor Dame Julia Goodfellow,
Vice-Chancellor

Robert Scruton, Chair of the Finance
and Resources Committee

Lisa-Jane Crudgington-Higham,
Director of Finance

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2015

	Note	2014/15 £000	2013/14 £000
Cash Flow from Operating Activities	24	22,237	28,289
Returns on Investments and Servicing of Finance	25	(2,365)	(2,326)
Capital Expenditure and Financial Investment	26	(37,445)	(28,105)
Management of Liquid Resources	27	(256)	9,742
Financing		47,118	(2,692)
Increase in Cash in the Year		29,289	4,908

Reconciliation of net cash flow to movement in net debt

		2014/15 £000	2013/14 £000
Increase in Cash in the Year		29,289	4,908
Outflow/(Inflow) from Liquid Resources		256	(9,742)
New loans taken out	17	(50,000)	-
Repayment of Debt	16	2,882	2,693
Current Asset Investments: Non Cash Movements		(65)	-
Change in Net Debt in the Year		(17,638)	(2,141)
Net Debt at 1 August		(2,308)	(167)
Net Debt at 31 July	28	(19,946)	(2,308)

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

A Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments.

B Basis of consolidation

The consolidated financial statements include the University and all of its subsidiary undertakings. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS2, the activities of Kent Union have not been consolidated because the University does not control those activities.

C Recognition of income and expenditure

Recurrent block grants from the Higher Education Funding Council for England (HEFCE) are recognised in the period to which they relate, less an estimate of any potential funding clawback related to the current year.

Fee income is stated gross and recognised over the related study period. Where the tuition fee has been reduced by a payment discount or University fee waiver, the income receivable is shown net of the discounted amount. University funded bursaries and scholarships are accounted for gross as expenditure.

Income from research grants, contracts and other services rendered is included to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Any future predicted losses on individual long-term contracts are recognised immediately. Any payments received in advance are included in the Balance Sheet within creditors.

Donations with restrictions attached are recognised when the relevant conditions have been met. Donations which are to be retained for the benefit of the University are recognised in the Statement of Consolidated Total Recognised Gains and Losses and in endowments; other donations are recognised by inclusion as other income in the Income and Expenditure Account.

Endowment income is credited to the Income and Expenditure Account on a receivable basis. Any income on restricted endowments earned in excess of that applied to the specific purpose is transferred from the Income and Expenditure Account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowments in the Balance Sheet.

Income from short-term deposits and current asset investments is credited to income in the period in which it is earned.

Non-recurrent grants from HEFCE and grants or donations from other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

D Agency arrangements

Any funds that the University receives and disburses whilst acting as agent on behalf of a funding body and where the University is exposed to minimal risk or enjoys minimal economic benefit in relation to the transaction such as the Access to Learning Fund (ALF) and externally funded bursaries and scholarships where the funder determines the recipient, not the University, are excluded from the Income and Expenditure Account. Any commissions received in this respect are credited to the Income and Expenditure Account as earned.

E Maintenance of premises

The University has a long-term rolling maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the Income and Expenditure Account as incurred.

F Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. All resulting exchange differences are taken to the Income and Expenditure Account in the period in which they arise.

G Pension schemes

Retirement benefits for most employees of the University are provided by the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). These are centralised defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The assets of both schemes are held in separate trustee-administered funds. Both schemes operate as 'Last Man Standing' schemes so that in the event of the insolvency of any of the participating employers, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation. The University is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS17, accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period. Informal reviews of the position of the schemes are carried out between formal valuations.

One employee of the University participates in the local government pension fund which is a defined benefit scheme in which the University's share of the underlying assets and liabilities have been separately identified. For this fund, the difference between the University's share of the fair value of the assets held in the fund and the fund's liabilities, measured on an actuarial basis using the projected unit method, is recognised in the University's Balance Sheet as a pension scheme asset or liability, as appropriate. The pension scheme balance is recognised net of any related deferred tax balance.

Amounts relating to this scheme are shown as follows: The current service costs and gains and losses on settlements and curtailments are included in Staff Costs (Note 6). The expected return on assets, net of the impact of the unwinding of discounts of scheme assets is shown in Interest Payable (Note 8). Actuarial gains and losses are recognised immediately in The Statement of Consolidated Total Recognised Gains and Losses. Further information regarding the scheme can be found in Note 29.

H Tangible fixed assets

Land and buildings

Land held prior to 1995 was valued on an open market existing use basis by Grimley – JR Eve (Chartered Surveyors) on 3 May 1995. In keeping with the transitional rules set out in FRS15 'Tangible Fixed Assets' this land valuation is retained as the cost of that land. Land purchased since that date is shown at cost. Freehold land is not depreciated. The University buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Buildings are included in the Balance Sheet at cost together with subsequent refurbishment expenditure less accumulated depreciation.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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

Depreciation on buildings is provided on a straight-line basis over their expected useful economic lives as follows:

Freehold Buildings	50 years
Components of new buildings eg lift, heating, electrical systems etc	25 years
Refurbishment of academic facilities	15 years
Refurbishment of accommodation	10 years
Refurbishment of dining and trading facilities	5 years

Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS15. A review of the impairment of a fixed asset is also carried out if events or changes in circumstances indicate that the carrying value of the fixed asset may not be recoverable.

Where land and buildings are acquired with the aid of specific grants or donations they are capitalised and depreciated as above. The related grants or donations are credited to a deferred capital grant account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Certain buildings situated at the University's Medway campus are jointly owned by the University of Kent and the University of Greenwich. All costs associated in the purchase and refurbishment of these buildings have been shared equally between both parties. In accordance with FRS9 this arrangement has been treated as a Joint Arrangement that is Not an Entity (JANE), reflecting the University's share of the assets and liabilities and results for the year within the financial statements, in accordance with the agreements.

Equipment and software

Equipment costing less than £5,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised at cost. Software costs are only capitalised in relation to new developments or major upgrades of core Financial and Management Information systems. Costs relating to major system developments in progress are not depreciated until the system is brought into use.

Capitalised equipment is depreciated over its useful economic life as follows:

General equipment and furniture	5 to 10 years
Computer equipment and software	3 to 5 years
Equipment acquired for specific research or other projects	Project life (generally 3 years)

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant and released to the Income and Expenditure Account over the expected useful economic life of the related equipment.

I Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value.

Investments that form part of endowment assets are included in the Balance Sheet at market value and any subsequent appreciation or depreciation in market value of endowment assets is added to or subtracted from the reported endowment funds. Current asset investments are included at the lower of their original cost and net realisable value on a fund basis.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

J Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

K Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a 'charitable company' within the meaning of Paragraph 1 of Schedule 6 of the Finance Act 2010. Accordingly, the University is potentially eligible for exemption from taxation in respect of income or capital gains received within categories covered by section 471 and sections 478-488 of the Corporation Tax Act (CTA) 2010, and section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied only to charitable purposes of the University and the extent to which any such exemption is not disapplied by Section 492 of the CTA 2010 in respect of any 'non-exempt amount' arising from non-primary purpose trading.

In the event that non-primary purpose trading losses arise, the University treats the trades concerned as falling within Section 44 of the CTA 2010 as being carried out on a commercial basis with a view to realisation of gain within the larger undertaking of the University so that Section 37 of the CTA 2010 applies to allow the non-primary purpose loss to be offset against the surplus for which tax exemption is disapplied by virtue of the existence of the non-primary purpose trading loss.

The University receives no similar exemption in respect of VAT. Irrecoverable VAT incurred is included in the costs of the respective expenditure; this also applies for that incurred on the purchase of tangible fixed assets.

As commercial organisations, the University's subsidiary companies are subject to corporation tax and VAT.

L Liquid resources

Time deposits with recognised banks and building societies with a duration of 12 months or less invested in accordance with the University's Cash Management Policy are treated as Short-Term Deposits in the University and Group's Balance Sheets. Cash deposits with a duration of more than 12 months invested in accordance with the University's Cash Management Policy are treated as Current Asset Investments in the University and Group's Balance Sheets.

M Provisions

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

N Treatment of operating leases

An operating lease is defined as one where the lessor retains most of the risks and rewards of ownership of the asset.

All operating lease payments are included in the Income and Expenditure Account in the period to which the payment relates. Future liabilities under such operating leases are disclosed as a financial commitment in the accounts.

Rentals payments received are credited to Income and Expenditure Account in the period to which the income relates. Lease premiums received at the start of a lease are credited to the Income and Expenditure Account as rental income over the life of the lease.

NOTES TO THE ACCOUNTS

1 Funding council grants

	2014/15 £000	2013/14 £000
Recurrent Grant (Higher Education Funding Council)	25,774	32,932
Specific Grants		
Joint Information Systems Committee (JISC)	259	1,053
All Other Grants	1,017	1,300
Deferred Capital Grants Released		
Buildings (Note 19)	2,256	2,256
Equipment (Note 19)	562	746
	29,868	38,287

2 Tuition fees and education contracts

	2014/15 £000	2013/14 £000
Full-time Home and EU Students	100,953	80,668
Full-time International Students	36,026	33,042
Part-time Fees	2,798	1,666
Research Training Support Grants	1,751	1,843
Short Course Fees	1,637	1,538
	143,165	118,757

3 Research grants and contracts

	2014/15 £000	2013/14 £000
Research Councils	5,741	5,166
UK Based Charities	1,733	1,539
UK Industry	198	179
European Commission	2,597	2,081
Other Grants and Contracts	3,611	4,614
	13,880	13,579

4 Other income

	2014/15 £000	2013/14 £000
Residences, Catering and Conferences	31,338	29,024
Other Income-generating Activities	5,897	5,409
Other Grant Income	3,924	3,401
Other Income	5,540	5,120
	46,699	42,954

'Other Income' includes the release of non-HEFCE deferred capital grants, rental income on University owned properties, fees and charges received in relation to non-commercial activities and income received for the provision of non-standard services to students.

NOTES TO THE ACCOUNTS (CONT)

5 Endowment and investment income

	2014/15 £000	2013/14 £000
Income from Expendable Endowment Assets	105	103
Income from Permanent Endowment Assets	41	38
Other Investment Income	246	243
Other Interest Receivable	293	405
	685	789

6 Staff costs

The Average number of persons (including senior post holders) employed by the University during the year expressed as full time equivalents (FTE) was:

	2014/15 Avge FTE No	2013/14 Avge FTE No
Academic Staff	790	777
Research Staff	140	141
Academic Related Staff	514	466
Clerical Staff	602	564
Manual and Ancillary	405	378
Technical	115	96
	2,566	2,422

The above figures exclude 720 FTE (2013/14: 701 FTE) in relation to employees classified Casual workers that are paid by timesheet. This figure includes post-graduate students who assist lecturers by providing part-time teaching to students.

	2014/15 £000	2013/14 £000
Staff Costs for the above persons:		
Wages and Salaries	101,660	95,236
Social Security Costs	8,236	7,709
Other Pension Costs (Note 29)	14,399	13,371
Restructuring Costs	374	581
	124,669	116,897

The Restructuring Costs relate entirely to early retirements and voluntary severance arrangements.

6 Staff costs (cont)

	2014/15 £000	2013/14 £000
Staff Costs by Department:		
Academic Departments	71,559	66,967
Academic Services	6,649	6,810
Research Grants and Contracts	5,933	5,835
Administration	25,414	23,141
Catering and Residences	8,540	7,801
Premises	4,618	4,358
Other	1,582	1,404
Sub-total	124,295	116,316
Restructuring Costs	374	581
Total	124,669	116,897
Total Emoluments for the Vice-Chancellor:	2014/15 £000	2013/14 £000
Salary	272	265
Pension	-	-
Emoluments for the Year	272	265

The emoluments of the Vice-Chancellor are determined by the Remuneration Committee which takes into account performance during the year and data from comparable institutions. The emoluments are shown on the same basis as that for higher paid staff. Due to the impact of changes in the Finance Act in 2012/13 to restrict tax relief on pension contributions that exceed either an annual allowance or a maximum life-time allowance, some members of the Executive Group, including the Vice-Chancellor, have opted out of the USS pension scheme. To ensure equality with other members of staff and maintain benefits at an equivalent level, it has therefore been agreed that remuneration for 2013/14 onwards for those staff will be on a constant emoluments basis meaning that an amount equivalent to the employer's pension contribution that would have been paid is now added to gross salary.

Remuneration of other Higher Paid Staff, excluding employer's pension contributions:

	2014/15 No	2013/14 No
£100,000 - £109,999	10	6
£110,000 - £119,999	8	9
£120,000 - £129,999	2	3
£130,000 - £139,999	1	2
£140,000 - £149,999	-	-
£150,000 - £159,999	1	-
£160,000 - £169,999	-	1
£170,000 - £179,999	1	-

No payments were made to former Higher Paid Staff during the year for compensation for loss of office (2013/14: £Nil) or to the USS for enhanced Pension benefits (2013/14: £Nil).

NOTES TO THE ACCOUNTS (CONT)

7 Other operating expenses

	2014/15 £000	2013/14 £000
Academic Departments	16,840	17,174
Academic Services	5,336	5,461
Research Grants and Contracts	3,610	3,402
Bursary Payments to Students	7,746	6,221
Administration	16,907	14,848
Residences and Catering	13,704	12,195
Premises	12,426	11,451
Other Expenses	1,330	966
	77,899	71,718
Other Operating Expenses include:		
Auditors' Remuneration	56	56
Auditors' Remuneration in Respect of Non-Audit Services	23	9
Operating Lease Rentals:		
Land and Buildings	753	1,054
Other	245	152
	1,077	1,271

8 Interest payable

	2014/15 £000	2013/14 £000
On Bank Overdrafts and Other Loans	2	3
On Bank Loans repayable wholly in more than five years	3,472	3,226
FRS17 Finance Costs	(17)	(15)
Less: Capitalised Interest (Note 11)	(439)	-
	3,018	3,214

9 Taxation

	2014/15 £000	2013/14 £000
UK Corporation Tax payable on the profits of the University and subsidiary companies	-	-

10 Surplus on continuing operations for the year

The Surplus on Continuing Operations for the Year is made up as follows:

	2014/15 £000	2013/14 £000
University Surplus for the Year	11,719	6,655
Surplus generated by subsidiary companies	1	1
	11,720	6,656

Details of the University's subsidiary companies can be found in Note 12.

11 Tangible fixed assets

	Freehold Land and Buildings £000	Assets Under Construction £000	Consolidated and University Equipment £000	Total £000
Cost or Valuation				
At 1 August 2014	273,119	18,550	39,824	331,493
Additions	14,319	-	6,811	21,130
Buildings Under Construction	-	22,432	-	22,432
Transfer Buildings Under Construction	5,660	(5,660)	-	-
Disposals	(1,204)	-	(2,419)	(3,623)
At 31 July 2015	291,894	35,322	44,216	371,432
Depreciation				
At 1 August 2014	92,198	-	29,216	121,414
Charge for the Year	12,276	-	5,095	17,371
Disposals	(1,204)	-	(2,419)	(3,623)
At 31 July 2015	103,270	-	31,892	135,162
Net Book Value				
At 31 July 2015	188,624	35,322	12,324	236,270
At 1 August 2014	180,921	18,550	10,608	210,079
Financed by				
Capital Grant (Note 19)	41,259	5,486	1,104	47,849
Other	147,365	29,836	11,220	188,421
Net Book Value at 31 July 2015	188,624	35,322	12,324	236,270

Land was acquired both by gift and purchase (£139,000) and is stated at valuation of £8,570,000 (2014: £8,570,000) and not depreciated. The valuation was prepared by Grimley – J R Eve (Chartered Surveyors) on an open market existing use basis as at 3 May 1995. The land is included in the Balance Sheet at this valuation and the excess of the valuation over net book value (£139,000) has been taken to the Revaluation Reserve (Note 22).

Interest of £438,934 on loans used to finance the construction of buildings has been capitalised in the year (Note 8). This interest relates to the new loan received during the year and is based on a fixed interest rate of 2.55%. Total interest capitalised to date, included in the cost of Freehold Land and Buildings, amounts to £1,291,373 at 31 July 2015 (2014: £852,439).

Disposals in year relate to the removal of fully depreciated assets, which are no longer in use, from both cost and accumulated depreciation.

NOTES TO THE ACCOUNTS (CONT)

12 Fixed asset investment

	Consolidated and University	
	2015	2014
	£000	£000
Cost of Investment in Subsidiary Companies	-	-
Cost of Investment in Other Companies (Incl. Spin-Out Companies)	65	-
	65	-

The investments in other companies were previously reported as equity current asset investments and have been transferred to fixed asset investments during the year. No new investments have been made during the year.

At 31 July 2015 and 31 July 2014 the University held an interest in the following companies:

Name of Company Subsidiary Companies	Holding	Nature of Business
Canterbury Business School Limited	100% owned	Dormant
Invicta Technology Investments Limited	100% owned	Dormant
Kent Business School Limited	100% owned	Dormant
Kent Enterprise Limited	100% owned	Other Business Activities
Kent Management School Limited	100% owned	Dormant
Kent Property Services Limited	100% owned	Dormant
Summer Academy Limited	100% owned	Dormant

The financial year-end of all the subsidiaries is 31 July. All the companies are registered in England and Wales

13 Endowment asset investments

	Consolidated and University	
	2015	2014
	£000	£000
Balance at 1 August	5,980	6,273
Additions	148	276
Disposals	(295)	(613)
Increase in Market Value	46	44
Investment Assets at Market Value at 31 July	5,879	5,980
Investments comprise the following:		
Charities Investment Funds	3,702	3,416
Endowment-Linked Bank Deposit	2,177	2,564
	5,879	5,980

14 Debtors

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts falling due within one year:				
Debtors	9,786	7,480	9,786	7,480
Research Grants and Contracts	1,767	1,106	1,767	1,106
Prepayments and Accrued Income	5,028	5,996	5,028	5,996
	16,581	14,582	16,581	14,582

15 Current asset investments

	Consolidated and University	
	2015 £000	2014 £000
Charities Investment Funds	2,907	2,896
Equities	-	65
Cash Managed Deposit	13,861	13,609
	16,768	16,570

The equities investments have been transferred to fixed asset investments during the year.

16 Creditors: amounts falling due within one year

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank Loans Due for Repayment (Note 17)	3,086	2,882	3,086	2,882
Research Grants Received on Account	6,543	6,442	6,543	6,442
Payments Received in Advance	13,953	14,416	13,953	14,416
Creditors and Accrued Liabilities	15,042	15,743	15,051	15,751
Taxation and Social Security	4,740	4,362	4,740	4,362
	43,364	43,845	43,373	43,853

17 Creditors: amounts falling after more than one year

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank Loans secured on University Buildings	45,675	48,557	45,675	48,557
Unsecured Bank Loans	50,000	-	50,000	-
Less: Bank Loans repayable within one-year	(3,086)	(2,882)	(3,086)	(2,882)
	92,589	45,675	92,589	45,675
Other Long-Term Liabilities	7,377	7,453	7,283	7,359
	99,966	53,128	99,872	53,034
Payable as follows:				
Between one and two years	3,531	3,313	3,437	3,219
Between two and five years	16,027	11,024	16,027	11,024
After five years	80,408	38,791	80,408	38,791
	99,966	53,128	99,872	53,034

A new Loan of £50m was received in March 2015, representing the first tranche of a £75m Loan facility agreed with the European Investment Bank in September 2014. This first instalment is at a fixed rate of 2.55% repayable by instalments between March 2018 and March 2040. The remaining facility is expected to be drawn down in 2015/16.

All other bank loans are at commercial fixed rates of between 5.31% and 8.75% and are repayable by instalments falling due between 1 August 2013 and 1 October 2030. These loans are secured by way of a charge over various plots of land, including a number of student residences.

NOTES TO THE ACCOUNTS (CONT)

18 Provisions for liabilities

	Restructuring £000	Pensions £000	Consolidated and University	
			2015 Total £000	2014 Total £000
Balance at 1 August	363	50	413	423
Utilised in the Year	(228)	-	(228)	(238)
Transferred from Income and Expenditure Account	134	-	134	228
Balance at 31 July	269	50	319	413

The Restructuring Provision relates to the estimated costs of early retirement and voluntary severance arrangements agreed at the year-end. The amount provided is based on agreed terms under individual arrangements. The amount provided at 31 July 2015 is expected to be fully utilised by 31 July 2016.

The Pensions Provision relates to amounts payable to part-time members of staff following decisions by the European Court of Justice, pending the outcome of UK Industrial Tribunal cases. The amount provided is based on assessment of individual cases based on prior claim experience.

19 Deferred capital grants

	Funding Council £000	Other Grants and Benefactions £000	Consolidated and University	
			2015 Total £000	2014 Total £000
Balance at 1 August				
Buildings	30,655	15,393	46,048	47,733
Equipment	1,211	502	1,713	2,496
	31,866	15,895	47,761	50,229
Cash Received				
Buildings	3,476	457	3,933	1,553
Equipment	-	316	316	325
	3,476	773	4,249	1,878
Released to Income and Expenditure				
Buildings	(2,256)	(980)	(3,236)	(3,238)
Equipment	(562)	(363)	(925)	(1,108)
	(2,818)	(1,343)	(4,161)	(4,346)
Balance at 31 July				
Buildings	31,875	14,870	46,745	46,048
Equipment	649	455	1,104	1,713
	32,524	15,325	47,849	47,761

20 Endowments

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Consolidated and University 2015 Total £000	2014 Total £000
Balance at 1 August						
Capital Value	501	520	1,021	4,201	5,222	5,443
Accumulated Income	-	237	237	521	758	830
	501	757	1,258	4,722	5,980	6,273
New Endowments	-	3	3	242	245	319
Investment Income	16	26	42	105	147	141
Expenditure	(16)	(25)	(41)	(486)	(527)	(487)
Transfer to Grants	-	-	-	(12)	(12)	(310)
Increase / (decrease) in Market Value of Investments	17	30	47	(1)	46	44
Balance at 31 July	518	791	1,309	4,570	5,879	5,980
Represented by:						
Capital Value	518	541	1,059	4,106	5,165	5,222
Accumulated Income	-	250	250	464	714	758
	518	791	1,309	4,570	5,879	5,980
Analysis by purpose						
Chairs and lectureships	-	572	572	498	1,070	1,094
Capital initiatives	-	-	-	1,184	1,184	1,262
Student financial support	-	56	56	1,760	1,816	1,823
Prize funds	-	5	5	203	208	205
Other	518	158	676	925	1,601	1,596
	518	791	1,309	4,570	5,879	5,980

The transfer to grants relates largely to donations received in relation to the fundraising campaign for a new law clinic. This is now moving forwards and the balance of donations received has been transferred to capital grant creditors. As building work progresses this will be transferred to Deferred Capital Grants and released to the Income and Expenditure Account in line with depreciation.

NOTES TO THE ACCOUNTS (CONT)

21 Pension reserve

	Consolidated and University	
	2015	2014
	£000	£000
Balance at 1 August	(344)	(337)
Actuarial (Loss)/Gain	(41)	(58)
Transferred to General Reserve	59	51
Balance at 31 July	(326)	(344)

22 Revaluation reserve

	Consolidated and University	
	2015	2014
	£000	£000
Net Revaluation Amount at 1 August	8,431	8,431
Transferred to General Reserve	-	-
Net Revaluation Amount at 31 July	8,431	8,431

The Revaluation Reserve relates to land valued at £8,570,000 less excess of valuation over net book value of £139,000.

23 General reserve

	Consolidated	University
	£000	£000
Income and Expenditure Account Reserve:		
Balance at 1 August 2014	117,994	117,953
Surplus on Continuing Operations after Depreciation of Assets at Cost and Tax	11,340	11,339
Surplus for the Year Transferred from Accumulated Income in Endowment Funds	380	380
Transfer from Pension Reserve	(59)	(59)
Balance at 31 July 2015	129,655	129,613

24 Reconciliation of consolidated operating surplus to net cash from operating activities

	2014/15	2013/14
	£000	£000
Surplus retained within General Reserves	11,720	6,656
Depreciation (Note 11)	17,371	16,227
Deferred Capital Grants Released to Income (Note 19)	(4,161)	(4,346)
Interest and Endowments Receivable	(1,066)	(1,135)
Interest Payable	3,018	3,214
Increase in Stocks	(277)	(109)
(Increase)/Decrease in Debtors, Prepayments and Research Grants	(2,326)	320
(Decrease)/Increase in Creditors	(1,906)	7,508
Decrease in Provisions	(94)	(10)
Other Non-cash Movements	(42)	(36)
Net Cash Inflow from Operating Activities	22,237	28,289

25 Returns on investments and servicing of finance

	2014/15 £000	2013/14 £000
Income from Endowments	147	141
Income from Investments and Short-Term Deposits	523	776
Interest Paid	(3,035)	(3,243)
Net Cash Outflow from Returns on Investments and Servicing of Finance	(2,365)	(2,326)

26 Capital expenditure and financial investment

	2014/15 £000	2013/14 £000
Purchase of Tangible Fixed Assets	(42,074)	(30,329)
Deferred Capital Grants Received (Note 19)	4,249	1,878
Endowments Received	245	319
Endowments Transferred to Grants	(12)	(310)
Decrease in Endowment Funds Invested	147	337
Net Cash Outflow for Capital Expenditure and Financial Investment	(37,445)	(28,105)

27 Management of liquid resources

	2014/15 £000	2013/14 £000
(Increase)/Decrease in Current Asset Investments and Short-Term Deposits	(256)	9,742
Net Cash Outflow from Management of Liquid Resources	(256)	9,742

28 Analysis of changes in net funds/(debt)

	At 1 August 2014 £000	Cash Flows £000	Other Changes £000	At 31 July 2015 £000
Current Asset Investments	16,570	263	(65)	16,768
Short-Term Deposits	64	(7)	-	57
Cash at Bank and in Hand	29,615	29,289	-	58,904
	46,249	29,545	(65)	75,729
Debt due within one year:				
Bank Loan	(2,882)	2,882	(3,086)	(3,086)
Debt due after one year	(45,675)	(50,000)	3,086	(92,589)
	(2,308)	(17,573)	(65)	(19,946)

NOTES TO THE ACCOUNTS (CONT)

29 Pension schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The University also participates in a Local Government Pension Fund.

The total pension cost for the University and its subsidiaries are:

	2014/15 £000	2013/14 £000
Contributions to USS	11,226	10,505
Contributions to SAUL	3,107	2,793
Contributions to Other Schemes	66	73
Total Pension Cost (Note 6)	14,399	13,371

The 2014/15 contributions to Other Schemes includes £40,667 (2013/14: £43,000) additional pension contributions payable to a local government pension scheme primarily in respect of past service performed. The projected contribution payable to this scheme in 2015/16 is £53,000. There is only one active member of the Scheme employed by the University and no new members are admitted.

USS Pension Scheme

Pension costs

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme.

The total pension cost for the University in the year was £11,226,104 (2013/14: £10,505,466). This includes £940,057 (2014: £879,668) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires scheme to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ['light'] YoB tables – No age rating
Female members' mortality	S1NA ['light'] YoB tables – rated down 1 year

29 Pension schemes (cont)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males (Females) currently aged 65	24.2 (26.3)	23.7 (25.6)
Males (Females) currently aged 45	26.2 (28.6)	25.5 (27.6)
Existing Benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

Saul Pension Scheme

The University participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. It is not possible to identify the University's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8-12 of FRS17.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last valuation was carried out at 31 March 2014 but has not yet been finalised. Details of the preliminary results of the valuation, the funding position of the scheme and proposed response can however be found below but it is not possible to provide full details of the assumptions applied at this time.

The last published actuarial valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

Discount rate – pre-retirement	6.80% pa
– post-retirement	4.70% pa
General* Salary Increases	3.75% pa until 31 March 2014, 4.50% pa thereafter
Retail Prices Index inflation ('RPI')	3.50% pa
Consumer Price Index inflation ('CPI')	2.80% pa
Pension Increases in payment (excess over GMP)	2.80% pa
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% pa

*an additional allowance is made for promotional Salary increases.

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries. The preliminary results of the actuarial valuation as at 31 March 2014 show a slight reduction in this funding position to 94% but this has been estimated to have fallen further to 91% by 31 March 2015.

Following the March 2011 valuation and based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation. More material changes (the introduction of a Career Average Revalued Earnings, or 'CARE', benefit structure) to SAUL's benefit structure were however applied from 1 July 2012.

NOTES TO THE ACCOUNTS (CONT)

29 Pension schemes (cont)

These contribution rates and the benefit structure have since been reviewed in the context of the preliminary valuation at 31 March 2014 which has shown that the cost of the benefit structure continues to exceed the current level of member and employer contributions. The main assumptions applied in the preliminary valuation at this date have thus been updated and are as follows:

	Past Service	Future Service
Investment return – pre-retirement	5.96% pa	6.04% pa
Investment return – post-retirement	3.86% pa	3.94% pa
General* Salary Increases	3.72% pa	3.75% pa
Retail Prices Index inflation ('RPI')	3.57% pa	3.60% pa
Consumer Price Index inflation ('CPI')	2.72% pa	2.75% pa
Pension Increases in payment	For the purposes of the Technical Provisions, SAUL's inflation linked benefits have been assumed to increase in payment in line with the relevant RPI or CPI inflation assumptions as set out above	
Mortality – base table	SAPS S2 Pensioner (year of birth) tables with an age rating of +0.4 years for males and -0.4 years for females	
Mortality – future improvements	CMI 2013 projections with long term trend rate of 1.5% per annum	

This result of the preliminary valuation has led to a number of recommendations being made by the Saul Negotiating Committee to the SAUL Trustee Company which are designed to help eliminate the deficit and contribution strain over a reasonable period of time. These include, with effect from 1 April 2016, the closure of the SAUL Final Salary Plan and the breaking of the link between final salary and benefits, a move to benefit accrual for both current and future new entrants in the SAUL CARE plan and an increase in the employer contribution rate from 13% to 16%.

This will form the basis of a Recovery Plan which will require approval from all SAUL employers before submission to The Pensions Regulator. Incorporating these proposals reduces the overall deficit at 31 March 2014 to £59m with a corresponding improvement in the funding level to 97%. The comparable position at 31 March 2015 showed a deficit of £182m and a funding level of 93%. All preliminary results and the proposed actions that have been recommended are subject to agreement of the 31 March 2014 valuation.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). A comparable calculation on this basis is not available for the preliminary valuation as at 31 March 2014.

The SAUL pension cost for the University and its subsidiary companies was £3,107,341 (2013/14: £2,793,008). This includes £302,930 (2014: £279,668) outstanding contributions at the balance sheet date.

29 Pension schemes (cont)

Local Government Pension Fund

The University also participates in a defined benefit local government pension fund, in which there is only one active member currently employed by the University and no new members are admitted.

The fair values of the University's share of the assets in the fund at the balance sheet date can be analysed as follows:

	Expected Return On Assets At 31 July 2015 % pa	Assets at 31 July 2015 £000	%	Expected Return On Assets At 31 July 2014 % pa	Assets at 31 July 2014 £000	%
Equities	6.8	970	69	6.8	937	70
Gilts	3.4	15	1	3.4	15	1
Other Bonds	4.0	158	11	4.0	153	12
Property	5.7	176	12	5.7	130	10
Cash	3.2	39	3	3.2	40	3
Target Return Portfolio	5.7	62	4	5.7	58	4
Total	6.2	1,420	100	6.2	1,333	100

The expected return on assets is based on the long term future expected investment return for each asset class as the beginning of the year. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The main actuarial assumptions at the balance sheet date were as follows:

	At 31 July 2015 % pa	At 31 July 2014 % pa
RPI Increases	3.0	3.2
CPI Increases	2.1	2.4
Salary increase rate	3.9	4.2
Pension Increases	2.1	2.4
Discount rate	3.2	3.9

Life expectancy assumptions are based on the S1PA tables. These base tables are then projected using the CMI 2012 model, allowing for a long term rate of improvement of 1.5% per annum. Based on this, the average life expectancies from age 65 are summarised below:

	Males	Females
Retiring today	22.8 years	25.2 years
Retiring in 20 years	25.1 years	27.6 years

NOTES TO THE ACCOUNTS (CONT)

29 Pension schemes (cont)

The impact of a small change in the discount rate assumptions on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption has been calculated by the actuary as follows:

	£000	£000	£000
Adjustment to Discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	1,726	1,746	1,766
Projected Service Cost	14	14	14
Adjustment to pension increases and referred revaluation	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	1,764	1,746	1,727
Projected Service Cost	14	14	14
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present Value of Total Obligation	1,803	1,746	1,690
Projected Service Cost	14	14	14

The fair value of the fund assets, the present value of the fund liabilities and the resulting deficit on the fund as recognised in the Balance Sheet are as follows:

	2015 £000	2014 £000
Fair Value of Fund Assets	1,420	1,333
Present Value of Funded Liabilities	(1,716)	(1,645)
Present Value of Unfunded Liabilities	(30)	(32)
Net Pension Liability	(326)	(344)

The movement in the deficit during the year can be analysed as follows:

	2014/15 £000	2013/14 £000
Defined Benefit Obligation at 1 August	(1,677)	(1,717)
Current Service Cost	(13)	(12)
Interest Cost	(64)	(60)
Contributions by Members	(3)	(3)
Actuarial (Losses)/Gains	(78)	28
Estimated Unfunded Benefits Paid	4	3
Estimated Benefits Paid	85	84
Defined Benefit Obligation at 31 July	(1,746)	(1,677)
Fair Value of Employer's Assets at 1 August	1,333	1,380
Expected Return on Assets	81	75
Contributions by Members	3	3
Contributions by the University	55	48
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains/(Losses)	37	(86)
Unfunded Benefits Paid	(4)	(3)
Benefits Paid	(85)	(84)
Fair Value of Employer's Assets at 31 July	1,420	1,333
Net Pension Fund Deficit at 31 July	(326)	(344)

29 Pension schemes (cont)

The amounts recognised in the Income and Expenditure Account in the current year can be analysed as follows:

	2014/15 £000	2013/14 £000
Current Service Cost	13	12
Interest Cost	64	60
Expected Return on Employer Assets	(81)	(75)
	(4)	3
Actual Return on Fund Assets	118	91

Amounts for the current and previous four years are as follows:

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
Fair Value of Employer Assets	1,420	1,333	1,380	1,195	1,214
Present Value of Defined Benefit Obligation	(1,746)	(1,677)	(1,717)	(1,629)	(1,560)
Deficit	(326)	(344)	(337)	(434)	(346)
Experience adjustments on Assets	37	(86)	160	(56)	105
Experience adjustments on Liabilities	1	50	(2)	(2)	(57)

Recognised in the Statement of Consolidated Total Recognised Gains and Losses (STRGL)

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
Actuarial Gains/(Losses)	(41)	(58)	55	(129)	105
Increase in Irrecoverable Surplus from membership fall and other factors	-	-	-	-	-
Actuarial Gains/(Losses) Recognised in STRGL	(41)	(58)	55	(129)	105
Cumulative Actuarial Losses	(327)	(286)	(228)	(283)	(154)

30 Capital commitments

	Consolidated and University 2015 £000	2014 £000
Contractual Commitments at 31 July	37,391	22,754

NOTES TO THE ACCOUNTS (CONT)

31 Financial commitments

At 31 July, there were annual commitments under non-cancellable operating leases as follows:

	Consolidated and University	
	2015	2014
	£000	£000
Land and Buildings:		
Expiring within one year	205	445
Expiring within two and five years inclusive	326	375
Expiring in over five years	323	237
	854	1,057
Other:		
Expiring within one year	39	45
Expiring within two and five years inclusive	215	149
	254	194

32 Contingent liabilities

A contingent liability exists in relation to the USS pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised.

Cross-guarantees

On the 23 June 1993 the University entered into a cross guarantee for the indebtedness of Kent Enterprise Limited in favour of National Westminster Bank Plc. This guarantees that the University will underwrite the current account of Kent Enterprise Limited in the event of an overdraft. The University has reviewed this in the light of current activity within Kent Enterprise Limited and considers it to be unlikely that this guarantee will be called upon.

33 Access funds

	2014/15	2013/14
	£000	£000
Balance Unspent at 1 August	9	8
Funding Council Grants	-	295
Interest earned	-	1
	-	296
Disbursed to students	(9)	(286)
Audit fees	-	(1)
Access administration costs	-	(8)
Balance unspent at 31 July	-	9

From the 1 August 2014 Access to Learning Fund arrangements transferred to the University and responsibility for the funding and administration of students in hardship lay with the University. The equivalent amount of hardship grants and funding received by students in the current year was £449,070 (2013/14: £286,222).

34 Related party transactions

Goetec Limited (Formerly Kent Man Limited)

The University is one of five partners in GOETEC Limited, a company formed on 1 April 2002 and limited by guarantee, maintaining micro-wave radio links between Higher Education Institutions in Kent. In the year to 31 July 2015 the University received £5,000 (2013/14: £5,300) from GOETEC Limited and paid GOETEC Limited £7,753 (2013/14: £10,672), with no balance outstanding at the year-end (2013/14: £Nil).

Subsidiary companies

The University has taken advantage of the specific exemption given under Financial Reporting Standard 8 and not disclosed all related party transactions between the University of Kent and its wholly owned subsidiaries.

Council members: expenses and related party transactions

During the 2014/15 financial year expenses totalling £4,795 (2013/14: £2,352) were paid to 11 members of Council while acting in their role as Trustees. Council members do not receive remuneration in respect of their Trustee roles.

As the University's Council includes members drawn from public and private sector organisations, some transactions take place with organisations in which a member of Council may have an interest. However, all such transactions are conducted at arm's length and in accordance with the University's Financial Regulations and normal procurement procedures. There is no direct benefit to Members of Council.

The University maintains a Register of Interests and if a potential conflict of interest arises, the member concerned would identify this and not take part in any discussions and decision making on these matters.

The table below summarises the transactions made in the financial year with these related parties:

	Payments due during 2014/15 £	Payments receivable during 2014/15 £	Net balance due (from)/to at 31 July 2015 £
Brompton Academy	14,541	400	1,550
Canterbury Christ Church University	74,205	94,242	(37,655)
Canterbury City Council	17,164	-	-
Canterbury College	322,088	1,071	-
Higher Education Policy Institute	2,400	-	-
Kent Union	1,810,690	4,820,448	(379,227)
Longfield Academy Trust	500	-	-
Medway Council	165,699	-	34,260
Mid Kent College	2,184	-	-
Open Network South East Region	8,000	1,027	-
Science & Technology Facilities Council	-	204,131	-
St Edmunds School	220	1,672	-
The Place	734	-	-
Universities UK	32,170	-	235
Visit Kent	5,649	-	-

35 Linked charities

The University has carried out a review and does not have any linked charities.

AWARDS, APPOINTMENTS, PROMOTIONS & DEATHS

Awards

- Kent's Careers and Employability Service has won a National Undergraduate Award for "Most Improved Commitment to Employability". The award recognises areas of innovation and best practice including the University's Employability Week, Work-Study Scheme and the bursary scheme B-KEW.
- The University ran its annual Kent Student Awards in the academic year 2014/2015 and April-Louise Pennant won the overall Student of the Year Award. Ms Pennant won the Outstanding International/Multicultural Initiative of the Year award and was a runner-up in the Outstanding Contribution to Equality, Diversity and Inclusivity category. Her achievements included promoting racial equality and Black culture at the University of Kent and at The Chinese University of Hong Kong.
- The administration team from the School of Arts was Highly Commended in the Outstanding Departmental Administration Team category of this year's *Times Higher Education* Leadership and Management Awards. The School's Student Support team was shortlisted in the same awards last year and the administration team was a joint winner of the University's Administration Excellence Awards presented in May 2015.
- Dr Janet Carr, Tizard Centre, has been awarded an OBE for services to people with Down's Syndrome and their families.
- Professor Sarah Spurgeon, Head of the School of Engineering and Digital Arts, was awarded an OBE for her services to engineering.
- Professor Davina Cooper, Kent Law School, has won the Charles Taylor Book Award 2015 for her book *Everyday Utopias: The Conceptual Life of Promising Spaces*.
- Professor Adrian Podoleanu, School of Physical Sciences, has received a prestigious Royal Society Wolfson Research Merit Award in recognition of the pioneering research of the Applied Optics Group.
- Jenny Rafferty, Research Accounts Manager, was awarded an MBE for her services to higher education.
- Professor Dame Julia Goodfellow has been made an Honorary Member of the Biochemical Society, joining 26 other distinguished scientists currently on the list.
- Teaching excellence across the University was celebrated at the 2014 Kent Teaching Prize Awards, with 16 staff recognised including Dr Peter Klappa, a previous prizewinner and now a National Teaching Fellow, who received a special 50th anniversary prize for his sustained contribution to teaching.
- A Fine Art graduate, Sophie Dixon from the School of Music and Fine Art, has been awarded the prestigious PLATFORM 2014 Graduate Award, the most prestigious award available to a graduating student in any visual arts discipline from across the south east.
- Charlotte Evans MBE, a student at the University's Medway campus, was shortlisted for the 2014 BBC Sports Personality of the Year.



- The University's green credentials have been underlined by its top ten ranking in an international league table. Kent has been ranked 10th in the UK and 42nd in the world in the UI (University of Indonesia) Green Metric league table.
- The University entered the top 150 for the first time in the Stonewall Workplace Equality Index (WEI) – a benchmarking tool used to evaluate workplace practices on sexual orientation equality.
- Professor Jon Williamson, from the Department of Philosophy, has won an Arts and Humanities Research Council (AHRC) award for new research on evaluating evidence in medicine.
- Director of Innovation and Enterprise, Carole Barron has been appointed as Chair of Council at the Association for Research and Industry Links, representing those involved in knowledge creation, development and exchange in the UK and Ireland. She has also been accepted as a Fellow of the Higher Education Leadership Foundation.
- For the second year running, members of the University of Kent's staff were among those who provided the most positive responses about their workplace in a national survey. Of the 140 institutions included in the *Times Higher Education (THE)* Best University Workplace Survey 2014, Kent was placed second in the category 'I would like to recommend working at my university', third for 'My university offers a fair deal to its employees in terms of working conditions and benefits' and fifth for 'My work responsibilities allow for a healthy work-life balance'.
- A book on *Northern Ireland: The Reluctant Peace* by Feargal Cochrane, Professor of International Conflict Analysis (Yale University 2013), was shortlisted for the prestigious Christopher Ewart Biggs Memorial Prize.
- An article written by Kent Law School's Professor Amanda Perry-Kessaris has won the Socio-Legal Article Prize 2015. The article, 'The case for a visualised economic sociology of legal development', originally published in the journal *Current Legal Problems* (Vol 67), was selected by the Socio-Legal Studies Association (SLSA) as an outstanding piece of socio-legal scholarship.
- 95 members of staff from across the University were congratulated on their learning and development achievements at the University's Learning and Development Awards in March 2015. A Learning and Development Special 50th Anniversary Award, for 'sustained contribution to Learning & Development', was presented to Helena Torres, School Administration Manager, School of English, for 'going above and beyond on her own development and that of others'.
- The University has won Group Travel Organiser's 'Best University Accommodation for Groups' award for an unprecedented eighth consecutive year.
- Adam Chodzko, Senior Lecturer in Fine Art, was one of six film-makers and directors shortlisted for the prestigious Jarman Film Award.
- The University successfully retained its HR Excellence in Research Award following a self-assessment over two years. Kent was one of five institutions to retain the European Commission Award.

University of Kent Honorary Degrees

At the November 2014 Degree Congregations in Canterbury Cathedral, the following honorary degrees were conferred:

- John Simmonds MBE, Doctor of the University
- Zameer Choudrey, Doctor of Civil Law
- Mark Padmore, Doctor of Music

At the July 2015 Degree Congregations, the following honorary degrees were conferred:

In Canterbury Cathedral:

- Vivien Cooper OBE, Doctor of the University
- Dr Anthony West, Doctor of Science
- Elizabeth Howe OBE, Doctor of Laws
- Paul Dyer, Doctor of the University
- Professor Sir Bob Hepple, Doctor of Laws
- Margaret Mayne, Doctor of the University
- John Covell, Doctor of the University
- Professor Mary Evans, Doctor of Letters
- Professor Patrick Wright, Doctor of Letters
- Professor Jan Pahl CBE, Doctor of Letters
- Professor Megan Vaughan FBA, Doctor of Letters

In Rochester Cathedral:

- Humphrey Ocean RA, Doctor of Arts
- Professor Abdollah Tavabie MA MD FRCGP FRCPE, Doctor of Science

Appointments

- Professor John Baldock, Pro-Vice-Chancellor, Teaching, Learning & Students (Interim)
- Chloé Gallien, Master of Keynes College
- Professor Peter Hydon, Head of the School of Mathematics, Statistics and Actuarial Science
- Anita Jackson, Director of Planning and Student Information
- Dr Anthony Manning, Dean for Internationalisation
- Dr Juliette Pattinson, Head of the School of History
- Bob Scruton, Deputy Chair of Council
- Professor Toni Williams, Head of Kent Law School

Promotions

Promotions to Chair

Faculty of Sciences

- Dr John Batchelor, School of Engineering and Digital Arts
- Dr Nathan Gomes, School of Engineering and Digital Arts

Faculty of Social Sciences

- Maria Drakopoulou, Kent Law School
- Dr Glenn Bowman, School of Anthropology and Conservation
- Dr Ruth Blakeley, School of Politics and International Relations
- Dr Ayse Uskul, School of Psychology
- Jennifer Billings, School of Social Policy, Sociology and Social Research (CHSS)
- Dr Adam Burgess, School of Social Policy, Sociology and Social Research

Promotions to Reader

Faculty of Humanities

- Dr Oliver Double, School of Arts
- Dr Mattias Frey, School of Arts
- Patricia Debney, School of English
- Dr Stefan Goebel, School of History
- Shona Illingworth, School of Music and Fine Art

Faculty of Sciences

- Dr Clare Dunning, School of Mathematics, Statistics and Actuarial Science

Faculty of Social Sciences

- Dr Ekaterini Panopoulou, Kent Business School
- Sheona York, Kent Law School
- Dr Zoe Davies, School of Anthropology and Conservation
- Dr David Roberts, School of Anthropology and Conservation

AWARDS, APPOINTMENTS, PROMOTIONS & DEATHS (CONT)

- Dr Robert Smith, School of Anthropology and Conservation
- Dr Heather Ferguson, School of Psychology
- Dr Jane Wood, School of Psychology

Promotions to Senior Lecturer

Faculty of Humanities

- Dr Rosemary Klich, School of Arts
- Dr Duska Radosavljevic, School of Arts
- Dr Stella Bolaki, School of English
- David Flusfeder, School of English
- Dr Larry Duffy, School of European Culture and Languages
- Dr Sophia Labadi, School of European Culture and Languages
- Dr Patricia Novillo-Corvalan, School of European Culture and Languages
- Dr Danielle van den Heuvel, School of History

Faculty of Sciences

- Dr Gurprit Lall, Medway School of Pharmacy
- Dr Neil Kad, School of Biosciences
- Dr Mark Wass, School of Biosciences
- David Barnes, School of Computing
- Dr Julio Hernandez-Castro, School of Computing
- Dr Alexa Laurence, School of Mathematics, Statistics and Actuarial Science
- Dr Rowena Paget, School of Mathematics, Statistics and Actuarial Science
- Dr Jorge Quintanilla, School of Physical Sciences
- Dr Glen Davison, School of Sport and Exercise Sciences
- Dr John Dickinson, School of Sport and Exercise Sciences

Faculty of Social Sciences

- Dr Ruth Cain, Kent Law School
- Dr Suhraiya Jivraj, Kent Law School
- Per Laleng, Kent Law School
- Sebastian Payne, Kent Law School
- Dr Nikolas Rajkovic, Kent Law School
- Dr Judith Bovensiepen, School of Anthropology and Conservation
- Dr Tatyana Humle, School of Anthropology and Conservation
- Dr Alexander Klein, School of Economics
- Dr Govinda Clayton, School of Politics and International Relations

- Dr Amanda Klekowski von Koppenfels, School of Politics and International Relations
- Dr Harmonie Toros, School of Politics and International Relations
- Dr Anna Brown, School of Psychology
- Dr Lindsey Cameron, School of Psychology
- Dr Afroditi Pina, School of Psychology
- Dr Jonathan Ilan, School of Social Policy, Sociology and Social Research
- Anne Kelly, School of Social Policy, Sociology and Social Research

Deaths

- Jill Andrews from the Purchasing Office died on 10 March 2015. Jill had worked for the University since 1998 and was a vital member of the Procurement team.
- Dr David Ashworth, long-standing member of the Department of Electronics (now the School of Engineering and Digital Arts), died on 16 June 2015. Dr Ashworth was one of the department's earliest academic appointments and retired in 2005.
- Dr Laurence Boyle, former Senior Lecturer in Chemistry, who was first appointed as Assistant Lecturer in Chemistry in 1966, died on 6 October 2015.
- Professor Roy Chisholm, founding Chair of Applied Mathematics and member of the University staff from 1966 until his retirement in 1994, died on 10 August 2015. Professor Chisholm not only developed applied mathematics at Kent but he also chaired the Sport and Recreation Committee for 13 years.
- Reverend Derek Crabtree, the University's longest serving Master, having been Master of Keynes College for 20 years between 1973 and 1993, died on 22 October 2015. Reverend Crabtree was also a Senior Lecturer in the School of Politics and International Relations and an active member of the University's Chaplaincy team.
- Ron Flaherty, who was appointed in 1972 as Assistant Registrar in the Academic Division, promoted to Senior Assistant Registrar in 1983 and retired in 2001, died on 8 January 2015.
- Peter Flavell, who came to Canterbury in 1963 as one of the founder members of the University Library, died on 7 January 2015.
- Professor Sir Bob Hepple, former Professor of Law (1976 to 1977), Honorary Professor (1977 to 1982) and honorary graduate (July 2015), died on 21 August 2015.
- Mike Murphy, former Senior Lecturer in Accounting at the Kent Business School, died on 16 April 2015. Mr Murphy was employed at Kent Business School from 1978 until his retirement in 2005 and was one of the University's "First 500" students.
- Isabel Noble, Box Office Manager, Gulbenkian, died on 30 June 2015. Isabel, fondly known as Izzy, was one of the Gulbenkian's longest serving members of staff with more than 30 years' service.
- Dr Leon Schlamm, who worked in the Department of Religious Studies at the University of Kent from 1977 to 2011, died on 3 August 2015. Dr Schlamm played a formative part in building the identity of the Department of Religious Studies, enhancing its profile in comparative religion.
- Professor Michael Warren MD, FRCP, who came to the University as first Director of the Health Services Research Unit and Professor of Community Medicine in 1971, died on 25 January 2015.
- Dr Chris Wilson, who taught Classics to mature, part-time students at the University's Tonbridge Centre and on the Canterbury Campus for 20 years, and was former Head of Classics at Tonbridge School, died on 8 September 2015.



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